



森崴能源
SHINFOX ENERGY



2022 永續報告書

Sustainability Report



森崴能源
SHINFOX ENERGY

FOXLINK
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Shinfox Energy's Official
Website

2022 Sustainability Report

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About the Report

This report is the 2022 sustainability report (“the Report”) of Shinfox Energy Co., Ltd. (“Shinfox Energy”). In line with the principles of transparency, honesty and sustainability, we faithfully present the communication between Shinfox Energy and all its stakeholders. Moreover, Shinfox Energy’s sustainability-oriented goals and achievements are fully disclosed, and we aim to be constant in our professionalism, ethical management, and the fulfillment of our social responsibility as we move forward toward sustainable management.

Reporting Period

This Report discloses information on Shinfox Energy's activities and performance for 2022 (January 1 to December 31, 2022) on a variety of material topics, which include corporate governance, environmental sustainability, and social commitment. It is also available in the “ESG Sustainable Development section” of Shinfox Energy’s website.

- Release date of this report: June 2023
- Release date of the next report: June 2024

Scope of Report

The information disclosed in this Report is about Shinfox Energy and excludes that of its subsidiaries. Financial statements are consolidated and include information about Shinfox Energy and all of its subsidiaries. This report is prepared in accordance with the 2021 edition of the GRI Standards published by the Global Reporting Initiative (GRI), and follows standards used in Taiwan and across the world, such as the Code of Practice for Listed Companies Preparing and Filing Sustainability Reports, the United Nations Sustainable Development Goals (SDGs), the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and the Sustainability Accounting Standards (SASB). The financial information is based on the consolidated revenue, which is consistent with the financial statements, and the financial data is disclosed in accordance with the International Financial Reporting Standards (IFRSs). The amounts disclosed in the financial statements are all in New Taiwan Dollars, and PwC Taiwan has issued an audit report for them.

Management Approach

All information in the Report has been compiled and provided by the respective departments of Shinfox Energy and its subsidiaries. In addition, the contents of the Report are reviewed by department heads to ensure the truthfulness and completeness of the information. Subsequently, the editorial team of the Sustainable Development Committee has edited and compiled the information before submitting it to the Sustainable Development Committee. The Report is published after receiving third-party assurance and the President’s authorization.

External Assurance

We have engaged a third party, AFNOR Asia Ltd., to ensure that this report meets the requirements of the Type I “Moderate” level of assurance of AA1000AS v3, the results of which are described in the Independent Assurance Statement attached to the appendix of the Report.

Contact Information

To continuously improve the quality and content of our sustainability reports and to enhance communication with our stakeholders, please feel free to contact us should you have any feedback or comments:

Company Address/
No. 49, Sec. 4, Zhongyang Rd., Tucheng Dist.,
New Taipei City
Company Website/
www.shinfox.com.tw
ESG Section/
www.shinfox.com.tw/esg.html

Contact Person/
Chief Sustainability Officer
Email of Contact Person/
ESG@shinfox.com.tw
Tel/
02-2269-9888

Chairman's Message

Shinfox Energy is a comprehensive professional energy service company specializing in energy development engineering, power plant maintenance, solar power plants, energy conservation, and energy storage engineering. Its business covers solar energy, offshore wind power, and green energy sales.

Focusing in the areas of “clean energy” and “energy saving and carbon reduction”, Shinfox Energy has formulated an operation strategy based on “Solar Power, Wind Power, Hydropower, LNG and Green Energy Trading Platform” to create a comprehensive integrated turnkey service. Shinfox Energy's subsidiaries include Foxwell Energy, which focuses on investment and operation of wind and solar power plants; Shinfox Natural Gas, which obtains licenses to import liquefied natural gas (LNG), provides clean energy and helps to mitigate air pollution; Foxwell Power, which secured a license for the sale of renewable energy and is now providing electricity services such as green power trading, the promotion of smart energy saving systems and the construction of energy storage systems, while using its e-commerce linkage to form a Green Energy Trading Platform with a comprehensive suite of energy services.

Since its application for public listing, Shinfox Energy has been actively developing its corporate governance, striving to protect shareholders' rights, implementing sustainable development, strengthening the operation of the Board of Directors, and enhancing the transparency of its corporate information. Shinfox Energy expects to be ranked in the top 5% of listed companies in the corporate governance evaluation conducted by TWSE within two years.

In recent years, due to the global environment being affected by climate change, it has become urgent to promote energy transition and renewable energy development. In line with the government's “532 New Energy Proportion” by 2025 policy, Shinfox Energy is actively developing its renewable energy business. For solar power, Shinfox Energy has invested in the development of a full range of projects, including roof-type, water-type, and ground-type farms. With regards to construction projects, we are currently in the process of applying for an electricity business license for the 77MW photovoltaics project (in Qigu District of Tainan), which was completed in the first half of 2022; the cumulative power generation is 82.81 million kWh, with an average sunshine duration of 4.37 hours. As for offshore wind power, our subsidiary, Foxwell Energy, has been awarded a 5-year maintenance contract for the second phase of Taiwan Power's 300MW offshore wind farm, which is expected to be connected to the grid in 2025. With the goal of reaching 1GW of power generation capacity by 2025, Shinfox Energy is a company with a stellar track record in renewable energy investment and development, project contracting, and operation and maintenance, as well as providing a full range of services in electricity sales.

With our core values of protecting the Earth, sustainable development, green energy, carbon reduction and clean energy, Shinfox Energy arranges annual events with the Group's employees and organizations to participate in beach and river clean-ups so that Shinfox Energy and the people who share the same philosophy as the Company can do their part for the global environment together. We expect to participate in the beach adoption program promoted by the government in the future.

As the government has set a target of having 20% of power generated from green energy by 2025, green energy is now undergoing rapid development. Looking forward to the huge demand for global carbon neutrality and net-zero emission energy transformation in the next decade, Shinfox will build an ESG industrial ecosystem with integrated energy (wind power, solar power, and energy storage) and complementary applicative energy management systems.

In future, Shinfox Energy will continue to strengthen regulatory compliance, cultivate a good corporate governance culture, fulfill corporate social responsibility, and achieve a good balance between the interests of our shareholders, employees, customers and stakeholders, thus enabling our business to thrive and operate sustainably.



Highlights of Shinfox Energy's ESG and Sustainability Performance in



Revenue for the year was
TWD 4.3 billion

In 2022, we invested
TWD 7.33 million dollars
in our information security management
system



Electricity saving per capita in 2022 was
1,408.38 kWh

Carbon emissions per capita were reduced by
0.6 metric tons of carbon dioxide equivalent in 2022
compared to 2021, which is approximately an annual
reduction of **14%**

Compared to 2021, water consumption per capita
was reduced by **26.98%** in 2022

Total electricity generation in 2022 was
193.35 million kWh



Promotions and salary adjustments for
employees with good performance were
reported by unit managers in 2022, with
the number of employees who received
adjustments reaching **35%**

Our donations for public welfare reached
TWD 8,845,000
dollars

Total number of people participating in beach
cleanups in 2022 was **282** people

01

Corporate Governance

- 1.1 Organizational Profile
- 1.2 Ethical Management
- 1.3 Internal Control of Risks
- 1.4 Information Security Management
- 1.5 Sustainable Supply Chain
- 1.6 Client Value

