

2022 永續報告書

Sustainability Report



DURABOOK
Prepared for the Unexpected

Durabook Americas Inc

2022 Sustainability Report

Published on Aug 30,
2023

0.1 Content

0.2 Message from Chairman

0.3 About this report

0.4 Stakeholder Engagement

1. Corporate Overview

1.1 Corporate profile

1.2 Business policy.

1.3 Industry Chain

1.4 Participation Association

2. Governance

2.1 Governance and integrity.

2.2 Financial performance.

2.3 Information security management

3. Environmental sustainability

3.1 Environmental Management.

3.2 Pollution prevention

3.3 Energy conservation and Greenhouse gas reduction

3.4 Green products

4. Common Prosperity

4.1 Human Resources

4.2 Welfare system

4.3 Career development

4.4 Employee care

4.5 Customer Service

5 Appendix

5.1 Independent third party assurance statement

5.2 GRI Standards Index

Message from President

Everyone who cares about the interests of Durabook is welcome to read our corporate sustainability report.

For Durabook, sustainable development covers sound corporate governance, balancing the interests of stakeholders, protecting the environment, and contributing to society. For decades, Durabook has continued to focus on sustainable development. The company that operates forever, reports on the continuous evolution of Durabook, about the process and performance of sustainable management, by publishing the 2022 Corporate sustainability report to our stakeholders.

First of all, reviewing the operating conditions in 2022, Although the global economy is gradually recovering from the COVID-19, various industries are still unable to completely escape the impact of the epidemic, and the computer industry is fiercely competitive and gross profit is generally reduced. Fortunately, our company's early transformation, new products led to an increase in the average gross profit margin, which fortunately remained around 30%. Moreover, under the supervision of the board of directors, the employees of the company implement the implementation of the transformation strategy and the application of flexible tactics, continue to strive to achieve the goal of strategic transformation, and persist in finding their own way under the fierce competition.

Secondly, human resources are the foundation of the company's sustainable growth. Creating a harmonious and stable workplace environment is the direction of our efforts. In order to recruit and develop diverse talents, Durabook seeks personnel and conducts various educational trainings through different recruitment channels in order to connect with the world community. In the health care of employees, in addition to regular health checks, we also hold related health and safety lectures, promote healthy eating and drinking of colleagues, and encourage all kinds of balls, bicycles, running sports, etc., to maintain the daily health of colleagues. In addition, in order to understand the needs of employees, set up communication channels for physical and internal website mailboxes, and set up/end a labor-management meeting to understand employees' opinions. As a reference for organizations and units to improve, colleagues can have no worries in the organization.

In addition, the environment is sustainable, and Durabook continues to develop and produce products such as notebooks and tablets that are environmentally friendly, efficient and durable. The energy-saving grades of the product series are verified by ENERGY STAR; through innovative design, the products are greatly extended. The use cycle, effectively reducing material

consumption, and the processes from research and development, procurement and manufacturing to after-sales service fully meet the needs of green products, fulfilling corporate citizenship responsibilities and reducing environmental burden.

Finally, "take it into society and use it in society." In terms of social care, Durabook uses its limited resources to exert its greatest strength. Focusing on the headquarters of the head office, we attach importance to helping disadvantaged groups and increase the intangible stability of the society; and the organization of a series of social welfare activities, showing continuous improvement in the environment, safety and health, society and other aspects, and encourage employees and relatives and friends to participate, to do their own efforts for social welfare with practical actions.

Looking forward to the future, Durabook will continue to cherish the earth's resources, implement sustainable development, and continuously review the business direction. Durabook will also be more motivated, respond to the major themes of concern to stakeholders, and strengthen corporate governance and integrity, compliance, Economic performance, employee occupational safety, environmental protection and participation in public welfare activities are expected to continue to improve on the road of sustainable development. Finally, by issuing this report, stakeholders can understand our intentions and efforts to gain more recognition from stakeholders. Please give us guidance and advice, thank you for your long-term support.

About This Report

This report mainly exposes Durabook Computer Industry Co., Ltd. (hereinafter referred to as Durabook, we or the company) in corporate governance, risk management, economic performance, supplier management, environmental protection, employee health and welfare, and participation in social welfare. Continued business efforts and performance.

Reporting period, criteria and scope

The information disclosed in this report is from January 1 to December 31, 2022. In order to disclose the integrity of the information, if some information spans different years, this report will be separately indicated.

In order to expose the effectiveness of Durabook Sustainable development and the results of communication with stakeholders, this report is based on the latest Global Reporting Initiative (GRI) published sustainability guidelines (GRI Standards 2021). In the appendix of this report, an index of the GRI Standards content is provided for reference by stakeholders..

This report is prepared by Durabook. The financial data is consistent with the consolidated financial report data, covering Twinhead Taipei Headquarters, Kaohsiung Plant, Durabook and China subsidiaries, and is checked by KPMG International Cooperative. The environmental and social data only reveals Durabook in the United States and is calculated, counted and consolidated by the Durabook authority, and the correctness of the content is confirmed by the Durabook Corporate Responsibility Committee. Finally compiled into a report.

With a view to enhancing the quality of disclosures in this Report, GREAT Certification has been commissioned to verify the disclosed data pursuant to the requirements of the AA1000 Type I (Moderate) Assurance Standards (AA1000AS v3) to confirm conformity to the core options of the GRI Standards 2021. A verification statement has been acquired and included in the Appendix for reference purposes

Reporting cycle and release date

This report is expected to be issued once a year

Previous issue: June 2022,

This issue: Aug 2023

Next release: June 2024.

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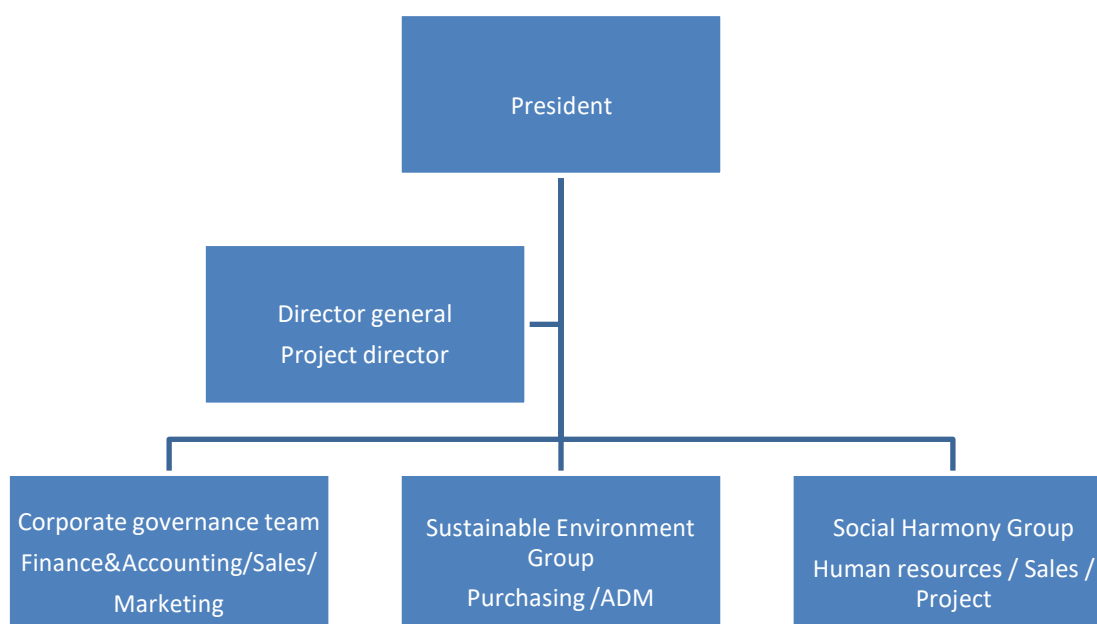
Stakeholder Engagement

Sustainability Committee

With a view to enhancing our ESG performance, we have formed a Sustainability Committee with the President serving as Chairman. The Executive Secretary of the Committee is responsible for the definition of sustainable development directions which are subject to approval by the Committee Chairman before being implemented and put into practice internally. The ultimate goal is to gradually incorporate sustainability concepts into DURABOOK' corporate culture.

Dedicated task forces subordinate to the Committee have been established to ensure that sustainable development covers environmental, social, and governance (ESG) criteria. Competent departments gather issues of concern to stakeholders in the dimensions of environmental protection, occupational safety, supply chain management, labor rights, operational performance, and corporate governance. Based on a firm commitment to safeguarding stakeholder rights and interests, a stakeholder section has been created on the corporate website to facilitate adequate responses to key sustainability issues of concern to stakeholders. It is also planned to deliver annual reports on ESG implementation results to the DURABOOK Board of Directors to raise the level of participation of the board in the implementation of ESG criteria.

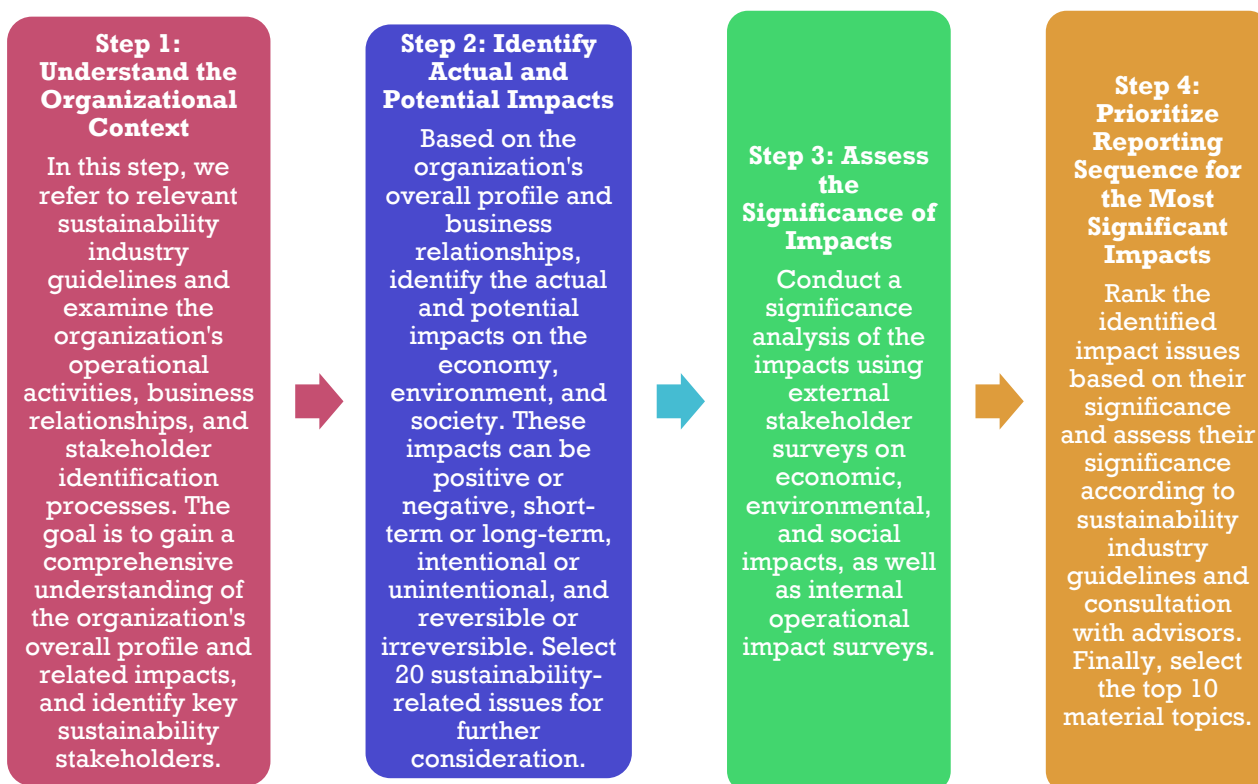
Sustainable development Committee



Issues within the scope of responsibility of task forces subordinate to the Sustainability Committee	
Corporate Governance Team	Internal audits, financial performance, information security, board governance practices
Sustainable Environment Group	Green products, supply chain environmental assessments, energy conservation and carbon reduction, utilization of energy resources, GHG inventories, climate change management
Social Harmony Group	Salaries & benefits, training & education, manpower structure, occupational health & safety, product safety, customer services, employer-employee relations, supply chain social responsibility, social engagement

A company's stakeholders are crucial for its business operations. We therefore pay close attention to the demands of our stakeholders and conduct materiality analyses for our sustainability reports to ensure that the disclosed information meets those demands. Material topics in the 2022 Sustainability Report were confirmed through a five-step process (Identification of Stakeholders, Gathering of Sustainability Issues, Survey of Issues of Concern to Stakeholders, Survey of Internal and External Impact Levels, and Analysis of Material Topics).