1.1 | Organizational Profile

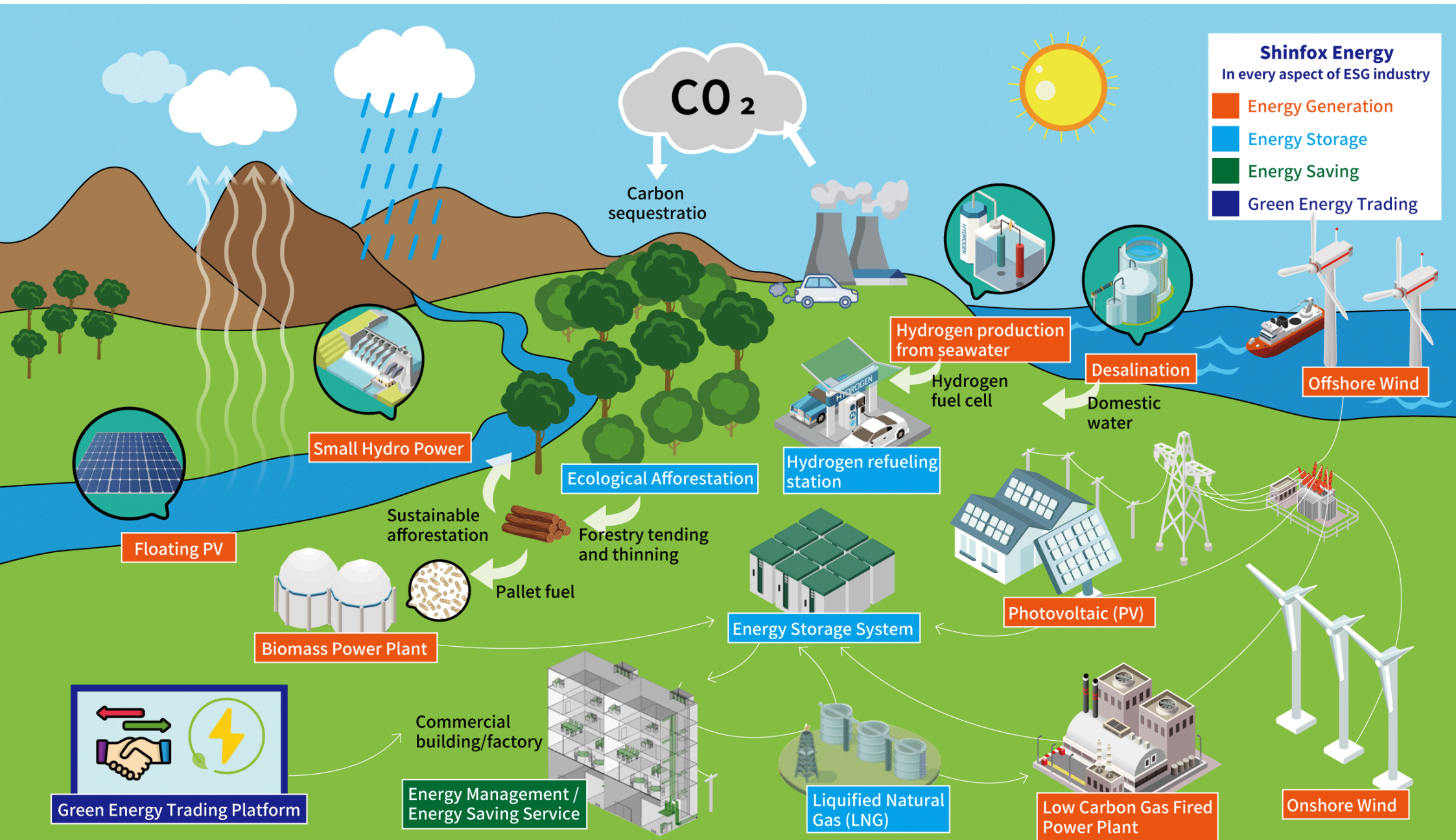
1.1.1 About Shinfox Energy

● Company Profile

Company Name	Shinfox Energy Co., Ltd.
Establishment Date	April 27, 2007
Company Address	No. 49, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City
Chairman	Tai-Chiang Guo
General Manager	Hui-Sen Hu
Paid-up Capital	TWD 2,161,500,000
Number of Employees (As of December 2022)	119
Main Products and Services	A full range of professional energy services are provided, including development, construction, operation, maintenance, energy saving, and energy storage. Fields in which development is conducted include solar power, onshore and offshore wind power, small-scale hydropower, gas-fired power plants, etc.
Location of Operations	Tucheng Headquarters, South Office
2022 Turnover	TWD 4,301,192,000

As a subsidiary of Foxlink Group, Shinfox Energy Co., Ltd. was established on April 27, 2007. With the core value and mission of protecting the earth, sustainable development, green energy, carbon reduction and clean energy, Shinfox Energy focuses on contracting renewable energy power plant construction, electrical and mechanical engineering, energy saving services, and equipment installation and other related turnkey projects. The team has nearly 20 years of experience in professional energy engineering technology integration, and it is committed to renewable energy, clean energy services, and technology development.

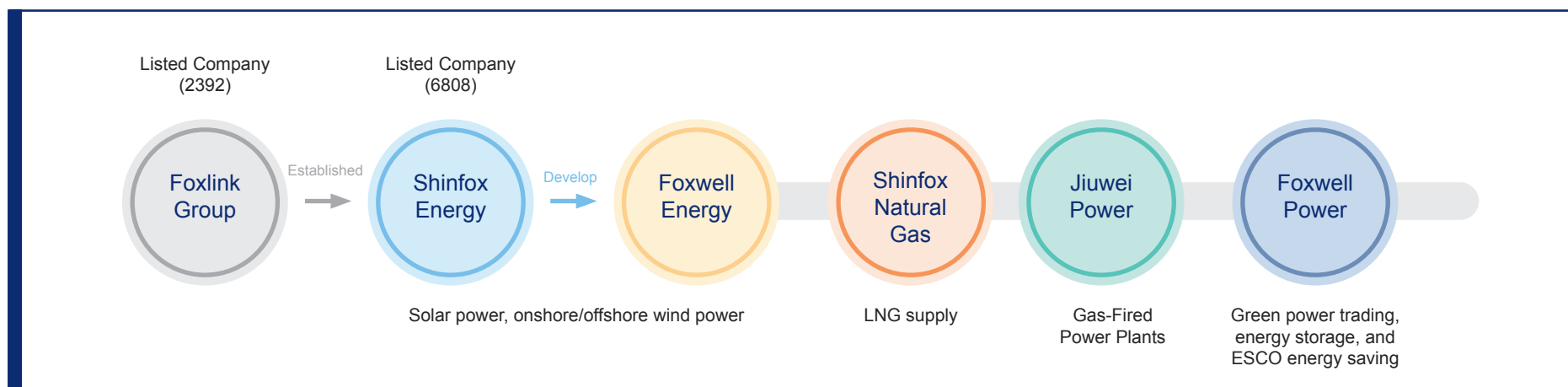
In the midst of the global trend of promoting sustainable development and Taiwan's energy transformation policy, Shinfox Energy has developed a strategy of creating an "ESG industry ecosystem" that provides solar power, offshore wind power, onshore wind power, hydroelectric power and other renewable energy plant construction and maintenance services, as well as a comprehensive range of energy services such as liquefied natural gas (LNG) import, green power trading platforms, ESCO energy saving, energy storage technology, forest carbon sinks, and offshore construction projects. By making continuous efforts to achieve corporate sustainability, Shinfox Energy expects to be recognized by its stakeholders, including shareholders, vendors, and customers, on the three operational benchmarks of environment, social responsibility and corporate governance, and to establish competitiveness in the new energy industry and contribute to the Earth as a global citizen at the same time.