Material Topic Identification Procedures



Confirmation of Stakeholders

We convene Sustainability Committee meetings and explore international trends in the field of sustainable development, Durabook industry characteristics, and sustainability reporting benchmarking. Major stakeholders are identified through routine interactions based on their level of concern for and reliance and impact on Durabook's business operations. The following major

stakeholder categories have been confirmed: employees, customers, investors, suppliers, and government agencies.

Stakeholder Communication

The Sustainability Committee gathers, condenses, and organizes issues of concern raised by major stakeholders in the course of routine dealings and interactions. A total of 24 sustainability issues in the economic, environmental, and social dimensions have been identified with reference to the GRI Sustainability Reporting Standards and ESG reports released by competitors to ensure that the disclosed sustainability information satisfies GRI requirements in the fields of integrity and diversity.

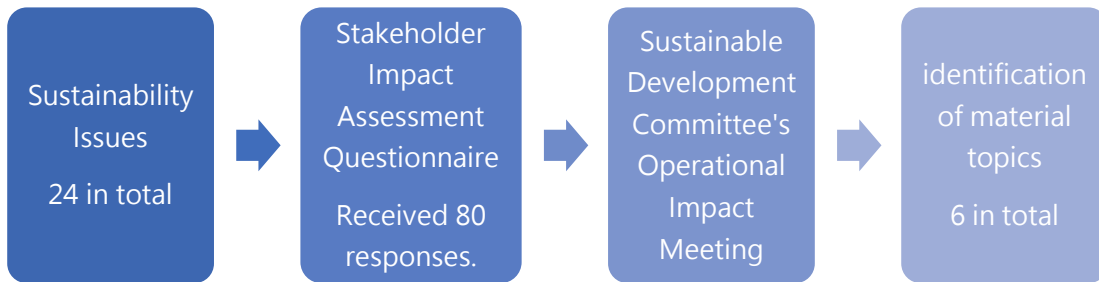
Objects	Main concerns Issues	Objects Communication practices/frequency
Employees	<ol style="list-style-type: none"> 1. Salary, welfare 2. Talent cultivation 3. Economic performance 4. Labor relations 5. Occupational health and safety 	<ol style="list-style-type: none"> 1. Remuneration Committee Review - 2 times year / Performance Appraisal Rating 2. Education and Training Procedures - Annual Training Program 3. Website Announcement (Investor Zone) / Monthly 4. Labour Committee Meeting (Quarterly) / Newsletter (Biweekly) / Quarterly Events 5. Employee Health Check / Annual
Customer	<ol style="list-style-type: none"> 1. Ethical integrity 2. Economic performance 3. Energy management 4. Greenhouse gas management 5. Green products 6. Anti-corruption 7. Compliance 8. Customer Health and Safety 9. Customer satisfaction 10. Privacy protection 11. Management system 12. Information security management 	<ol style="list-style-type: none"> 1. Operating Integrity Code / Network Announcement; Customer Sustainable Development Assessment - Annual 2. Annual report public information / annual 3. Factory End - Energy Saving and Carbon Reduction Requirements - Annual Sustainable Development Report 4. Factory End - Energy Saving and Carbon Reduction Requirements - Annual Sustainable Development Report 5. RoHS test report / customer demand 6. Integrity promises bookmarks / when trading customer needs occur 7. Green products - SDS report / Competent authority declaration / - Competent authority requirements - Regulations for the implementation of regulations 8. SDS-Update 9. Satisfaction survey - twice a year

		10. Confidentiality Agreement - When the customer requests, it is closely related to the bookmarks 11. Management System Certificate - Customer Requirements
Shareholder/investor	1. Sustainable 2. Economic performance 3. Corporate 4. Ethics and integrity 5. Risk management	1. Company webpage / irregular update 2. Revenue announcement / monthly; Corporate briefing / annual 3. Financial Annual Report / Annual 4. Company Website - Code of Business Integrity

Objects	Main concerns Issues	Objects Communication practices/frequency
Supplier Contractor Outsourcer	1. Sustainable operation 2. Economic 3. Corporate governance 4. Ethical integrity 5. Purchasing policy 6. Supply Chain Management	1. Company webpage / irregular update 2. Revenue Announcement / Monthly 3. Financial Annual Report / 4. Annual Company Website - Code of Business Integrity; Integrity Commitment / 5. New Transaction 6. Supplier Management Measures / Irregular
Government agency	1. Corporate 2. Invest in local 3. Environmental management 4. Compliance 5. Occupational health and safety 6. Forced labor	1. Audit and audit of the audit room/ annually 2. Public information description /when the investment occurs 3. Regularly report 4. performance/annually Public 5. Information /Annual Report 6. Occupational Safety Report / Monthly Grievance mechanism / irregular

Identification of Material Topics

The Sustainable Development Committee developed 24 sustainability issues and distributed an online questionnaire to key stakeholders. A total of 80 valid responses were received, providing ratings on the impact of each sustainability issue concerning corporate governance, environment, and people. The Sustainable Development Committee convened to consider the results of the stakeholder impact assessment, conducted an internal operational impact assessment, and sought external consultant opinions to prioritize and determine the material topics.



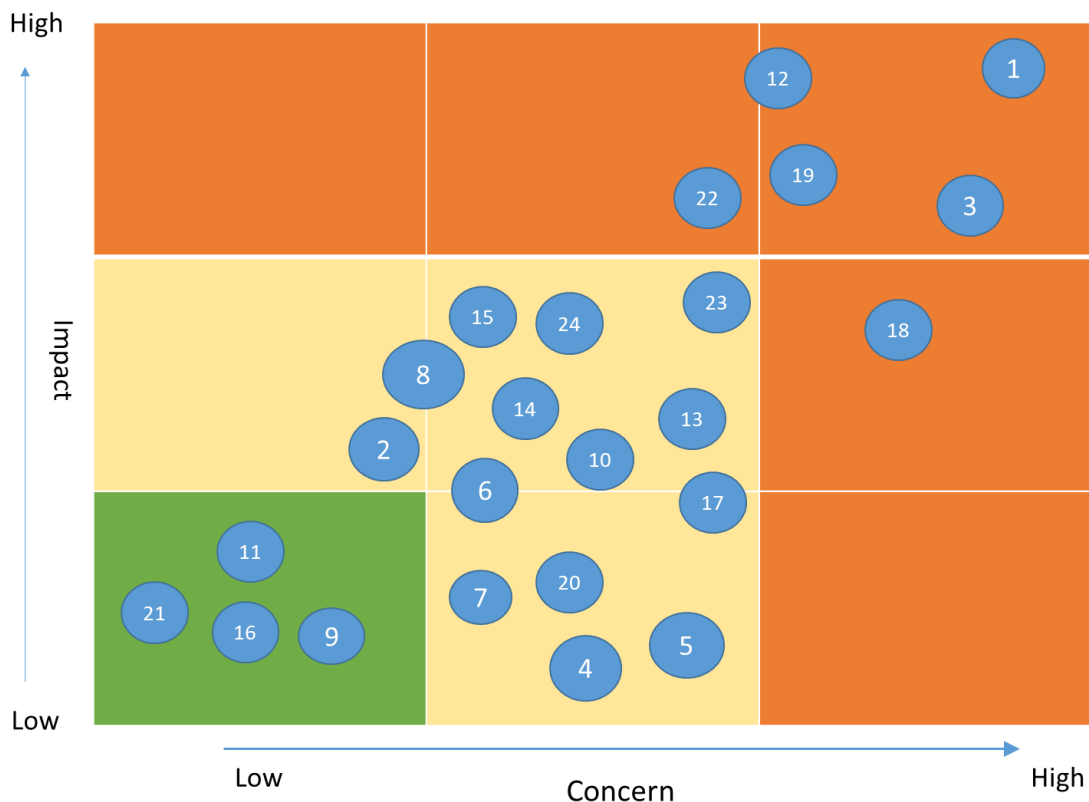
Materiality analysis

Major subject internal and external boundary identification table

category	Focus on issues	Specific topic	Within the organization	Outside the organization				Management policy	chapter
			Durabook	Customer	Supplier	Government agency	Shareholder		
Major Issue	Economic performance	Economic performance	●	●	●	●	●	Economic performance	2.2
	Salary, welfare	Salary, welfare	●			●		Salary, welfare	4.2
	Compliance	Compliance	●	●		●	●	Compliance	2.1
	Supply chain management	Supplier Environmental Assessment Supplier social assessment	●			●		Supplier management	2.2
	Sustainable development	-	●	●	●	●	●	Message from chairman	0.2
	Corporate Governance	-	●	●	●	●	●	Corporate Governance	2.1

Note: The major theme for 2022 remains unchanged from 2021.

Majority topic map



No	Topic	No	Topic	No	Topic
1	Salary, welfare	9	Greenhouse gas management	17	Environmental management
2	Talent Education	10	Green product	18	Sustainable development
3	Economic performance	11	Anti-corruption	19	Corporate Governance
4	Labour Relations	12	Compliance	20	Procurement policy
5	Occupational health and safety	13	Customer health and safety	21	Forced labor
6	Human rights complaint	14	Customer satisfaction	22	Supply Chain Management
7	Ethical integrity	15	Privacy protection	23	Risk management
8	Resource management	16	Management System	24	Information security management

1. Corporate Overview

1.1 Corporate profile

Durabook Americas is the North American subsidiary of Twinhead International Corporation.

Durabook is a leading manufacturer of rugged computing solutions, including the Durabook line of laptops, mobile tablets and all-in-one computers. Durabook Americas (formerly Gammatech Computer Corp) covers and serves the entire continent of America. The DURABOOK brand is designed, manufactured and tested in-house to assure maximum quality and reliability. These purpose-built, cost-effective and ruggedized laptops, tablets, and all-in-one PCs are high-performance solutions that increase productivity, drive a clear return on investment and deliver a low total cost of ownership.

Rugged Durabook devices have a loyal customer base around the globe, including most branches of the U.S. Armed Forces, public safety agencies, numerous field service organizations, as well as companies that specialize in oil & gas, logistics, healthcare, utilities and automotive industries.

As GammaTech, the company distributed its line of laptop computers from the late 1980s into the new millennium, when shifts in the market required it to forge a new path. Due to increasing commoditization in the PC industry, the company adjusted its business model to focus on industrial and application-specific systems like those used by the military, public safety, oil & gas and field service organizations. This move allowed it to leverage its expertise in designing, manufacturing and supporting mobility solutions in a more differentiated and less crowded market.

In 2000, the company manufactured its first military-grade rugged laptop, followed by the introduction of the DURABOOK brand in 2002. The DURABOOK line quickly expanded to meet the demands of customers in a broad range of markets that require rugged mobility solutions.

In February 2018, with DURABOOK the primary focus of its business for over a decade, GammaTech changed its name to Durabook Americas. The name reflects the company's longstanding focus on the DURABOOK brand as well as changing market conditions that emphasize the need for reliable, purpose-built, mobile computing solutions.

In January 2020, DURABOOK has established an additional office in Virginia, dedicated taking care of military and federal businesses, while the commercial team focusing on rugged computing solutions to commercial, public safety, state and local government clients. This is the next step to expand the business given the strength of Durabook's rugged computing products and an enhanced commitment to the market and its customers.

From product design to complete product production process management, Durabook focuses on understanding the needs of the industry, and then envisions the plan and rapidly develops differentiated products. In response to the ever-changing changes, Durabook has introduced the ISO 9001 management system to strengthen sales and after-sales service management, while bringing

products to market quickly, we also have high-quality guarantees to achieve our commitment to customers and implement "customer first, quality first". The goal. At the same time, Durabook has developed a unique supply chain management mechanism for the life cycle and maintenance life of industrial computers, ensuring that the production and maintenance of the components required for maintenance services are flawless, leaving customers with no worries. In addition, The parent company's (Twinhead) production center introduce an environmental management system of ISO 14001 (2015), allowing us to ensure compliance with local environmental laws and regulations during the manufacturing process.








Looking to the future, Durabook will be committed to providing customers with a full range of services, continuous product diversification, high service quality and high flexibility in production, providing the best solutions for customers of different natures. The company will continue to deepen the technology of special application areas, establish corresponding core capabilities, and develop niche products to expand the development of different vertical markets, with a view to becoming the first-class professional IPC system supplier.

The banner is divided into two main sections. The top section has a dark background with circuit-like patterns and features three large blue numbers: '35+', '80+', and 'ONE'. Below each number is a white text label: 'Years of Electronics Manufacturing', 'Countries Worldwide', and 'Mission' respectively. The bottom section has a dark blue background with a faint image of a rugged device. It is titled 'TECHNOLOGY PARTNERS' in white. Below the title is a white line of text: 'Durabook specializes in rugged mobile technology designed to perform under extreme conditions.' At the bottom of this section are seven white boxes, each containing a technology partner's logo: Cradlepoint (with the tagline 'Connect Beyond'), iKey, Intel, Gamber Johnson, LIND, Microsoft, and Sierra Wireless.

35+	80+	ONE
Years of Electronics Manufacturing	Countries Worldwide	Mission

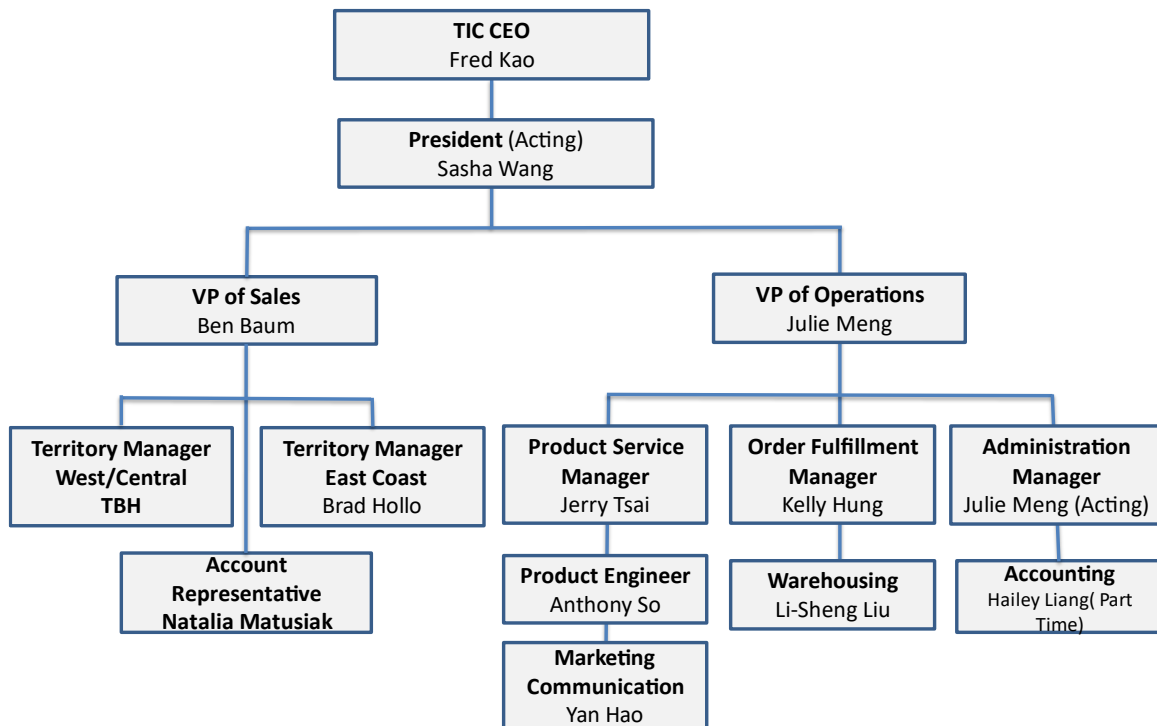
TECHNOLOGY PARTNERS

Durabook specializes in rugged mobile technology designed to perform under extreme conditions.



Company Name	Durabook International Corporation
Headquarters	48329 Fremont Blvd. Fremont, CA 94538
Overseas Locations	USA (CA)
Number of Employees	Durabook: 10 people
Main Products/Services	Various military regulations mobile computer Half-rule laptop Mobile streamlined computer Medical tablet and customized host/system
Geographic location providing products/services	Product sales are mainly in Europe and America

Organizational Chart of the Durabook



1.2 Business Policy (201 Economic Performance MA)

In recent years, notebook computers have continued to replace the growth momentum of desktop computers, especially in the military, industry, agriculture, gaming industry, automation, security control and other fields. Durabook thus avoided the low-margin competition according to the trend, moved to the niche and divided the market direction, moderately allocated the proportion of sales in each market, adopted different product sales and business strategies, and cored the target to actively develop new customers and new products. Market, integrated procurement scheduling to reduce costs.

At the same time, under the overall goal of “business first, quality first, and efficiency most”, Durabook will continue to avoid the low-margin Red Sea battlefield, and focus on developing and continuously strengthening the higher gross profit army/work rules. As well as niche products such as rugged portable computers, we are actively developing new customers and application markets by segmenting the market. In addition, we provide customers with a complete range of solutions (from product design to production, sales and after-sales service), and actively increase added value and gross profit margin to create greater profits.

Durabook is committed to enhancing the customer's reliance on our products, so as to stabilize the long-term relationship with customers. In the future, we will provide solutions and service systems for industrial customers with more diversified special application products, in order to become the most important supplier of IPC. The enthusiasm of business. Finally, Durabook will continue to deepen and promote various improvements and rationalization, strictly control costs, strive to improve efficiency, promote energy-saving measures, strengthen technical exchanges with customers and peers, and strengthen business physique.

Short-term business development plan

- Maintain service ODM customers, focus on their own products and brands, focus on defense, energy and communications industries, deepen strategic partnerships with large-scale system integrators, and establish their own channels to achieve maximum sales of independent products.

Medium and long-term business development plan

- Deployed in a more diversified special application product, expand sales channels, create a new application market, and provide industry customers with timely and appropriate solutions and service systems, in order to become a first-line IPC supplier.

1.3 Industry Chain

The main business of Durabook is the sales of portable devices used in special industries such as military industry.

In the value chain, the system in the middle reaches is assembled. The upstream is mainly a general component supplier of computer products.

And military industry special component manufacturers, downstream are dealers and system integrators. For ODM business, end customers are leading brands in various application areas. Durabook's products are sold in Europe and America.

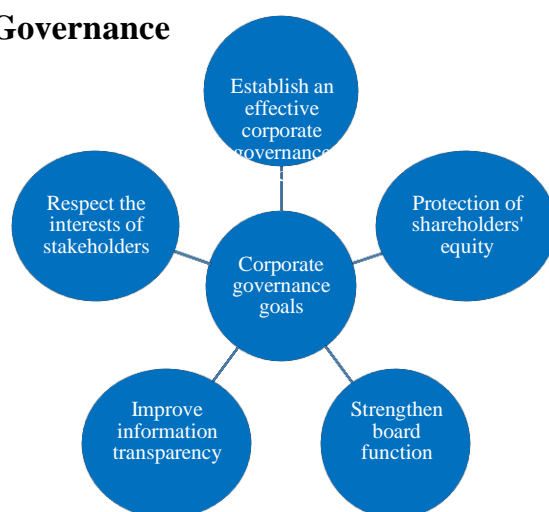


1.4 Participation Association

In addition to focusing on its own operations, Durabook also attaches great importance to the interaction between industries. We have participated in many different associations, maintained good interaction with other members, and fully grasped the future development trend of the industry to adjust the business direction in a timely manner.

Participation Association	Participation role
AMTechnology	Generalmember
DigitalContentProtectionLLC	Generalmember
HDMI Licensing Administrator, Inc	Generalmember
CSAGroup	Generalmember
PCI Special Interest Group	Generalmember
The Third Wednesday Club (San San Fe)	Generalmember
SD Card Association	Generalmember
VCCI Council	Generalmember
ULAG	Generalmember

2. Corporate Governance



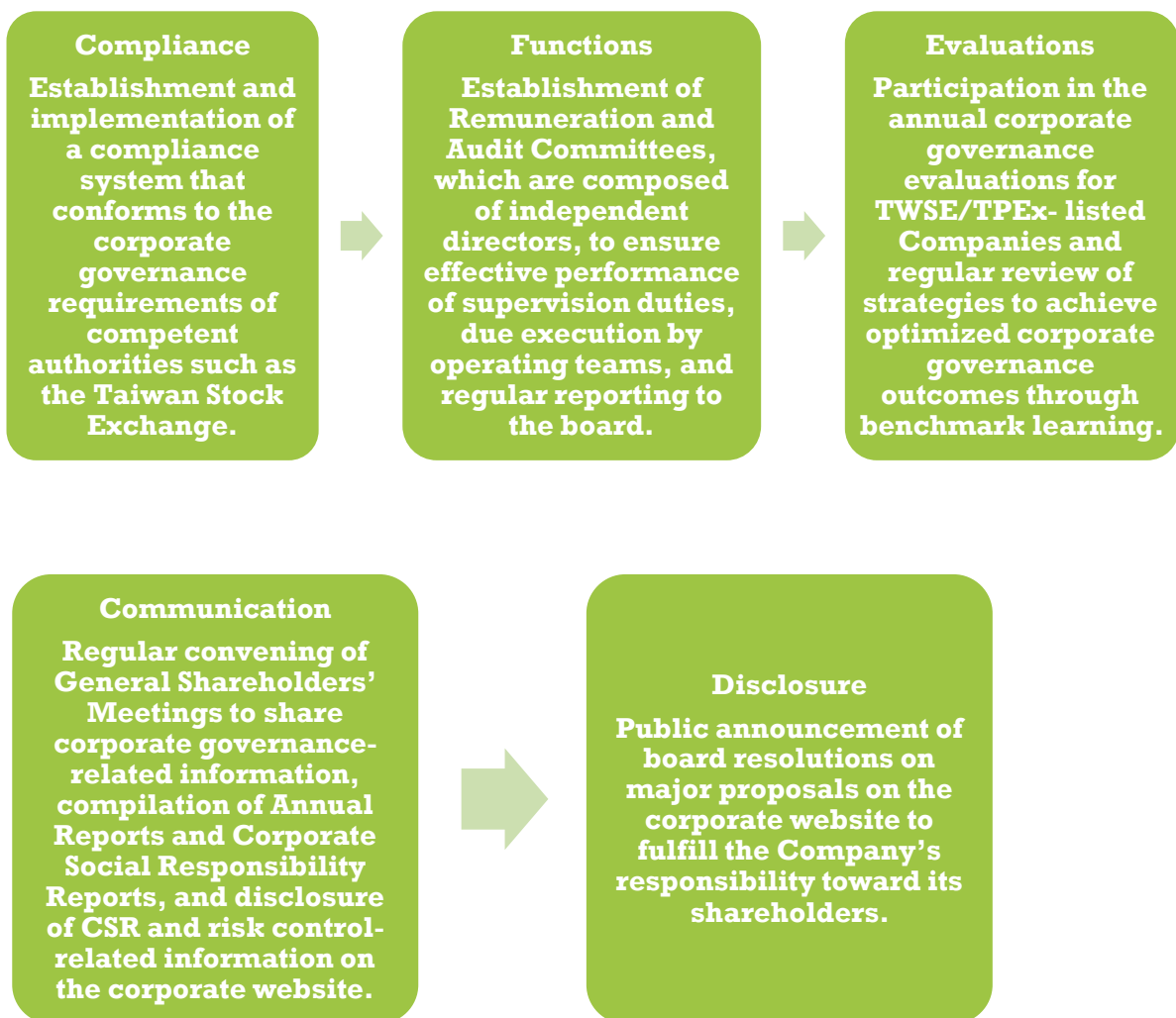
2.1 Governance and integrity

Durabook's corporate governance is implemented simultaneously with the parent company Twinhead's operating model.