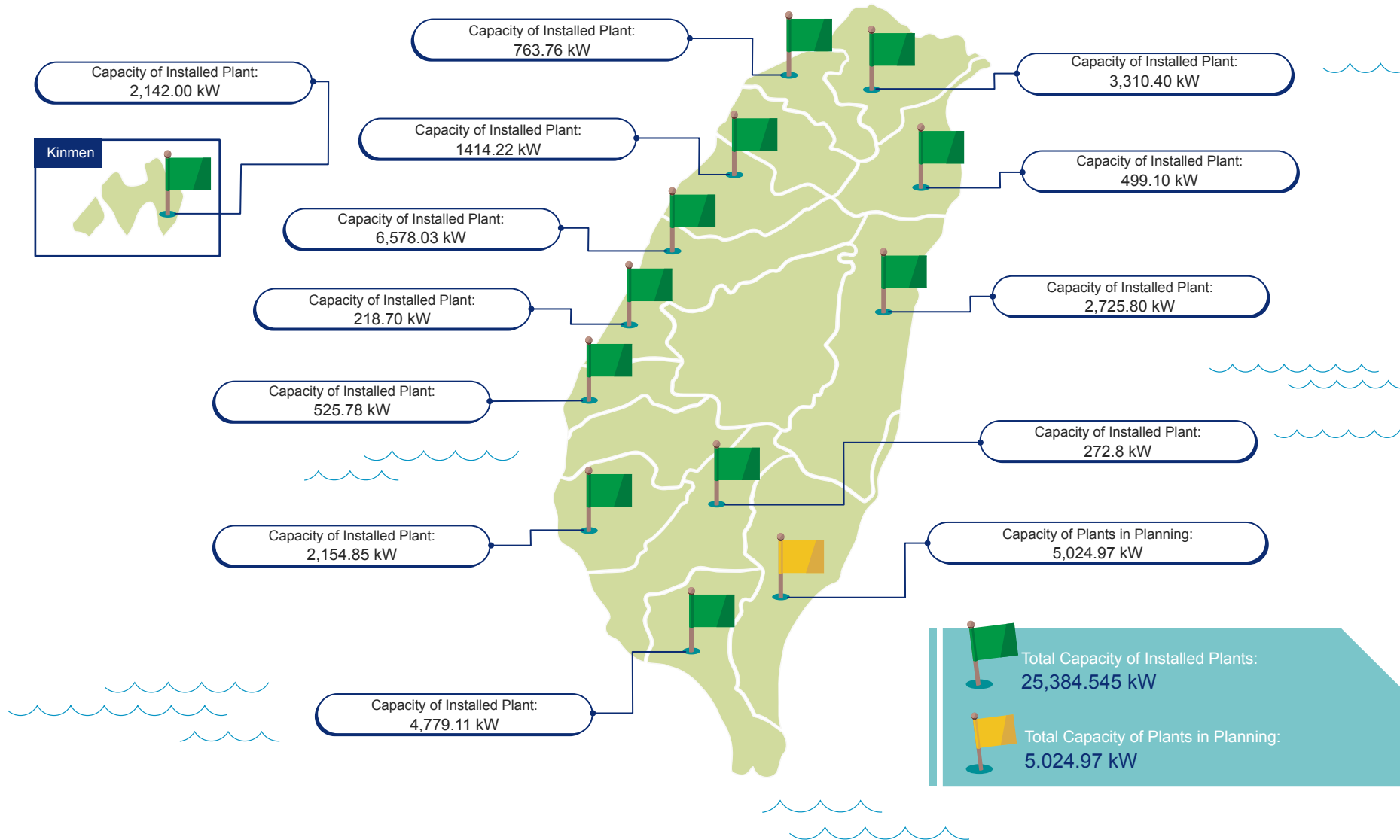
Subsidiaries of Shinfox Energy

Shinfox Energy's main strategies will focus on "clean energy" and "energy saving and carbon reduction". The Company has developed a "Solar Power, Wind Power, Hydropower, LNG and Green Energy Trading Platform" operation strategy in order to position itself in the green energy and carbon reduction industry. Under this strategy, the Company is responsible for providing a turnkey solution, including the development of wind power and solar power plants, construction and maintenance services, thereby creating a comprehensive "one-stop integrated service" to our clients. The Company's subsidiaries include Foxwell Energy, which focuses on the investment and operation of wind power and solar power plants; Shinfox Natural Gas, which has obtained an import license for liquefied natural gas (LNG) to provide a cleaner alternative fuel and help mitigate air pollution; Foxwell Power, which has obtained a Renewable-Energy-Based Electricity Retailing Enterprise license to provide green power trading services, promote smart energy systems and build energy storage systems, and uses e-commerce to establish a large-scale platform to provide a comprehensive set of energy services; The Subsidiary, Kunshan Jiuwell, which is engaged in supply chain finance and technical consultation in the field of new energy projects; and the Subsidiary, Jiuwei Power, which is engaged in investments in gas-fired power plants.

Domain	Subsidiary Name	Main Business
Wind power and solar power generation	Foxwell Energy	Solar power plant development, construction, and maintenance—the total capacity of the installations is 17.89MW. Offshore wind farm development, construction, and maintenance—the total capacity of the installations under construction is 300MW.
Liquefied natural gas	Shinfox Natural Gas	Import of liquefied natural gas, onshore transportation of gas
Green power trading, ESCO energy saving, and energy storage systems	Foxwell Power	Provides corporate green power trading services, and installation of energy-saving equipment and energy storage systems
New energy technology service consultation	Kunshan Jiuwell	Technical consultation for supply chain finance and new energy projects; the subsidiary provides localized services, including supply chain finance platforms, energy monitoring networks, and other technical services.
Gas-fired power plants	Jiuwei Power	Development, construction, and maintenance services for gas-fired power plants



Location of Solar Power Plants Owned by Shinfox Energy



● Vision, Mission, Core Values, and Business Philosophy

We don't just work for survival
We work for the survival of humanity

Protecting
the Earth

We aim to become the world's most respected renewable energy and clean energy service company.

Sustainable
Development

We are dedicated to realizing the UN Sustainable Development Goals (SDGs), and not conducting any development on fertile farmland or woodland.

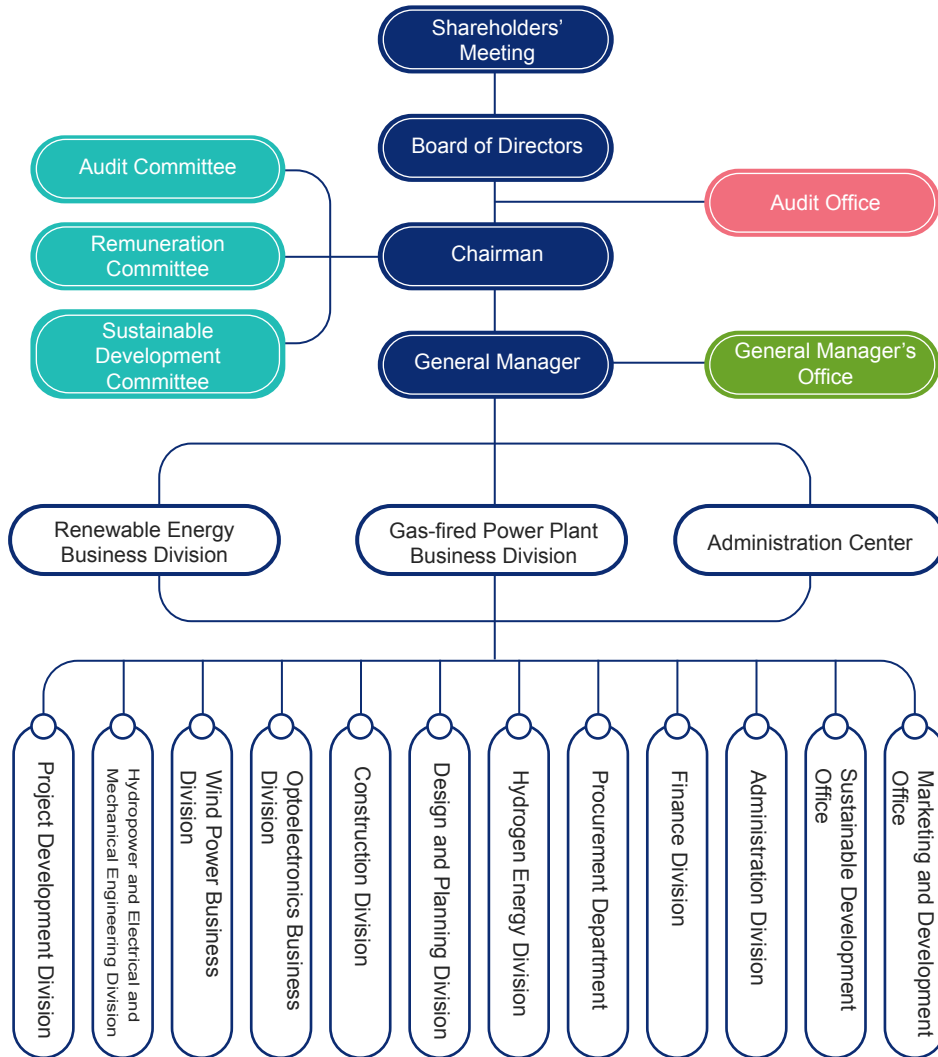
Green Energy
and Carbon
Reduction

We provide a full range of integrated green energy services to address the new challenges of the RE100 International Renewable Energy Initiative.