Durabook always believes that only transparent corporate governance and effective ethical and honesty mechanism are the key to the company's sustainable operation. Therefore, we establish the value of integrity and gradually internalize the integrity into the daily execution of the company's colleagues.

At present, Durabook has been formulating a code of practice for corporate governance. At present, the exercise of the powers of directors and supervisors and the internal control system are implemented in accordance with the spirit and norms of the Code of Practice for Corporate Governance of Listed Companies, and the Legal Affairs Office is responsible for promoting corporate governance. Transaction.

Corporate Governance Process



2.1.1 Board Operations

First of all, Durabook's core requirements for directors are integrity and integrity. The integrity of the company is the condition for selecting directors. Through regular re-election, select outstanding individuals who meet the company's operational needs. All appointments of the board are based on meritocracy. In consideration of the diversification of the members of the board of directors with objective conditions, in addition to the professional competence of the industry, the directors have rich practical experience and the pulse of the development of the industry. Secondly, in order to strengthen the special ability of the directors, Durabook encourages the directors to participate in the refresher courses held by various professional organizations, and enhances the knowledge and ability of the directors through further studies, thereby strengthening the functions of the board of directors. At present, the information of the directors of the company from time to time participating in external institutions has been disclosed. The information observatory was revealed.

Furthermore, the directors also adhere to the spirit of high self-discipline to avoid the interests. Durabook's "Rules of the Board of Directors" stipulates the system of avoidance of directors' interests. The directors have a stake in the meeting matters with themselves or their legal representatives, which is harmful to the interests of the company. The latter may not be included in the discussion and voting, and shall be evaded in discussion and voting, and may not act as an agent to exercise the voting rights of other directors.

In addition, Durabook has written the liability insurance for directors and supervisors in the company's articles of association. At this stage, we will carefully evaluate the specific implementation schedule.

In the future, under the leadership of the board of directors, Durabook expects to be able to rise to the top in the corporate governance and economic performance, and continue to pursue excellence and move towards sustainable business.

Members of the Board

Title	Name
Chairman	Kao, Yu-Jen
Independent director	Su, Yi Xiong
Independent director	Li, Yuan Quan
Independent director	Ren, Zi Ping
Director	Kao, Su-Fu
Director	Huang, Min Gong
Director	Cai, Mei Li
Director	Zhou, Cheng Hu
Director	An Van Nguyen

Note 1: The term of this director is from June 30, 2020 to June 29, 2023.

Note 2: Deducting two directors of legal persons, the other seven natural persons directors are over 30 years old and under 50 years old. There are 1 seats for those over 50 years old and 11% for female directors.

Diversity Statistics		Number	Percentage
Gender	Male	8	89%
	Female	1	11%
Age	Under 50	1	11%
	50 and above	8	89%
Educational background	bachelor (inclusive) or above	9	100%
	Other	0	0%

2.1.2 Compensation and Compensation Committee

Durabook is a sound compensation system for directors and managers. It is fair and reasonable to assess the performance of directors and managers and the compensation they receive. The salary compensation committee (hereinafter referred to as the remuneration committee) is established according to law. The remuneration committee considers the directors in the assessment. Managers' performance appraisal and salary remuneration refer to the normal level of the industry, consider the relationship between individual performance, company performance and future risks, and ensure that there is no risk of leading directors and managers to pursue over-the-counter risk in pursuit of salary remuneration. the behavior of.

The Remuneration Committee upholds the manager's duty of care, faithfully fulfills the policies, systems, standards and structures for the performance evaluation and salary remuneration of directors and managers, and regularly evaluates and determines the remuneration of directors and managers. Wait for the authority and submit the recommendations to the board for discussion. Currently, DURABOOK does not have a direct linkage between the remuneration of directors and executives and the company's ESG performance. In the future, the implementation maturity of ESG

practices within the company will be assessed to determine the feasibility of establishing a framework for evaluating the remuneration of directors and executives based on ESG performance. This aims to effectively enhance the involvement of corporate governance entities and management in sustainable business practices.

In its actual operations, the Committee exercises the due care of a good administrator and faithfully executes its functions including formulation, development, and regular review of policies, systems, standards, and structures governing director and managerial officer performance evaluations and compensations, regular assessment and determination of director and managerial officer compensations, and submission of recommendations to the Board of Directors.

Durabook's reward and disciplinary mechanism for employees is also regulated in the “Work Rules”, “Performance Assessment Management Measures” and related management rules and regulations to motivate employees and enable employees to grow together with the company.

Audit Committee

The Audit Committee assists the Board of Directors in the supervision of the quality of accounting, auditing, and financial reporting processes and financial controls implemented by the Company. It also submits the results of its assessments to the Board of Directors for discussion. After ratification of the organizational charter by the Board of Directors, a Remuneration Committee was established under the Board of Directors. The Committee is composed of the independent directors of the Company with one of them serving as convener. At least one member must possess expertise in accounting or finance. The Committee convenes at least once per quarter.

Since the establishment of the Audit Committee, the Internal Auditing Officer has been reporting the implementation status of internal auditing operations to the Company's independent directors in Audit Committee meetings once or twice every half year. The Internal Auditing Officer and the Audit Committee held three joint meetings in 2022. In addition, the CPA is required to discuss financial reports with the Audit Committee once or twice half-yearly (four joint meetings were held in 2022). In these meetings, the CPA reports the results of financial report reviews to the independent directors, provides detailed information on applicable laws, and exchanges opinions with the committee members. On the whole, communications between the Internal Auditing Officer and the committee have been smooth and effective.

2.1.3 Ethical Integrity

Due to DURABOOK's strong emphasis on moral character, new hires are educated on integrity-related internal rules by the Management Department during the onboarding process. They are further required to sign a Letter of Agreement Regarding Work Ethics,

Confidentiality Obligations, and Intellectual Property which contains ethics & integrity provisions and aims to raise the integrity awareness of employees. We also demand that the management level lead by example and strictly abide by integrity principles with the ultimate goal of forming an integrity-based culture in an imperceptible manner.

The Management Department is our dedicated unit for the promotion and implementation of ethical management policies. We have formulated integrity-related internal rules including Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Code of Ethical Conduct, and Guidelines for Prevention of Insider Trading, which were put into effect upon ratification by board resolution. These internal rules are disclosed on our corporate website so they can be accessed by our stakeholders. A point of contact has been established for stakeholder feedback and suggestions. If employees have questions on integrity-related internal rules, they may conduct queries on the official website or inquire with the Management Department via diversified channels such as e-mail and phone. In addition, we organized training courses on ethical management issues including acceptance of improper benefits, insider trading, trade secrets, and protection of intellectual property in 2022.

We have also set up various whistleblowing channels. Stakeholders can submit reports via the stakeholder section on the website and the independent whistleblower mailbox. Whistleblowers must use their real name when submitting reports and provide basic information and evidence related to the reported incidents including but not limited to the name of the accused, location and time of the incident, and relevant circumstances and details. If reported incidents involve rank-and-file staff members, the department head must be notified. If they involve directors or senior executives, a report must be submitted to the independent directors. The Management Department and the department head or independent director who has received the report must initiate investigations immediately to verify the veracity of reports. Other departments must provide assistance if required. Investigations must be conducted in an impartial manner. Since we are firmly committed to protecting the whistleblower from improper treatment, his/her identity and the report contents must be kept strictly confidential. If it is verified that the accused has indeed violated applicable laws or provisions set forth in the ethical management policy or other internal rules of the company, the accused is ordered to stop such conduct immediately and adequate disciplinary measures are adopted. With a view to protecting the reputation and safeguarding the rights and interests of the company, incidents may be reported to the competent authority, referred to judicial authorities for investigation, or a claim for compensation may be filed in accordance with legal procedures as deemed necessary.

Written documents pertaining to the handling of reported incidents, investigation procedures, and investigation results must be preserved in physical or electronic format for at least of five years. If litigation associated with report contents occurs prior to the end of the preservation period, relevant documents must be preserved until the conclusion of litigation. Upon verification of report contents, responsible units must be instructed to conduct reviews of the internal control system and relevant operating procedures. Corrective measures must be adopted to prevent recurrence of such conduct. Upon conclusion of the aforementioned procedures, the Management Department must submit a report on the report contents, handling methods, and follow-up reviews and corrective action to the Board of Directors.

As for our commercial interactions, we explain our ethical management policy and applicable regulations to our transaction counterparties in the course of business dealings. We explicitly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name. The Company also refrains from engaging in business transactions with agents, suppliers, customers, or other counterparties who are involved in unethical conduct. If it is detected that counterparties or cooperation partners have engaged in unethical conduct, it must be assessed if blacklisting is necessary to ensure conformity with the ethical management policy. Before contracts are concluded with transaction counterparties, a clear understanding must be gained of their ethical management status. Compliance with ethical management policies of both parties must be clearly stipulated in the contract. Relevant provisions should include, but not be limited to, the following: “When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, kickbacks, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim compensation from the other party and may also deduct the full amount of the damages from the contract price payable. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party reserves the right to terminate or rescind the contract unconditionally at any time.”

The Management Department submits annual reports on the implementation status of ethical corporate management in the preceding year to the Board of Directors. In 2022, there was no record of breach of ethics by DURABOOK employees reported through

whistleblowing channels. There were also no instances of verified corruption involving the company, its employees, or business partners.

Ethical Corporate Management Best Practice Principles

Applicable to directors, managers,
employees

- Prohibition of unethical conduct
- Compliance with integrity related laws and regulations
- Prohibition of offering and acceptance of bribes
- Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property right

Code of Ethical Conduct

Applicable to directors,
managers

- Prevention of conflicts of interest
- Prevention of pursuit of personal gain
- Confidentiality obligations
- Fair dealing
- Protection and appropriate use of company assets
- Compliance with applicable laws and regulations
- Encouraged reporting of illegal conduct

2.1.4 Internal audit

In order to implement internal control, Durabook meet the parent company Twinhead's independent auditing office requirement. The auditing staff performs independent and objective and detached positions and performs relevant work according to the audit plan to confirm that the company's internal operations comply with laws and internal control systems. In addition, the project audit will be carried out according to the situation and the board of directors will be provided to understand the risks of operational hiddenness in a timely manner. Secondly, the board of directors will assist the independent and objective evaluation of the completeness, effectiveness and implementation of the internal control system, and provide suggestions for improvement in a timely manner to ensure internal control. The system can be implemented continuously, and relevant investigation, evaluation or consulting services are provided to assist the board of directors in fulfilling their corporate governance responsibilities. At the same time, the auditors' professional competence is enhanced to enhance and maintain their audit quality and execution results.

The Audit Office also regularly checks the control points in accordance with the spirit of the powers and responsibilities, relevant management rules and regulations, and the internal control system, reports to the Board of Directors on a regular basis, and reports to the independent directors when necessary. In order to ensure the implementation of integrity management, Durabook has established an effective internal control system and accounting system, which is regularly audited by internal auditors; the annual accountant will also conduct a review of the company's aforementioned system.

2.1.5 Risk Management

In the face of an ever-changing business environment, we rely on a Risk Management Task Force, which is directly subordinate to the President, for the initiation of risk management related operation and planning activities.

The scope of risk management encompasses the corporate governance, environmental, and social dimensions.

Risk dimensions		Coping strategies
Financial dimension	Interest rate fluctuations	<ul style="list-style-type: none"> The Company relies on its sound financial structure, conservative use of capital, a firm grasp of financial information by dedicated personnel, and the adoption of a conservative approach in the utilization of financial instruments to minimize risks associated with interest rate fluctuations.
	Exchange rate fluctuations	<ul style="list-style-type: none"> A. Reduction of net positions in USD and RMB to minimize Exchange rate risks. Financial personnel of the Company constantly collect information on exchange rate changes and consult financial and economic information provided by banks and investment institutions to maintain a real-time grasp of exchange rate developments. A foreign currency deposit account has been set up to adjust foreign currency positions in line with actual funding needs and exchange rate trends.
	Credit risks	<ul style="list-style-type: none"> Dedicated personnel in charge of the setting of credit lines, loan approval, and other monitoring procedures with regard to trading counterparties have adopted appropriate measures to ensure the collection of overdue receivables. Collectable amounts are verified on a case-by-case basis to ensure that uncollectible receivables are listed as impairment losses in an adequate manner.
Environmental dimension	Environmental pollution	<ul style="list-style-type: none"> Management operations are carried out in accordance with the Waste Management Regulations. The qualifications of waste treatment businesses are regularly reviewed, and final processing and destinations are confirmed, to ensure proper handling of the waste generated by DURABOOK. Risk identification in the environmental dimension is conducted and a control mechanism has been adopted for potential pollution sources. Quarterly environmental committee meetings review the effectiveness of environmental controls. Applicable laws and regulations are identified to ensure compliance with all legal requirements.
	Environmental pollution	<ul style="list-style-type: none"> Water shortages caused by water rationing and rolling water cuts represent our key issues in the field of water resource management. In addition to collecting information on water reservoir levels, we have established a water consumption monitoring mechanism to gain a firm grasp of water consumption trends. Water conservation measures including reclaimed water usage are implemented in our daily operations. With a view to mitigating the impact of natural disasters, a Typhoon Emergency Center is established when a typhoon warning is issued to gain a clear grasp of the typhoon direction and current conditions inside plants. In-plant typhoon warnings are issued to provide our personnel with an accurate understanding of typhoon conditions and enable

		<p>them to adopt precautionary measures as required and thereby minimize the impact of typhoons. In case of flooding, the Typhoon Emergency Center adopts measures to eliminate risks in coordination with assigned manpower. Follow-up restoration operations are carried out after the flooding recedes.</p> <ul style="list-style-type: none"> ● We have adopted the ISO 14001 Environmental Management System. ● GHG inventories and reductions are implemented in line with energy conservation policies of the government. ● We comply with applicable laws and regulations and customer demands
Product competitiveness	Market competition	<ul style="list-style-type: none"> ● Close contact is maintained with customers to get a clear understanding of the latest demands and satisfy them in a real-time manner. Regular customer visits accompanied by R&D and technical personnel are scheduled to gain a firm grasp of future customer product trends and thereby gain the ability to develop new products based on these anticipated trends. ● Innovative R&D technologies and patent acquisition to ensure a global leadership position.
Social dimension	Occupational accident	<ul style="list-style-type: none"> ● Our employees are one of our most valuable assets. We are therefore committed to ensuring the safety of our work environments to prevent potential costs and risks to our employees caused by occupational accidents. It also deliberates, coordinates, and suggests health and safety related items. The goal is to create a climate of mutual protection and carefree work and ensure a record of accident-free working hours.
	Excessive working hours of employees	<ul style="list-style-type: none"> ● Adjustment of working hour control policies and configuration of overtime alerts in the manpower resource system. ● Recruitment is reinforced and manpower is replenished through the adoption of different methods to achieve a successive reduction of overtime hours. ● Departments are committed to training multi-skilled staff to ensure that every employee is capable of accomplishing tasks in at least two different work categories.
	Relatively high employee turnover	<ul style="list-style-type: none"> ● Better understanding of the voice of employees through various channels including online and offline interviews and staff meetings and timely adjustment of company policies to increase the sense of belonging on the part of employees. ● Regular organization of employee activities to achieve a perfect synthesis of labor and leisure. ● Issuance of seniority bonuses.
	Manpower shortage	<ul style="list-style-type: none"> ● Proactive implementation of equipment automation: The Company forges ahead with production equipment automation to cope with its manpower shortage. An Automation Center has been established to integrate and share equipment automation resources of the group. Investments in equipment automation have been expanded, and machinery is utilized to reduce labor intensity and replace simple and repetitive manual tasks. ● Stepped up efforts to retain employees: Enhancement of employee compensation and benefits packages, strong emphasis on employee care, and firm commitment to reducing turnover rates.
	Lack of employee training	<ul style="list-style-type: none"> ● Shared group lecturer resources to strengthen the company's training capabilities. ● Utilization of government and customer training resources

		to enrich training content and stimulate colleagues' learning interest.
Business secret protection and information security risks	<ul style="list-style-type: none"> ● New hires are required to sign a Letter of Agreement Regarding Work Ethics, Confidentiality Obligations, and Intellectual Property; the Procurement Department requires all major suppliers to sign a Letter of Commitment to Ethical Transactions; non-disclosure agreements are signed in accordance with customer requirements; DURABOOK plants in China restrict the transmission of sensitive data to external networks. ● File and equipment security management is implemented through regular system backups and reorganization to save hard drive storage space and increase system performance. ● Equipment security is ensured through implementation of access controls and data center controls, equipment and data center maintenance management, and regular review of data center security measures. ● Authority management and an internal control cycle for information security have been adopted. ● A remote backup mechanism is in place. ● Information security is audited regularly by external bodies. 	
Management of raw material supply and demand risks	<ul style="list-style-type: none"> ● In response to supply uncertainties, we develop new supply sources and switch to different countries of origin. These efforts are paired with hedging procurement to minimize the risk of disrupted supply sources. ● We utilize a freight consolidation mechanism coupled with requests to suppliers and increase of LCL shipments to decrease the risk of scattered shipments. 	

COVID-19 Epidemic Response Mechanism

Due to the COVID-19 pandemic, which broke out worldwide in January 2020, a dark cloud of uncertainty and insecurity is looming over the world. DURABOOK has instantly launched an epidemic prevention and response mechanism in consideration of the operational impact of the pandemic. As of February, top executives of each plant serve as conveners of an Epidemic Prevention and Response Task Force. Real-time monitoring of the latest state of the epidemic has been implemented. Daily supervisor meetings are scheduled to maintain a firm grasp of employee health management, availability of epidemic prevention supplies, supply chain deployment, and production and delivery conditions in each plant with the ultimate goal of ensuring that regular operations can be maintained or restored within the shortest time possible.

Personnel safety management

- A project team is established
- Reinforced disinfection of work environments and crowd controls are implemented to minimize infection risks
- Temperature monitoring in entrance and exit areas and decrease of the number of business visits involving employees, customers, and manufacturers (visitors are required to fill out the Novel Coronavirus Health Declaration Card)
- Prohibition of overseas business trips
- Provision of epidemic prevention supplies for employees
- Provision of health and epidemic prevention related education
- Implementation of an employee substitute system
- Implementation of work from home policies to minimize the risk of cluster infections
- Ongoing monitoring of epidemic information and timely adjustment in line with national laws and regulations
- Implementation of an epidemic prevention measure mechanism targeted at the COVID-19 pandemic

Production continuity management

- Maintenance of contact with customers through video conferencing, communication of epidemic prevention measures and production capacities, flexible adjustment of shipping methods and times
- Deployment of supply chain materials
- Disinfection measures for incoming and outgoing goods in all plants

2.1.6 Regulatory compliance

Significance of legal compliance for DURABOOK	<ul style="list-style-type: none"> ● Legal compliance is the cornerstone of corporate sustainability and a key prerequisite for prevention of legal violation risks and achievement of the goals of stable corporate growth and sustainable.
Management approach	<ul style="list-style-type: none"> ● Responsible department: Legal Affairs, Environmental Safety ● Grievance mechanism: Employee grievance hotline, physical suggestion box ● Policy/Commitment: Zero-record of operational violations. ● Establishment of a mechanism identification and management of applicable laws and regulations: <ul style="list-style-type: none"> ➢ Regular inventories of national and international environmental, social, and economic laws. ➢ Creation of a list of identified laws and regulations and implementation of compliance reviews. ➢ Building of a legal compliance culture: Reinforcement of law-abiding concepts through employee training and education on applicable laws and regulations. ● Implementation of internal control systems. ● Legal compliance is ensured through audits conducted by the Auditing Office and internal audits of the management system. <ul style="list-style-type: none"> ➢ Proactive responses and effective handling of submitted internal/external grievances or recommendations provided by competent authorities with respect to detected deficiencies.
Assessment mechanism	<ul style="list-style-type: none"> ● No violations of applicable corporate governance, business accounting, environmental protection, labor rights, occupational health and safety, product safety, product labeling, marketing, and customer privacy laws were reported in 2022.

Regulatory compliance is fundamental to the operation of Durabook. Compliance with regulations can enable stakeholders to trust Durabook and create a win-win situation. If illegal records occur, it will affect the normal operation of Durabook. Therefore, Durabook regards the compliance as a colleague. The basic requirements, always remind the colleagues in the process of implementing the business should be based on law-abiding, and then shape the corporate culture of compliance. Durabook has always followed the company law, the securities trading law, the commercial accounting law, the relevant regulations on the listing of the cabinet and any other regulations concerning environmental protection, labor human rights and product liability, in order to thoroughly implement the regulations and follow the practice.

Durabook requires all departments to continue to improve compliance with regulations and to consolidate Durabook's law-abiding culture. Based on the concept of integrity, transparency and responsibility, we must establish a good management and risk control mechanism, and the authorities will pay attention to their business with their duties. The relevant regulations are promulgated and amended to ensure that Durabook is implemented in accordance with the latest regulations. If the regulations are changed, the internal regulations of Durabook shall be revised and revised in time.

In order to enable interested parties to facilitate the use of the prosecution mechanism,

Durabook can promptly pay attention to the risk of compliance, and Durabook has established acceptance channels including employee opinion mailboxes and external

stakeholders' mailboxes, so that stakeholders can report violations in a timely manner. Behavior (including reporting). In addition, the Durabook's legal advisor has a full- time review of the contract for Durabook's external transactions, ensuring zero illegal records.

Durabook promises that no illegal records can be made in any regulation. Also because of the pre-opening regulations control mechanism, Durabook did not receive any internal and external reporting records in 2022, and it has not received any internal and external reporting records, regardless of integrity management, business accounting, environmental protection, labor human rights and product liability. There are no illegal records.