Clean Energy

We pioneer Taiwan's energy transformation, and provide the highest quality liquid natural gas (LNG) turnkey integration services.

●Organizational Chart



●Introduction of Department Responsibilities

Department	Responsibilities
Audit Office	Planning, execution and tracking of internal audit related matters, such as internal control system and irregularities; audits of various systems, measures, and operations.
General Manager's Office	Company marketing planning, business analysis, management system integration planning, performance management, investment analysis, and enterprise resource integration.
Project Development Division	Construction budget estimation, construction site supervision and management, construction evaluation and maintenance of solar power plants.
Hydropower and Electrical and Mechanical Engineering Division	Construction budget estimation, construction site supervision and management, construction evaluation and maintenance of hydroelectric power plants or electrical and mechanical engineering projects.
Wind Power Business Division	Construction budget estimation, construction site supervision and management, construction evaluation and maintenance of wind power plants.
Optoelectronics Business Division	Construction budget estimation, construction site supervision and management, construction evaluation and maintenance of optoelectronics projects.
Construction Division	Construction site supervision and management, construction evaluation and maintenance of gas-fired power plants.
Design and Planning Division	Construction budget estimation, and development and design of gas-fired power plants.
Hydrogen Energy Division	Construction budget estimation, construction site supervision and management, construction evaluation and maintenance of hydrogen energy projects.
Procurement Department	Construction project contracting and equipment procurement.
Finance Division	1. Planning the sourcing of capital and its utilization, annual budgeting, and operations related to stock affairs. 2. Bookkeeping, taxation, financial reporting, etc.
Administration Division	1. Administration and general affairs of the Company. 2. Maintenance and management of the information system. 3. Establishment of HR rules and regulations, employee evaluation, training, salary and benefits, and other related business.
Sustainable Development Office	We are committed to the environment, society, and corporate governance to strengthen our commitment to sustainable development, green energy, carbon reduction, and clean energy.
Marketing and Development Office	Planning and evaluation of the development of new businesses.

History

- | | |
|---|--|
| <p>2007 ● <i>April</i> Shinfox Energy Co., Ltd. (formerly known as Starpro Technology Inc. and Longan Engineering Service Co., Ltd.) was established and engaged in engineering services and equipment maintenance business with a paid-up capital of TWD 2,000,000.</p> <p>2009 ● <i>August</i> Cash capital increase of TWD 8,000,000 was conducted, which brought the accumulated paid-up capital to TWD 10,000,000.</p> <p>2011 ● <i>February</i> Cash capital increase of TWD 5,500,000 was conducted, which brought the accumulated paid-up capital to TWD 15,500,000.
 ● <i>April</i> Cash capital increase of TWD 34,500,000 was conducted, which brought the accumulated paid-up capital to TWD 50,000,000.
 ● <i>July</i> The Company changed its name from Longan Engineering Service Co., Ltd. to Starpro Technology Inc.</p> <p>2012 ● <i>January</i> Launched a full range of professional energy services such as solar power plants, and energy-saving services and projects.
 ● <i>February</i> The Company added an investment of CAD 500,000 in Corvus Energy Ltd. (engaged in the production and sales of batteries) through World Wide Famous Corp. (a holding company established in Seychelles, with 100% shareholding).</p> <p>2013 ● <i>January</i> The Board of Directors of the Company resolved to make an additional investment of TWD 2,000,000 in Foxwell Energy. In October of the same year, another TWD 70,000,000 was invested due to the need for capital for plant construction.
 ● <i>August</i> Cash capital increase of TWD 133,660,000 was conducted, which brought the accumulated paid-up capital to TWD 183,660,000.
 ● <i>October</i> The Company was awarded the contract for the sporadic electric power transmission overhead line accumulation of the Pingtung Line Region in 2013 and 2014 by the Kaohsiung-Pingtung Power Supply District Operation Office of Taiwan Power.</p> <p>2014 ● <i>January</i> The Company was awarded the contract for the sporadic electric power transmission overhead line accumulation of the Chiayi Line Region in 2014 by the Chiayi-Tainan Power Supply District Operation Office of Taiwan Power.
 ● <i>February</i> The Board of Directors of the Company resolved to add a new investment of USD 2,400,000 in Shinfox Energy International Inc. (engaged in the development of liquefied natural gas business and international oil trading) (actual capital investment of USD 1,200,000), and another investment of USD 350,000 through World Wide Famous Corp. to set up Kunshan Starpro Engineering Installation Co., Ltd. (with 100% shareholding and engaged in the sale of energy).
 The Company was awarded the contract for plumbing and electrical engineering works of the "renovation of the old school building and the construction of underground public parking lot" by Bihua Elementary School in Sanchong District, New Taipei City.
 ● <i>March</i> The Board of Directors of the Company resolved to add a new investment of TWD 5,000,000 in Kinmen Natural Gas Co., Ltd. (engaged in the business of natural gas trading, with 100% shareholding).</p> | <p>2014 ● <i>April</i> The Company was awarded the tender for the replacement of the optical fiber composite overhead ground wire (OPGW) for the Yuli-Dongcheng Line and the Dongcheng-Luye Line by the East Taiwan Power Supply District Operation Office of Taiwan Power.
 ● <i>May</i> The Company was awarded the tender for selective catalytic reduction blocks for the Turbine 8 and the scrap coal screening machine at the Taichung Power Plant.
 ● <i>June</i> The Company was awarded a contract by Chang Gung University of Science and Technology for a power management system project.</p> <p>2017 ● <i>February</i> The Company sold World Wide Famous Corp. (an investee company) and Kunshan Starpro Engineering Installation Co., Ltd.
 ● <i>May</i> The Board of Directors of the Company resolved to invest USD 50,000 in Kunshan Jiuwell Information Technology Co., Ltd. (engaged in supply chain financial energy service management, etc., 100% shareholding).</p> <p>2019 ● <i>May</i> The Board of Directors of the Company resolved to add a new investment of TWD 10,000,000 in Foxwell Power Co., Ltd. (engaged in the business of renewable energy and certificate trading platform, with 100% shareholding).
 ● <i>June</i> The Company changed the name of its investee company, Kinmen Natural Gas Co., Ltd., to Shinfox Natural Gas Co., Ltd.
 ● <i>August</i> Shinfox Natural Gas Co., Ltd. obtained a letter of approval from the Ministry of Economic Affairs to import natural gas.
 ● <i>October</i> The Board of Directors of the Company resolved to dissolve and liquidate Shinfox Energy International Inc. - an investee company.
 ● <i>December</i> To integrate Foxlink Group's resources, Cheng Uei Precision Industry Co., Ltd. exchanged shares with Foxwell Energy Corporation Ltd. (hereafter referred to as "Foxwell Energy" for short), an affiliate of the Company, in December 2019. In accordance with the terms and conditions of the share exchange agreement, one newly issued common share of the Company was exchanged for one ordinary share of Foxwell Energy. Originally, 57.17% of the Company's shares were held by Foxwell International Investment Co. ("Foxwell International"). After the completion of the share exchange, Power Quotient International Co., Ltd. (hereafter referred to as "Power Quotient" for short) and Foxwell Investment hold 76.56% and 13.40% of the Company's shares, respectively. The Company holds 100% of Foxwell Energy's shares.
 Foxwell Power Co., Ltd. obtained a license to sell electricity.</p> <p>2020 ● <i>March</i> The Company acquired Foxwell Energy Corporation Ltd. with a share conversion of TWD 600,000,000, resulting in an accumulated paid-up capital of TWD 783,660,000.</p> |
|---|--|