2.2 Financial performance

In pursuit of financial sound growth, Durabook is committed to its shareholders and its commitment to its employees. Its financial performance continues to grow, allowing Durabook to share the sweet fruits of economic growth with its employees, improve employee compensation and benefits, and further maintain employee compensation. The company's centripetal force creates a happy corporate atmosphere.

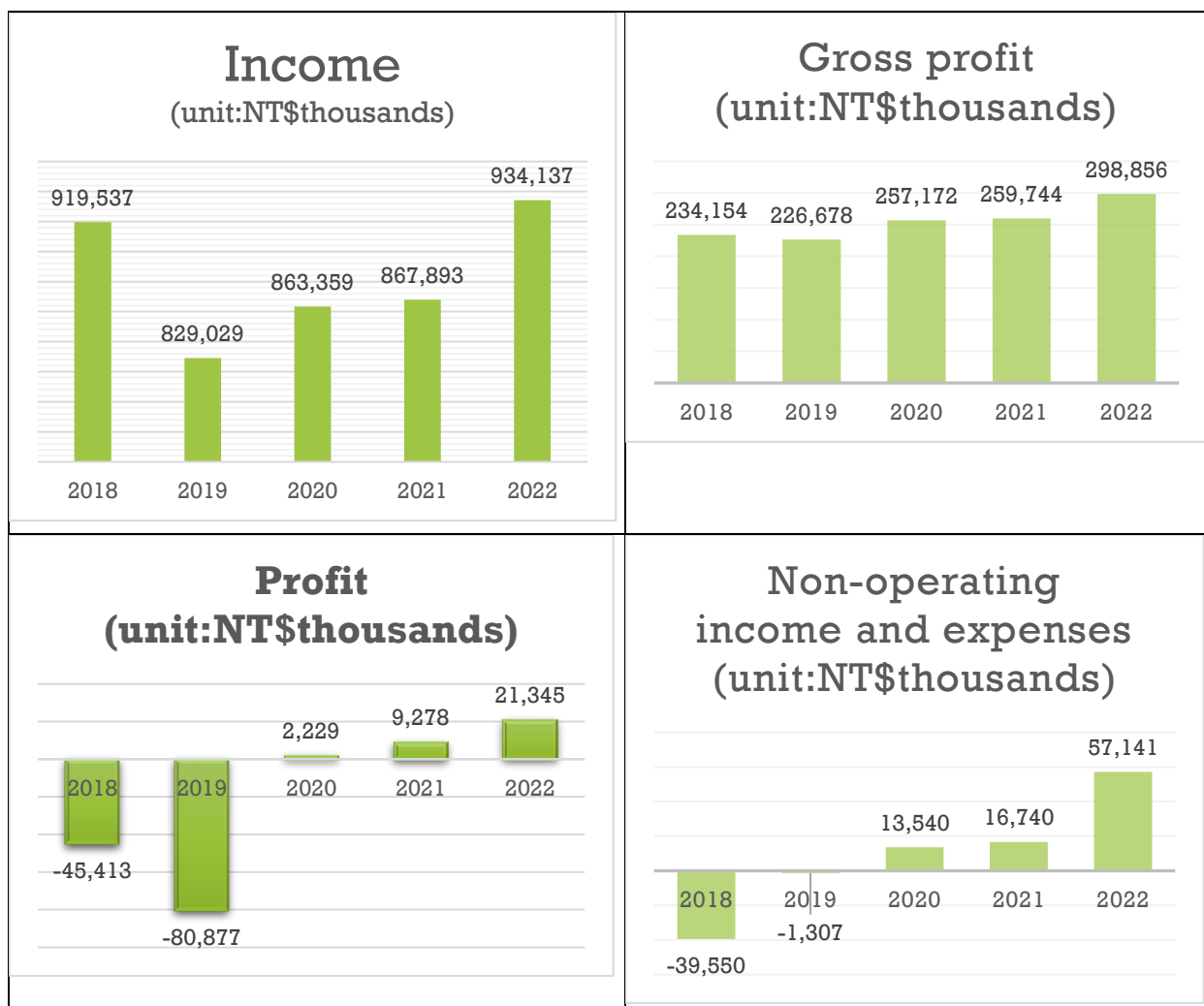
2.2.1 Economic performance

Management measures

- For the Group's overall operations, an operating plan was prepared at the end of the previous year to clarify the revenue, gross profit, expenses and profit and loss targets of the parent and subsidiary companies, and review and manage them separately after monthly settlement.
- For the performance revenue, the sales plan was formulated at the end of the previous year, and the business review meeting was conducted in the bi-weekly business review meeting according to the product area, customers, business objectives and work priorities.
- For other work priorities, formulate an action plan at the end of the previous year, clearly define the units of responsibility, work objectives and implementation priorities, and follow up on the monthly management meeting.

Tracking confirmation

- In response to the overall operational status of the Group, it will be reported separately at the monthly business performance meeting. The chairman will review the improvement matters and be tracked by the auditing unit.
- For the execution status of the sales plan, it will be reported separately to the management meeting hosted by the general manager each month for the supervisor to discuss the effectiveness and improvement plan.
- In response to other work priorities, the general manager and the director of authority and responsibility will separately hold meetings to review the progress according to the implementation schedule.



2.2.2 Purchasing and sales

Local procurement can effectively reduce transportation costs for the company, and can also drive the economic activities of local suppliers, promote economic growth, and enhance industrial development. Therefore, DURABOOK purchase in the United States takes materials as the priority, and the overall product purchase is the largest. The main product purchase is Taiwan. Durabook implements the local procurement policy, and Local suppliers coexist.

While introducing sustainable development, DURABOOK also hope to achieve sustainable development through the participation of source suppliers. Continue to implement existing supplier management systems including hazardous substance management (GP), continue the implementation of ROHS 2.0 throughout the supply chain in 2022, implement GP investigations in accordance with the Hazardous Substance Management Measures, and manufacturers sign declarations or declarations to implement GP raw materials. Management, and through the supplier audit implementation check. There were no major changes in the supplier compared to 2022. The environmental management of the suppliers in 2022 was in line with the environmental requirements of the company, and no environmental violations occurred. Regulatory events.

2.3 Information security management

With the rapid development of the information age, while the company enjoys the convenience, it is also accompanied by unpredictable security risks. In severe cases, the company's information network will be paralyzed, operations will be interrupted, and major damage to the company and its stakeholders will be caused. The information room is responsible for coordinating and implementing information security policies, publicizing information security information, enhancing employees' information security awareness, and collecting and improving technologies, products or procedures for the performance and effectiveness of the organization's information security management system. The audit office conducts information security audits on the information security management system every year to evaluate the effectiveness of the company's internal control of information operations.

Our ISMS Policy

In order to implement information security management, the company has established relevant system management measures. Through the joint efforts of all colleagues, the following policy objectives are expected to be achieved

- Ensure the confidentiality and integrity of information assets.
- Ensure that data access is regulated according to departmental functions.
- Ensure the continuous operation of the information system.
- Prevent unauthorized modification or use of data and systems.
- Perform regular information security audits to ensure the implementation of information security.

Information Security Management Solution		
Internet security	Data access control	Recovery mechanism
<ul style="list-style-type: none">● Establish a firewall (Firewall).● Regularly scan the computer system data storage media for viruses.● The use of various network services shall be implemented in accordance with the information security policy.● Regularly review the System Logs of various network service items to track abnormal situations.	<ul style="list-style-type: none">● The computer equipment should be kept by a special person, and the account number and password should be set.● According to the functions are given different access rights.● Removed personnel cancel their original authority.● The confidential, sensitive information and copyrighted software should be removed or overwritten before the equipment is scrapped.● The remote login management information system should be properly approved.	<ul style="list-style-type: none">● Regularly review the emergency response plan.● Rehearse system recovery regularly every year.● Establish a system backup mechanism and implement off-site backup.● Regularly review computer network security control measures.
2022 Annual Information Security Performance <ul style="list-style-type: none">✓ Zero major information security incidents in 2022.✓ The information security audit has been completed in 2022, and no non-compliance was found in the audit. The audit results show that the protection capability and construction of information security are controlled and complete.		

3.Environmental sustainability

3.1 Environmental management

DURABOOK is in the pursuit of balanced development and sustainable management. The general manager signed the DURABOOK safety and environmental protection policy, and vowed to protect the environment and maintain community safety. Environmental protection is beneficial to the public's products, taking safety, health and environmental protection as the basic consideration for the company's sustainable operation.

Our promise:

Compliance with regulatory requirements: All products, activities and services of the company are in compliance with and comply with government environmental regulations and other requirements.

Promote risk management: reduce environmental impact and reduce the impact on people and the environment.

Continuous work improvement: Regularly review management performance and continue to work toward zero disasters, zero accidents, and zero pollution.

Implement training and publicity: Make all colleagues aware of company policies and responsibilities to stakeholders, and provide necessary job training.

Meet customer needs: fully realize the commitment to customers, and enable customers and suppliers to understand the company's environmental policy

Our approach

【Carbon reduction】

Process improvement in the production process, so that energy can maximize the benefits of reducing carbon emissions, and included in the management objectives to reduce carbon emissions year by year, in order to fulfill the responsibility of corporate citizenship.

Office air conditioning temperature adjustment 26 ° C, reducing excessive carbonemissions.

【Waste Reduction - Garbage Classification】

- Promote waste sorting and set up resource recycling bins to reduce waste.
- Promote the use of disposable tableware and reduce the amount of domestic waste.

【Business waste】

The business wastes in the enterprise are regulated according to the management methods, and are classified and stored according to the chemical characteristics of each waste, and then commissioned by qualified manufacturers for cleaning.

【Green procurement】

- DURABOOK is committed to providing products that do not contain the SVHC announced by REACH.
- DURABOOK comply with the EU RoHS environmental protection regulations and promote green procurement management. In addition to requiring suppliers to provide materials that do not contain hazardous substances, the company does not use raw materials or materials containing hazardous chemicals in the production process.
- DURABOOK continue to produce products that meet EPEAT requirements.

【Emergency response】

- DURABOOK have an emergency response plan, set up an emergency response command center, and plan emergency response teams, including notification contact group, rescue team, disaster relief information group, control group, rescue team, public relations team, etc., in case of emergency Emergency response and handling by the emergency response team. Every year, regular emergency training and fire drills are held. New employees are required to actually operate fire extinguishers and simulate the practice through the drill team to develop their ability to respond urgently and self-safely. When the disaster has not been expanded, they can take appropriate action. Action to reduce the impact and damage caused by the crisis.
- Cooperate with the fire brigade to train employees on fire escape, first aid and other related training.

In 2022, according to the emergency response plan, a total of 1 emergency response drill was conducted. According to the task group, the on-site commander will inform the rescue team, the guard communication, the evacuation inducement, the safety officer, etc., so that the colleagues can quickly dispose of the emergency and reduce the injury and environmental impact.

3.2 Pollution Prevention

3.2.1 Business waste management :

We committed to reducing the consumption of various resources and using recycled materials that have a low impact on the environmental load, such as: Office paper is preferred to use recycled paper, and paper is required to be used on both sides to enable the sustainable use of the earth 's resources.

- Office waste is divided into general waste and resource recycling. The waste removal and transportation committee is handled by private companies. At the same time, colleagues are encouraged to use environmentally friendly cups and tableware to reduce waste generation.
- Waste information equipment, toner cartridges, etc. are collected by the manufacturer.
- Set up a recycling paper area next to the photocopier to allow colleagues to reuse single-sided waste paper to reduce paper consumption.
- Committed to implement paperless, make good use of electronic official document system, replace the traditional paper official document circulation and signing process.
- Promote double-sided printing or multi-page printing to save paper and toner consumption.

3.2.2 emission of greenhouse gases

To monitor and to reduce greenhouse gas (GHS) emission, Durabook International Corp follows ISO 14064-1 and Greenhouse Gas Protocol requirements and maintains a complete file of its GHS emission. It calculates direct GHS emissions as defined in Scope 1, indirect GHS emissions as defined in Scope 2, both qualitative and quantitative, as well as other major indirect GHS emissions as defined in Scope 3 by qualitative approach.

DURABOOK is an office work type, so greenhouse gas emissions are converted by electricity usage. The direct GHS emission (Scope 1) in 2022 is as indicated as 0kg CO₂e. Calculation results for the DURABOOK's Scope 2 GHS emission in 2022 are as indicated 28,432 kg CO₂e. Other indirect GHS emission(Scope 3) is 0 kg.

3.3 Energy saving and carbon reduction

3.3.1 Resource management

The earth resources are limited, and DURABOOK pay attention to the management of energy resources in order to avoid improper waste. The company's energy resources mainly include the use of water and electricity. Responsible for energy conservation and

carbon reduction through daily management mechanisms, the relevant measures are as follows:

- a. Lights in the office, warehouse and breakroom are turned off at night, except for security lights.
- b. External security lights are motion controlled.
- c. When no motion is detected for approximately 5 minutes the lights switch to half power.
- d. Office temperature is on auto control set to 78° F.
- e. Electricity is built into the monthly lease as a fixed fee.
- f. Fire sprinklers are inspected quarterly by the Fire Sprinkler company.
- g. Office equipment have been kept for future use.
- h. When office equipment is deemed obsolete, the will be sent to a certified e-Waste collector for reuse or recycling.
- i. Screen savers are set on all computers that are fixed in position.
- j. Employee used computer devices are turned off when the employees leaves the work place.

The energy consumption of each energy source will be statistically analyzed monthly according to the consumption of it from 2018. If there is an abnormal consumption in the month, the project will continue to improve. In order to reduce the impact of COVID-19, DURABOOK adopts home office operations in March, so water and electricity consumption has been drastically reduced compared to 2019 and 2020.Count the amount of energy resources used as follows:

Energy usage list

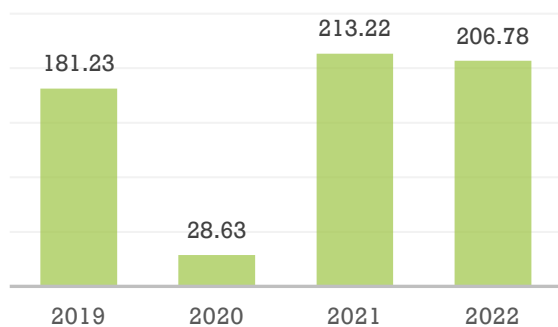
Scope	Operating base	DURABOOK			
	year	2019	2020	2021	2022
Scope 2	Electricity usage(kWh)	50,341	7,953	59,228	57,438
	Electricity usage(GJ)	181.23	28.63	213.22	206.78
	Electricity-Co2 emissions (kg)	35,593	4,038	29,732	28,432
<u>Water usage list</u>					
Resources	Item	2019	2020	2021	2022
	Water usage (Gallons)	28,342	4,376	7,136	6,895

Energy intensity

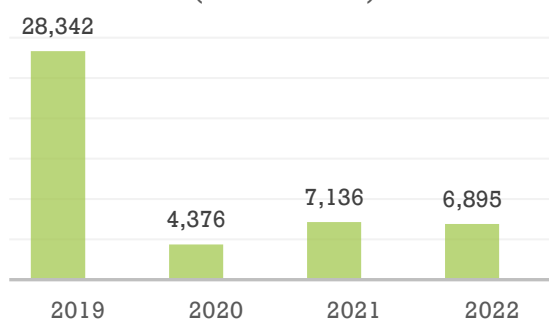
(Consumption per million revenue)

Item \ Year	2019	2020	2021	2022
Annual revenue (million)	829	863	868	934
Water intensity (gallons/ million)	34.19	3.98	8.22	7.38
Electrical intensity(GJ/million)	0.219	0.033	0.246	0.221

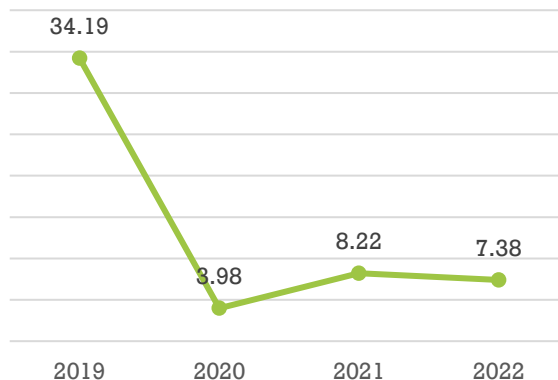
Electricity usage (unit:GJ)



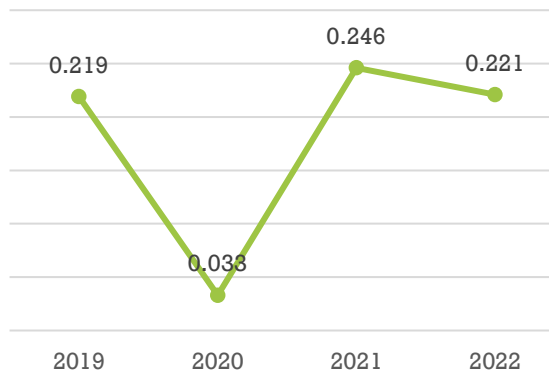
Water usage (unit:Gallons)



Water intensity (unit:gallons/ million)



Electrical intensity (unit:GJ/million)



3.3.2 Energy management - water

The water used in Durabook comes from tap water, because only office domestic water does not affect the local water resources environment; domestic sewage generated by office activities is directly discharged from the building sewage pipeline into the public sewer system, and finally discharged to the sewage treatment plant for proper treatment.

In recent years, there have been droughts or rainstorms due to abnormal climate factors, and water scarcity events have occurred frequently. Although the company only has office activities, the domestic water consumption is not much. Through daily promotion, it promotes the idea of saving colleagues and minimizes the waste of water resources, in order to meet the company's environmental policy to improve the efficiency of water resources use.

3.3.3 Energy saving plan

Proclaim that when you leave the office, you can turn off the lights and turn off the power of the computer equipment; turn off the lighting in public areas during lunch breaks and off hours.

If it is not necessary, there is no need to turn on the lighting power of unused meeting rooms, computer rooms, file rooms and other spaces.

We attach great importance to the energy saving of products. In order to reduce energy consumption and reduce greenhouse gas emissions from power plants, we promote products to obtain Energy Star certification to ensure product energy conservation efforts.

3.4 Green product

The trend of non-toxic twilight in the international community has become a basic requirement of all countries. DURABOOK continue to protect the earth with the utmost efforts. In view of the increasing impact of global climate change, DURABOOK continue to strengthen the collection of national laws and customer requirements, develop a green product management mechanism, assess the compliance of green products, introduce environmentally friendly design concepts during the product development phase, and add energy-saving and low-risk Concepts such as easy recycling, face environmental protection issues, implement internal inspection and control, ensure products meet the requirements of green color, and ensure that materials are controlled from the source, DURABOOK into GPM (Green Product Management) green product management system, and ensure that materials meet international standards. The requirements of the twilight regulations, from the parts to the product's

twilight, reduce the use of harmful substances in the product, and make a contribution to our planet.

3.4.1 Green design

DURABOOK are based on international environmental labeling, and the color design project is low-harm, easy to dismantle, less packaging materials, low energy consumption, and other color concepts. As an important color consideration, the products of DURABOOK are in line with Now and without environmental protection needs.

DURABOOK is innovative in color and fully introduce the concept of “green products”; not only “suppliers without harmful substances”, “materials without harmful substances”, “factory production processes without harmful substances” and “none” The control of the four major non-hazardous substances of the product quality of hazardous substances is completed in each operation step of the enterprise to facilitate the sustainable development of the overall environment.

DURABOOK integrate easy disassembly into product design, use explosion map for easy disassembly analysis, analyze the structure diagram of each product, and count the required disassembly time, improve product assembly structure and reduce disassembly and recovery operation time. , meet customer and relevant regulatory requirements. According to the requirements of the customer's environmental certification regulations, the disassembly manual is prepared and the product recovery rate ($3R = \text{Reuse} + \text{Recycle} + \text{Recovery}$) is calculated to meet the overall recycling rate requirements of the product.

In addition to considering the protective effect of the products, DURABOOK pay special attention to environmental protection, can be recycled, and contain no harmful substances, in order to comply with EU packaging directives and national regulations, such as packaging issued by the European Union. The requirements of the Packaging Waste Directive are of the utmost importance for environmental protection and resource recycling.

When developing new products, DURABOOK is included in the customer's needs. According to the energy consumption requirements of the environmental label, the product's compliance, environmental performance in the overall life cycle, and possible alternative technologies for other parts are sought. Improve product environmental performance, develop products that are more environmentally friendly, and develop low-energy products that meet the requirements of Energy Star's low energy regulations.

Responsible for environmental protection 3R (Reuse reuse, Recycle recycling, Recovery recycling), DURABOOK computer and DURABOOK from the product design, the resources will be recycled, reuse, easy to decompose, easy to disassemble the concept of integration, reduce the waste of the earth's resources. The recycling rate of wood packaging materials of

the company's notebook products is over 80%. In addition, DURABOOK Computer and DURABOOK own brand products are set up in the United States for recycling services.

[Servicesinformation :](#)

<https://www.durabook.com/us/environment-recycle-form/>

Battery recycling information: <http://call2recycle.org/>

3.4.2 Conflict mineral policy

As a good corporate citizen, DURABOOK is committed to social responsibility and respect for human rights, and continues to pay attention to conflict minerals issues. It is committed to investigating the supply chain in detail to ensure tin (Sn), tantalum (Ta), tungsten (W), Metal materials such as gold (Au), cobalt (Co), and palladium (Pd) are not mined from mining areas controlled by armed groups in the Democratic Republic of the Congo and its neighboring countries.

Therefore, DURABOOK has formulated the following policies and promises:

1. Do not purchase conflict metals from conflict zones.
2. Require suppliers to refuse to use conflict metals from conflict zones and issue a letter of commitment.
3. Require suppliers to communicate this request to their upstream suppliers

DURABOOK Conflict Minerals due diligence investigation measures:

DURABOOK is commissioned by the direct supplier, DURABOOK Computer, to implement a conflict minerals due diligence process, including the due diligence framework in the OECD Guidelines. In addition to protecting human rights, it is important to ensure that the mineral sources in the products are legal. And can not directly or indirectly fund or provide benefits to armed groups. All supplier conflict minerals surveys were completed and met.

The DURABOOK Due Diligence Program contains the OECD architecture as follows:

Establish management procedures

Identify areas of risk in the supply chain

Establish a program to respond to the identified risks

Require suppliers to conduct due diligence investigations of smelters and refineries and, if necessary, require smelters to carry out relevant verification

Publicly available annual smelter list for supply chain due diligence results

The DURABOOK due diligence investigation is as follows:

Planning and developing conflict minerals policies and due diligence methods by the Office of Sustainable Development.

The company establishes procedures for the management of conflict minerals and confirms the relevant rights and responsibilities of internal personnel.

Provide stakeholders with conflict minerals communication pipeline.

Provide employee and supplier education and training related to conflict minerals policy and due diligence.

Suppliers are required to use the Responsible Minerals Initiative (RMI) Conflict Minerals Report Template (CMRT) to provide smelter or refinery information once a year.

Confirm and analyze according to the CMRT returned by the supplier, confirming that the mineral is not from the conflict mining area.