- 2020**
- June** The Company changed its name from Starpro Co., Ltd. to Shinfox Energy Co., Ltd.
- Foxwell Energy was awarded a contract for the second phase of Taiwan Power's offshore wind farm project and the first five years of maintenance and operation.
- The Board of Directors of the Company resolved to add an investment of TWD 45,000,000 in Starpro Co., Ltd., with 100% shareholding.
- September** Increased capital by TWD 216,340,000 in cash, making the accumulated paid-up capital TWD 1,000,000,000.
- The public offering of the Company's shares was declared to be effective through TPEx.
- The Board of Directors of Foxwell Energy Co., Ltd., a subsidiary of the Company, resolved to invest in Changyuan Wind Power Co., Ltd. and Beiyuan Wind Power Co., Ltd. for 100% of the companies' shares.
- November** The provisional Board of Directors of the Company resolved on November 10, 2020 to approve the appointment of the members of the first "Remuneration Committee". The members of the first Remuneration Committee are Ms. Shu-Fen Wang, Mr. Wen-Shuai Liu, and Mr. Chung-Hsiung Weng.
- The Company re-elected its Directors (including the election of Independent Directors) at the provisional shareholders' meeting on November 10, 2020, and established the first Audit Committee, whose members are Ms. Shu-Fen Wang, Mr. Wen-Shuai Liu, and Mr. Chung-Hsiung Weng.
- December** The Board of Directors resolved to invest TWD 150,000,000 in a company whose main business is related to the green energy industry, resulting in the Company holding 25% of the shares.
- The Company's shares were approved to be registered by the Taipei Exchange.
- The Company obtained the contract for the solar power generation system turnkey project of Starpro Power in Qigu and the warranty, maintenance and repair of its solar power equipment.
- The Company obtained the contract for the warranty, maintenance and repair of wind power equipment at the wind power plants of Changyuan Wind Power Co., Ltd. and Beiyuan Wind Power Co., Ltd.
- 2021**
- January** The Board of Directors of the Company resolved to invest TWD 134,000,000 in a company whose main business is related to dredging, waste treatment and cleanup (Junezhe Co., Ltd.).
- May** Cash capital increase of TWD 2,580,000,000 was processed, making the accumulated paid-up capital TWD 1,300,000,000.
- 2021**
- August** The Board of Directors of the Company resolved to add an investment of TWD 2,161,000,000 in Foxwell Energy Corporation Ltd.
- The Board of Directors of the Company resolved to add an investment of TWD 180,000,000 in Chung Chia Power Co., Ltd.
- November** The Company was awarded a contract by Chang Gung University of Science and Technology for a power management system project.
- On November 10, 2021, the Company's Board of Directors approved the appointment of members of the first "Sustainable Development Committee". The members of the first Sustainable Development Committee are Ms. Shu-Fen Wang, Mr. Wen-Shuai Liu, Mr. Chung-Hsiung Weng, Mr. Tzu-Chun Tu, and Mr. Hui-Sen Hu.
- The Company was officially listed on the Stock Exchange on November 15, 2021.
- 2022**
- March** On March 7, 2022, the Board of Directors resolved to increase the Company's capital by an estimated TWD 4,200,000,000 in cash, resulting in an accumulated paid-up capital of TWD 1,965,000,000.
- The Board of Directors resolved on March 7, 2022 to increase the capital of Jiawei Power, a subsidiary of the Company, by TWD 500,000,000.
- May** The Company's Board of Directors resolved on May 4, 2022 to subscribe for the issuance of new shares in the amount of TWD 3,000,000,000 by its subsidiary, Foxwell Energy, to increase its cash capital.
- The Board of Directors resolved to appoint Mr. Kun-Huang Lin as the Corporate Governance Officer on May 4, 2022.
- November** Awarded with the "2022 TCSA Taiwan Corporate Sustainability Award"-Energy Industry-Category 2 Platinum Award.
- The Company's Board of Directors resolved on November 10, 2022 to increase the capital of Jiawei Power, the Company's subsidiary, by TWD 1.05 billion.
- On November 10, 2022, the Board of Directors resolved to invest in the establishment of "Shinfox Far East Company Pte Ltd.", a marine engineering company in Singapore, with an estimated total investment amount of USD 32,000,000.
- December** The Company's Board of Directors resolved on December 27, 2022 to increase the capital of Shinfox Natural Gas, the Company's subsidiary, by TWD 240 million.
- 2023**
- February** On February 24, 2023, the Board of Directors resolved to increase the capital of our subsidiary, Foxwell Energy, by TWD 1.2 billion.
- On February 24, 2023, the Board of Directors of the Company resolved to issue Euro-Convertible Bonds (ECB).

● Services

Shinfox Energy (including its subsidiaries' businesses) currently provides services in three main categories:

A. Engineering Business

1. Engineering Services

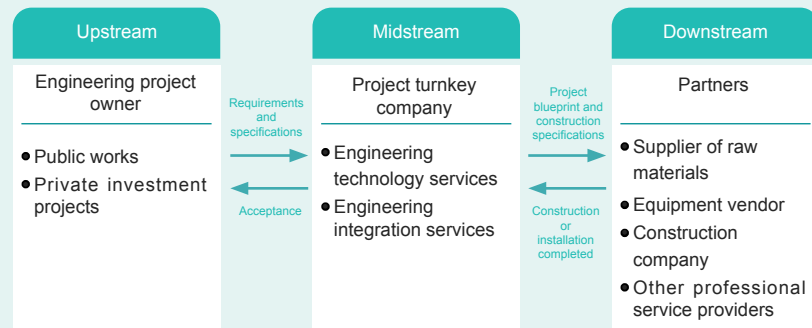
Power plant engineering, electrical and mechanical engineering, mechanical room construction and project engineering are the Company's main business activities.

2. Mechanical Room Construction

Providing dedicated and backup mechanical rooms for the purposes of quality improvement, system integration and professional management, and providing clients with a comprehensive "Information Management Center" service plan, which includes a complete electrical system, air conditioning system, fire protection system and environmental monitoring system equipment.

3. Solar, Wind, and Hydroelectric Power Plant Construction

Solar, wind and hydropower plant site development, power plant contracting construction, including site survey and evaluation, planning and design, document application, installation, engineering certification, project control, grid connection, and meter installation.



B. Service Business

1. Energy Saving Service

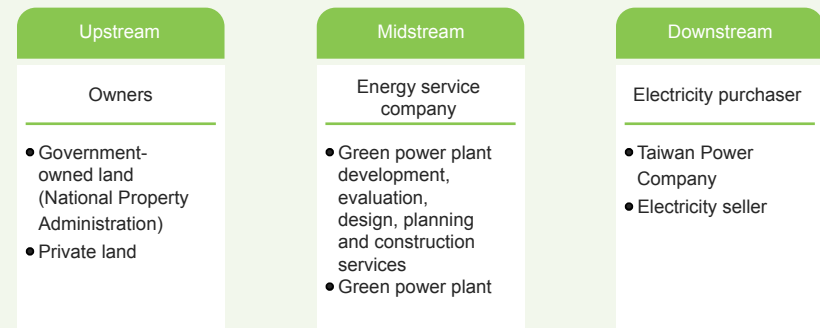
To address power shortage problems in Taiwan, the Company provides a full range of energy saving services. These services, depending on their purpose, can be divided into five categories: energy-efficient hot water systems, energy efficient climate control systems, lighting systems, energy-efficient inverters, and intelligent monitoring. By optimizing the management of energy through smart energy-saving systems, energy savings will become more effective than generating electricity.