Continuous communication with suppliers to improve response rate and improve the correctness of smelter information.

Uncover the list of smelters or refineries confirmed by due diligence and publish them on the website of DURABOOK.

<https://www.durabook.com/us/durabook-conflict-minerals-management-process/>

4. Common Prosperity

4.1 Human Resources

The employees of the company are mainly staff members, and the number of employees remains stable. The total number of employees in 2022 is 10 in Durabook in the United States. The total number of Male is 50%, Female is 50%.

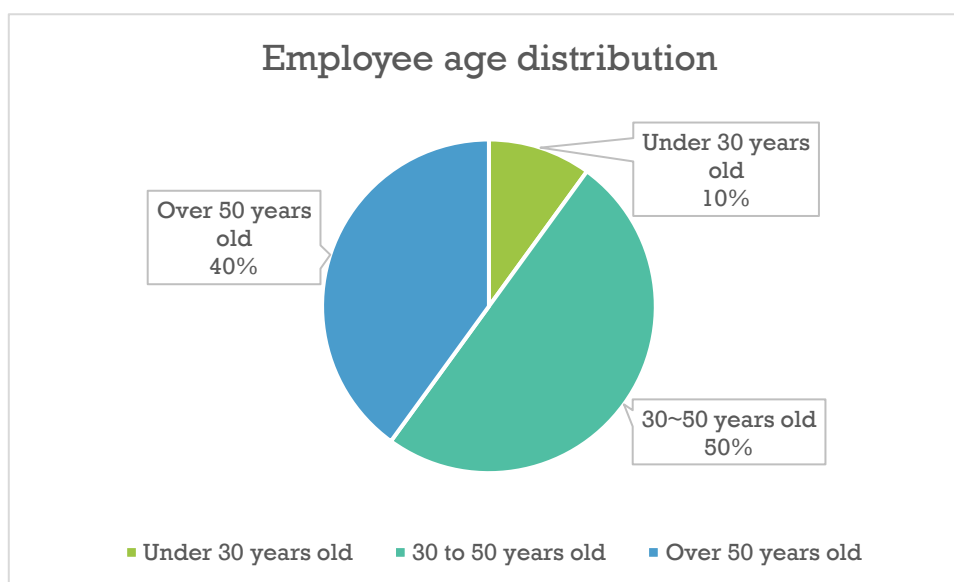
Table 4-1 Comparison table of employee gender and regional population

Durabook	gender	2018	2019	2020	2021	2022
	Male	12	15	6	5	5
	Female	6	6	5	3	5
Total		18	21	11	8	10

Employee age:

All employees are divided into three groups according to age: 30 years old, 30-50 years old and 50 years old. The total number of employees is based on the end of December 2022.

Durabook employees are hired locally.



Durabook pays attention to the employment of local talents. The management class employs 100% of the local residents, and the definition of high-level management here is at the director level (inclusive), totaling 4 people(1 male and 3 female).

Employee turnover rate analysis

In 2022, because of the impact of COVID-19, there were 2 new employees, and the new rate was 20% ; The number of personnel resigned is 0 , the employee turnover rate was 0%

4. 2 welfare system

Durabook's salary includes salary and bonus. The salary is based on the background of the employee's academic experience, professional knowledge and technology, and the seniority experience. It will not be different because of gender, religion, race, nationality, and party. The equal pay for men and women is indistinguishable. The minimum salary set by the Laguna Act, and its salary is determined by reference to domestic and international salary surveys.

In addition, Durabook implements employee performance appraisal every year, and distributes annual performance bonuses based on individual performance. In 2022, the proportion of participation in performance appraisal is 100%. The supervisor will give a fair and objective assessment based on the performance and goals of the employees, and understand the status of the employees through interviews and provide appropriate assistance.

The employee welfare system of the enterprise family is an important factor that affects the employee's intention, peace of mind, and sustainability. The provision of each welfare activity is an important event in the life of the employee. It is also a major event that Durabook pays attention to. The company welfare and the welfare support of the employee welfare committee are matched with each other, and are specifically presented in various items of employee welfare, with a view to implementing perfect care.

In addition, the company regularly pays pensions to employees to take care of their colleagues' retirement life. The company's new retirement reserve is set aside according to the provisions of the Law on Labor, which provides 6 percent of the total wages of the workers each month as a retirement reserve to facilitate the retirement career planning of employees.

Durabook provides parental leave, does not affect job opportunities due to gender differences, and provides a quality nursing room environment. The number of parental leave in 2022 is 0, and the 2020 and 2021 childcare stays expire.

4.3 Career development

We believe that only by persisting in continuous learning and training to improve employee functions and product quality can we achieve the above goals and meet the needs and expectations of our customers, employees and shareholders, thus achieving the status of leaders and industry standards. We believe that every employee has the potential to become the company's human assets through training, and thus become the core competitiveness of Durabook, which will lead to a win-win situation for the company's growth and employee growth.

We are committed to providing systematic and professional training, nurturing and mentoring to all employees of Durabook. Durabook provides the right resources to enable each employee to acquire multiple technologies and knowledge to effectively carry out the company's tasks. , a professional guide to the development of corporate strategy and quality training.

4.3.1 On-the-job Training

In the past three years, Durabook has set up core cadre management and related courses at all levels to enhance the management functions of new talents in the future. At the same time, in addition to strengthening new product knowledge, it has also opened up Through the case and discussion, learn to combat the sales force of the sales staff.

4.3.2 e-learning learning - no distant

In 2022, the total head coach was 41 hours, with an average of 4.5 hours per person. Average training hours for men and women ,Male: 4.2 hours, female: 4.0 hours ; for the class-specific training , Managerial category :5.0hours, Non-managerial category:4.0hours.

4.4 Employee care

In response to the global market of international competition, corporate competition no longer relies on natural resources, cheap labor, sophisticated machinery and strong financial resources, but mainly rely on knowledge-intensive human capital. Therefore, employees are the core lifeline of the company's sustainable operation. The company attaches great importance to every employee. Durabook continues to focus on: implementing employee education and training, improving staff professionalism, establishing a perfect welfare system, safeguarding employees' basic rights and interests, providing a safe working environment and taking care of Employee health, emphasis on labor relations, and promote harmonious relations to continuously improve the overall quality of Durabook people. In the employee care section, statistics did not occur in the 2022 year due to race, gender, color discrimination cases, forced labor incidents, and violations of the rights of indigenous people.

Durabook has always spared no effort in caring for its employees. It organizes activities from time to time to promote employee exchanges, experience different cultures, and unite employees.

Durabook constructs a smooth communication channel for employees. If any unit is found to be in violation of regulations or illegal circumstances, it can file a complaint and report to the company through relevant channels, and has an untrustworthy mailing box and a sexual harassment report box for employees to appeal. In 2022, the company did not have any complaints related to human rights. In order to ensure the smooth flow of labor and management communication, we hold a labor-management meeting every quarter. There are 5 representatives from both sides of the labor and management. The discussion topics are divided into labor dynamics, production planning, quality, safety and health, welfare committee activities, and six temporary motions. section. All quarterly corporate meetings are held every quarter, and employees can express their opinions through the temporary motion period.

4.5 Customer Service

Durabook have entered into "Contract Review Procedures", "Disbursement of Sales and Customer Litigation" and "Customer Service Procedures" to enhance professional service quality in all aspects, win customer trust and achieve long-term profitability of the company. . In order to provide customers with the best service to give customers the greatest satisfaction, and to ensure that customers have complaints, can effectively accept, and influence or cause product quality to buy common phenomenon, discuss and analyze to improve and prevent, customers can through the marketing channel In response to a complaint, we will urge the quality assurance unit to actively deal with and improve the problem. There were no violations of the relevant customer complaints in 2022.

In order to protect the privacy of customers, Durabook have developed a “funding management procedure book” to manage internal staff and customer data to avoid the leakage or improper use of personal funds, resulting in damage to the rights of individual shareholders. Personal data obtained by the company for its operations, whether it is a paper or a file, can be marked as "confidential documents" and kept by a special person. In order to ensure the security of the client secrets without the outflow of data, there was no case of any outflows related to customers in 2022.

In order to effectively improve customer satisfaction, Durabook regularly conduct customer satisfaction surveys, and actively implement improvements for dissatisfaction or customer suggestions. The average customer satisfaction score for 2022 is 90.5.

GRI Index

Statement of use	Durabook has referred to the GRI guidelines to report the content from January 1st to December 31st, 2022				
GRI 1 used	GRI 1: Foundation 2021				
Applicable GRI industry standards	Not applicable GRI industry standards				
Topic	Disclosure	Description	Chapter	Page	Note
Organizational and Reporting Practices	2-1	Detailed information about the organization	1.1	13	
	2-2	Entities included in the organization's sustainability report	0.3	5	
	2-3	Report period, frequency, and contact person	0.3	5	
	2-4	Information restatement	0.3	5	
	2-5	External Assurance	0.3	5	
Activities and Workers	2-6	Activities, value chain, and other business relationships	1.1	13	
			1.3	16	
	2-7	Employee	4.1	35	
	2-8	Non-employee workers	4.1	35	DBA does not have workers who are not employees.
Governance	2-9	Governance structure and composition	2.1	19	
	2-10	Nomination and selection of the highest governance	2.1	19	
	2-11	Chair of the highest governance body	2.1	19	
	2-12	The role of the highest governance body in overseeing impact management	0.4	8	
	2-13	Impact management leader	0.4	8	
	2-14	The role of the highest governance body in sustainability reporting	0.4	8	
	2-15	Conflict of interest	2.1	19	
	2-16	Communication of key significant events	2.1	19	
	2-17	Collective intelligence of the top governance body	2.1	19	
	2-18	Performance evaluation of the highest governance body	2.1	19	
	2-19	Compensation policy	2.1	19	
	2-20	Compensation determination process	2.1	19	
	2-21	Annual total compensation ratio	2.1	19	Non-disclosure based on confidential information.
Strategy, Policies, and Practices	2-22	Statement of sustainable development strategy	0.4	8	
			2.1	19	
	2-23	Policy commitments	4.1	35	
	2-24	Incorporation of policy commitments	4.1	35	

	2-25	Remediation procedures for adverse impacts	2.1	19	
	2-26	Mechanism for seeking advice and raising concerns	2.1 4.2	19 35	
	2-27	Compliance with laws and regulations	2.1	19	
	2-28	Membership qualification of public associations	1.4	17	
Stakeholder Engagement	2-29	Stakeholder engagement Policy	0.4	8	
	2-30	Collective agreement	-	-	There is no group agreement signed, and the communication and participation rate of labor-management meetings is 100%.
Material Topics	3-1	Process for determining Material Topics	0.4	8	
	3-2	Material Topics list	0.4	8	
Financial Performance					
GRI 3: Material Topics 2021	3-3	Management of Material Topics	2.2	33	
GRI 201 : Financial Performance 2016	201-1	Direct economic value generated and distributed by the organization	2.2	33	
Market status					
GRI 202 : Market Position 2016	202-1	Ratio of standard salary to local minimum salary for grassroots personnel of different genders	4.2	35	
	202-2	Employment of local residents as a proportion of higher management	4.1	35	
Energy					
GRI 302 : Energy 2016	302-1	Organizational energy consumption	3.3	27	
	302-3	Energy intensity	3,3	27	
Water and Effluents					
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	3.2	27	
emission					
GRI 305: Emissions 2016	305-2	Indirect (Scope 2) greenhouse gas emissions	3.2	27	
	305-4	Greenhouse gas emission intensity	3.2	27	
Employment					
GRI 401: Employment 2016	401-1	New hires and Departing employees	4.1	35	
	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	4.2	35	
	401-3	Maternity leave	4.2	35	



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