2. Maintenance of Mechanical Rooms and Power Plants

We provide maintenance, warranty, long-term maintenance and management of mechanical room and power plant projects.

3. Design and Development of Solar, Wind and Hydro Farms

Solar, wind and hydropower plant site planning and assessment, environmental impact assessment, integrated design for engineering details, equipment procurement, supervision and management, and document application services.



C. Electricity Sales

Revenue from the sale of electricity generated by green energy.

Market Analysis

Unit: NTD thousand

Year / Product	2020		2021		2022	
	Net operating revenues	Percentage (%)	Net operating revenues	Percentage (%)	Net operating revenues	Percentage (%)
Engineering Business	308,310	58.89	3,690,460	85.14	3,656,716	85.02
Service Business	110,967	21.20	502,922	11.60	276,429	6.43
Electricity Sales	104,260	19.91	141,031	3.26	368,047	8.55
Total	523,537	100.00	4,334,413	100.00	4,301,192	100.00

Participation in Associations

By joining various associations, Shinfox Energy can communicate with relevant industries, thereby keeping abreast of the latest developments and future trends in the industry.

Organization	Role
Taiwan Electrical Contractors Association	Member
Taiwan Water Pipe Engineering Industries Association	Member
Taiwan Refrigeration & Air-conditioning Engineering Association	Member
Taiwan Energy Service Association	Member

External Advocacy

Shinfox Energy supports and follows the ten principles of the UN Global Compact in the areas of human rights, labor, environment, and anti-corruption to ensure the rights of employees, customers, suppliers, and other stakeholders related to Shinfox Energy. Furthermore, human rights, labor rights, freedom of association, ban on forced labor, ban on child labor, ban on discrimination, environmental protection, and anti-corruption issues are all included in the Company's corporate policies. Shinfox Energy had no human rights violations in 2022, including cases of discrimination, violation of the freedom of association, child labor, forced labor, or corruption.

Shinfox Energy is a part of the green energy industry to begin with, and understands very well the benefits of green energy development for all of Taiwan and the world; therefore, Shinfox Energy has especially shown its support to Greenpeace's environmental philosophy. To live better lives in the future, as a member of the green energy industry, Shinfox Energy has taken part in the RE10x10 climate declaration, and will continue to work toward reducing energy consumption and greenhouse gas emissions to reach its goal of using 10% green power by 2025 and 100% green power by 2050.





On April 22, 2022 (Earth Day), Foxconn announced the signing of a green power procurement plan with Foxwell Power to promote the "2030- 50 Net-Zero Emissions" philosophy.

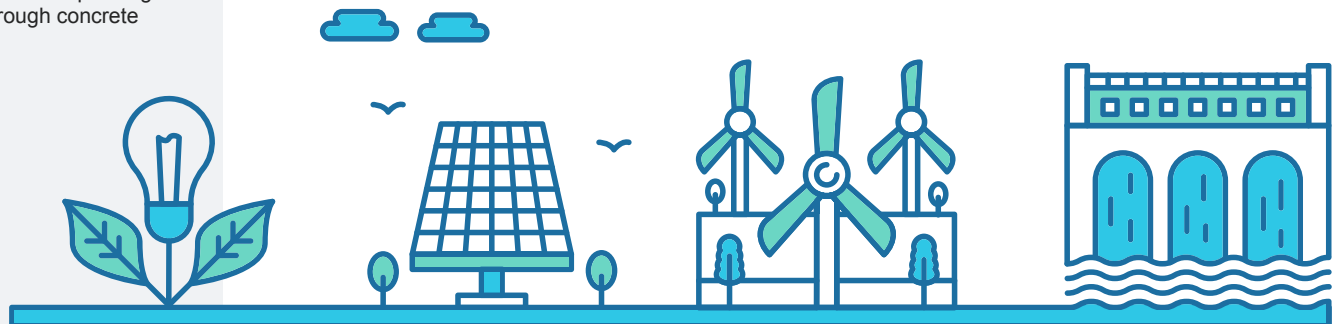
To welcome Earth Day on April 22, the world's largest technology manufacturer and service provider, Foxconn Technology Group, has accelerated the Net Zero Initiative in Taiwan, announcing that it will achieve 100% net-zero emissions for its "office locations" by 2030 and complete net-zero emissions by 2050, which is the Group's ultimate goal. The Group joined hands with Shinfox Energy to facilitate sustainability and zero-carbon and achieve net-zero greenhouse gas emissions along the value chain to demonstrate its determination to co-exist and co-prosper with the environment. In mid-April 2022, Foxconn Group signed a Memorandum of Understanding (MOU) with Foxwell Power, a subsidiary of Shinfox Energy. In 2022, Foxconn's plants in Taiwan planned for the purchase of 2.36 million kilowatt-hours (kWh) of green electricity, increasing the amount of green electricity they purchase each year to 70 million kWh by 2030, which is equivalent to reducing 35,140 tons of CO₂ emissions and planting 2.92 million trees, to reduce greenhouse gas emissions through concrete actions.

1.1.2 Development of Renewable Energy

Renewable energy is an important part of global sustainable development. Energy saving and carbon reduction are no longer just matters of advocacy, but key actions to be implemented internationally. In Taiwan, renewable energy development is proceeding at full speed with the government's support. Shinfox Energy continues to develop renewable energy for the sake of protecting the earth, fulfilling its social responsibility, and corporate governance. Furthermore, with our comprehensive track record and expertise in renewable energy investment and development, project contracting, operational maintenance, we can provide turnkey services in electricity sales and energy storage. In terms of investment and development, we have not only invested in the development of solar and wind power generation, but also actively assessed the feasibility of developing hydrogen power generation. In terms of operational maintenance, we have continued to develop in the field of renewable energy operational maintenance; In 2019, our subsidiary, Foxwell Power, obtained a renewable energy sales license, thus making its formal entrance into the field of renewable energy supply and sales. At the end of 2022, we have transferred more than 190 million kWh of green power.

Table of statistics on renewable energy services provided to clients

Renewable Energy Items	Solar Energy	Fan Maintenance Service
Total kWh generated in 2022	125 million kWh	68.35 million kWh



Wind Power Generation



In terms of onshore wind power, Shinfox Energy is currently contracted to operate and maintain 8 wind power plants for Bei yuan Wind Power Co., Ltd. and Changyuan Wind Power Co., Ltd. for 20 years. In addition, in terms of onshore wind power development business, Shinfox Energy obtained planning permits for 12 wind turbines that can generate 50.4 MW in central Taiwan by the end of 2022; development projects that can generate more than 400 MW are in the process of applying for planning permits.

In terms of offshore wind power, Foxwell Energy, a subsidiary of Shinfox Energy, has contracted for the TWD 62.888 billion turnkey project and five-year operational maintenance contract for the construction of Taiwan Power's Offshore Wind Farm Phase II Project, which has an installed capacity of 300 MW. The project commenced on September 19, 2022, and is currently in the excavation phase for the onshore electrical room and underground piping. In addition, in line with the government's policy of promoting renewable energy, and the future operation and maintenance of offshore wind farms, Shinfox Energy will continue to invest in the development of renewable energy-related businesses.



Changyuan and Bei yuan power plants- Onshore wind power operation and maintenance services

Achievements:

- Total Installed Capacity 28.8MW
- Annual Power Generation 68.35 million kWh Capacity
- Annual Carbon Reduction 34,312 tons
- Equivalent to planting 2.86 million trees

台電 離岸風電二期
彰化

Foxwell Energy-Offshore Wind Power Generation Taiwan Power Company's second-phase wind farm property procurement and installation project

Achievements: Offshore field of Changhua #26

- Contract Capacity: 300 MW
- Installed Capacity: 294.5 MW (31 installed units of 9.5 MW each)
- Offshore Substation 1 set

編號	塔位編號	塔位座標
P1	01	121.213720, 24.521110
P2	02	121.213720, 24.521110
P3	03	121.213720, 24.521110
P4	04	121.213720, 24.521110
P5	05	121.213720, 24.521110
P6	06	121.213720, 24.521110
P7	07	121.213720, 24.521110
P8	08	121.213720, 24.521110
P9	09	121.213720, 24.521110
P10	10	121.213720, 24.521110
P11	11	121.213720, 24.521110
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P15	15	121.213720, 24.521110
P16	16	121.213720, 24.521110
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P26	26	121.213720, 24.521110
P27	27	121.213720, 24.521110
P28	28	121.213720, 24.521110
P29	29	121.213720, 24.521110
P30	30	121.213720, 24.521110
P31	31	121.213720, 24.521110

Solar Power

In terms of solar power investment and development, Shinfox has the expertise to vertically integrate all stages from preparation and planning, outsourcing and procurement, construction, and installation management, to 20 years of operational maintenance after the completion of construction. At present, the types of power plants under development include roof type, onshore type, and offshore type. The performance of solar power plants built and held by the Company is accumulated to about 125 MW as of the end of 2022.

On May 19, 2022, the 161KV step-up transmission substation was added to Taiwan Power's system, and on May 31, 2022, its integration into the entire grid was completed. Every kWh of green power generated will be integrated into Taiwan Power's electricity supply system. In future, it will generate 93.96 million kWh of electricity for Taiwan every year, which is enough to supply 23,000 households in Taiwan with electricity for one year. If we conduct calculations using Daan Forest Park, which occupies nearly 26 hectares of land and has an annual carbon adsorption capacity of 389 tons, the substation has the carbon adsorption capacity of 474 Daan Forest Parks (about half the size of Taipei City) for one whole year.



Solar Power: Construction and possession of onshore, offshore, rooftop, fishery and electricity symbiosis and photovoltaics project, with service available to all of Taiwan

Renewable Energy Trade

In 2019, Foxwell Power obtained a renewable energy sales license and entered the field of renewable energy supply and sales. In 2022, 25 green power transactions were completed, with a contract size of 70,544.28 kW of transferrable photovoltaic energy. The scope of the contracts includes several listed enterprises, and some of the contracts have a length of 20 years, which can ensure the Company's long-term profitability.

In recent years, Shinfox Energy has been actively engaged in the development, operation, and maintenance of renewable energy such as solar and wind power generation. Its subsidiary, Foxwell Power, was established in 2019, and it obtained a renewable energy trading license in December of the same year. In 2020, the first batch of renewable energy was transferred, thus the Company made its formal entrance into the green power trading market. The first phase of the green power platform was completed in 2022, and the Company will

collaborate with green power sales to provide services in the form of e-commerce, reduce labor costs, enhance information monitoring and aggregation, and improve operational efficiency. Our electricity sales include solar and wind power. Having stable sources of renewable energy, we use this as the basis for the introduction of various digital technologies to provide customers with a turnkey green power trading procedure. To date, we have sold over 60 million kWh of renewable energy and helped numerous companies achieve their sustainability goals. We have a wide range of customers, whose needs pertain to RE100, autonomous procurement, regulatory requirements, and international supply chains. By providing reliable renewable energy sales services, we are fulfilling our mission of energy integration and the promise of a sustainable planet, thus working towards the world's common goal of "net-zero emissions".





Energy Saving Service



In response to the market trend of energy saving and emission reduction, our energy saving division is considering innovative business models to gradually expand its business scope to other areas of energy saving for systems and equipment as well as the development of low carbon technologies to provide more diversified services to our customers.

In 2022, the main source of revenue for our energy saving services come from long-term energy technology services, such as the replacement of old air-conditioning and lighting systems with new ones (ESCO-Energy Services Company), in the commercial and service sectors. To reduce financial risks and increase profit margins, we are gradually shifting our business expansion to Energy Saving Performance Contracts (ESPC) and energy diagnostic consulting services with short-term acceptance and closing. We have also conducted more business with industrial clients and developed industrial boiler systems and air compressor heat recovery systems to save energy. Furthermore, we also plan to introduce biomass and small-scale steam power generation equipment to provide owners with multiple options for green energy, carbon reduction, efficiency, and consumption reduction, leading the department towards a full range of ESG one-stop services!

In 2022, we completed the signing of 6 energy-saving air conditioning and energy-saving heat pump system performance assurance projects (ESCOs). We assisted 4 medical institutions, 1 school and 1 corporation, with an average energy saving ratio of 45% or more. We also continue to develop and introduce new energy-saving and carbon-reducing technologies to increase our service capacity, which effectively enhances our competitiveness in the industry.



Energy Storage Service

In response to the launch of Taiwan Power's power trading platform, we provide auxiliary services with a diversified range of low-carbon, non-traditional equipment. Energy storage systems are a type of auxiliary service that has great advantages because of their relatively fast construction period and zero carbon emission. To accumulate experience in our energy storage system construction, our energy storage department completed a 7 MW d-Reg energy storage demonstration site in 2022. Based on this experience, we will proceed with the construction of a 50 MW E-dReg storage site, which is expected to be completed in the fourth quarter of 2023, and at the same time, we will develop and complete a turnkey project for the construction of an energy storage system.



1.1.3 Financial Performance

Maintaining a stable business strategy, revenue in 2022 (for Shinfox Energy and its subsidiaries) was lower than that of 2021 due to deferment in construction income and progress. Revenue in 2023 is expected to fall below 2022 levels. The Company will continue to grow on a solid footing in the new energy market. For more financial information, please refer to the annual report (please use the QR Code below).

Item/Year	2021	2022
Operating revenue	4,334,413	4,301,192
Operating gross profit	840,068	547,993
Operating profit	608,794	252,387
Net profit after tax	456,640	242,532
EPS (NTD)	3.25	1.14

Unit: NT\$ thousand



● Tax Governance

Shinfox Energy complies with the local tax laws and pays taxes honestly, and supports tax policies that contribute to the sustainable development of the industry. To control the impact of tax rates on the Company's operating results, the Company incorporates changes in tax laws and regulations as part of the evaluation of each department's daily operating activities. In addition, the head of our finance and accounting departments are responsible for managing daily tax operations, and they also strengthen their expertise through consulting independent CPAs. The Company's Audit Committee is responsible for overseeing the quality of the Company's procedures related to accounting, auditing and financial reporting, as well as tax management.

● Economic value distributed to stakeholders

Subject	Item	2021	2022
Generated direct economic value	Operating revenue (Note 1)	4,334,413	4,301,192
	Operating cost (Note 2)	3,725,619	4,048,785
	Remuneration and benefits (Note 3)	189,873	211,651
Distributed economic value	Payments to investors (Note 4)	196,500	108,075
	Payments to government (Note 5)	84,579	75,250
	Community investment (Note 6)	1,578	5,979
Retained economic value (Note 7)		326,137	63,103

Unit: NT\$ thousand

Note 1: Operating revenues include net sales plus revenues from financial investments and asset sales.

Note 2: Operating costs are defined as cost of goods sold + operating expenses.

Note 3: Employees' salaries (including employees' salaries and payments to the government in lieu of employees) + total benefits (excluding education and training, protective equipment costs, or other costs directly related to employees' job duties).

Note 4: Cash dividends (2020 earnings to be distributed in 2021, 2021 earnings to be distributed in 2022, and 2022 earnings to be distributed in 2023).

Note 5: Refers to taxes (including taxes and income tax expenses) paid to the government.

Note 6: The actual amount spent in the reporting period, and not the amount promised to be paid. This may include:

- Donations to charitable organizations, non-governmental organizations, research units (not related to the organization's own commercial R&D);
- Funds to support community infrastructure, e.g. recreational facilities;
- Direct costs of social events, including arts and education activities.

Note 7: "Generated direct economic value" minus "distributed economic value". Employee salaries and benefits are usually included in the calculation of operating costs. Therefore, the economic value retained is excluded from the calculation of employee salaries and benefits to avoid double counting.

Tax Performance

	2021	2022
Income tax expenses	95,482	9,445
Effective tax rates (%)	17.32%	4.03%

Unit: NT\$ thousand

1.1.4 Autonomy of the Board of Directors

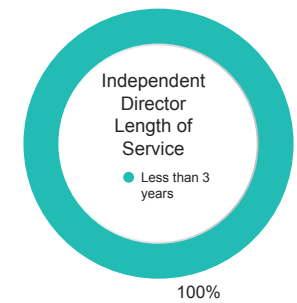
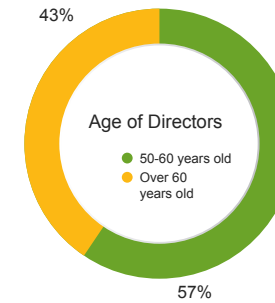
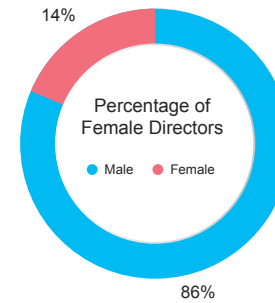
"The Board of Directors" is the supreme governing unit of the Company. The Board of Directors directs the Company's strategy, supervises the management, and is responsible to the Company and its shareholders. In all operations and arrangements of the corporate governance system, the Board of Directors exercises its authority in accordance with the law, the articles of incorporation, and resolutions of shareholders' meetings.

The Board of Directors meets at least once a quarter to review business performance and discuss key ESG issues, strategies, and significant events, including economic, environmental, and social impacts as well as risks and opportunities. Through these meetings, the Board of Directors identifies the units responsible for follow-up, which makes an annual report on the status of implementation. The Board of Directors has a procedural unit, which provides information on various motions and reports to the members of the Board of Directors, reviews in advance whether the content of the reports is relevant to stakeholders and whether Board members should recuse themselves and gives a reminder before the meeting. In 2022, the Board of Directors approved the establishment of a Director of Corporate Governance, who is responsible for scheduling Board meetings and agendas, planning for Directors' continuing education, providing information during and outside of Board meetings, and notifying Directors of information from time to time. The Director of Corporate Governance can handle the operation of the Board of Directors and issues related to corporate governance.

Regarding the Board of Directors of the Company, independent operation and transparency are emphasized. The Directors and Independent Directors are all independent entities who exercise their duties independently. The election of the Board of Directors is carried out in accordance with the election system for Directors established by the Company. The election of Directors and Independent Directors is based on a cumulative voting system and a candidate nomination system. The election process of all Directors is open, fair, and in compliance with the Company's "Articles of Incorporation", the "Regulations Governing the Election of Directors", and the "Code of Corporate Governance Practices".

Diversity is emphasized for the members of the Company's Board of Directors, who also possess diverse knowledge, skills and professional backgrounds required by their positions. The Company values the extensive knowledge, personal insight and business judgment of the Directors. The average number of hours of training per Director in 2022 was 9.86 hours, which is better than the 6 hours required by law.

The current Board of Directors consists of 7 Directors, of whom 14% are employees, 14% are women, and 43% are Independent Directors. Three of the Independent Directors have less than three years of service. Four Board members are between the ages of 50 and 60, and three are over 60. The Company places emphasis on gender equality in the composition of the Board of Directors. In future, the Company will continue to reduce the gender disparity in the Board of Directors, thus striving for the target of 25% or more female Directors. In 2022, the Board of Directors held 6 meetings; the expected attendance of all the Directors was 42 times, while the actual attendance was 40 times, which represents an attendance rate of 95%. For the Board of Directors' motions, please refer to the annual report.



Board of Directors' Performance Evaluation:

For the performance evaluation of functional committees, the methods of evaluation include internal self-evaluation by the Board of Directors, self-evaluation by Board members, and performance evaluation by appointed external professional organizations, experts or other appropriate means; the performance evaluation of the Board of Directors includes the following five major aspects:

- I. Participation in the operation of the Company.
- II. Improvement in the quality of the Board of Directors' decision-making.
- III. Composition and structure of the Board of Directors.
- IV. Election and continuing education of the Directors.
- V. Internal control.

In 2022, the overall operational efficiency of the Board of Directors was determined to be good by the performance evaluation.



● Board Members and Background

Board Member						Comprehensive Core Competency			
Title	Representative	Gender	Age	Length of Service	Institutional Director	Management	Leadership Skills and Decision-Making	Industry Knowledge	Finance and Accounting
Chairman	Tai-Chiang Guo	Male	61~70	2020~2023	Power Quotient International Co., Ltd.	▲	▲		
Director	Kun-Huang Lin	Male	51~60	2020~2023	Power Quotient International Co., Ltd.	▲	▲		▲
Director	Hui-Sen Hu	Male	51~60	2020~2023	Power Quotient International Co., Ltd.	▲	▲	▲	
Director	Tzu-Chun Tu	Male	61~70	2020~2023		▲	▲	▲	
Independent Director	Chung-Hsiung Weng	Male	61~70	2020~2023		▲		▲	
Independent Director	Shu-Fen Wang	Female	51~60	2020~2023				▲	▲
Independent Director	Wen-Shuai Liu	Male	51~60	2020~2023		▲	▲	▲	

● Audit Committee

The Company has established an "Audit Committee", which consists of three members who are all Independent Directors. The objectives of the committee are to oversee the proper presentation of the Company's financial statements, the appointment and dismissal of attesting CPAs, the independence and performance of the Company, the effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and the control of potential risks. The Audit Committee held 6 meetings in 2022; the attendance rate of members was 89%.



● Remuneration Committee

The “Remuneration Committee” of the Company has three members, and the convener is an Independent Director, who assists the Board of Directors in formulating policies, systems, standards and structures for the performance evaluation and remuneration of Directors, supervisors and managers, together with relevant remuneration policies, such as performance evaluation, salaries, bonuses, employee bonuses, incentive systems and remuneration methods for Directors and supervisors, and submits recommendations to the Board of Directors for discussion. 3 meetings was held in 2022; the attendance rate of the members was 89%.

The function of the Remuneration Committee is to evaluate the remuneration policies and systems of the Directors and managers of the Company in a professional and objective manner. The Remuneration Committee meets at least twice a year and may meet as often as necessary to make recommendations to the Board of Directors for their reference in making decisions.

- 1 The main duties of the Remuneration Committee of the Company
 - (1) To regularly review the Company's remuneration policy and propose amendments.
 - (2) To establish and regularly review the policies, systems, standards and structures for the performance and remuneration of Directors and managers of the Company.
 - (3) To regularly review the Company's remuneration policy and propose amendments.
- 2 The salary for new employees is determined by the employer and the employee according to the new employees' positions, academic background and experience, and in accordance with the Company's salary scale for each level. The salary adjustment for general employees is proposed by the Human Resources Department during the annual salary adjustment. The Remuneration Committee assists the Board of Directors in evaluating and monitoring the Company's overall remuneration policy, and may invite other people (including Directors or external advisors) to attend meetings to evaluate the remuneration level of Directors and senior managers, and make recommendations to the Board of Directors. Every year, we arrange for the HR department to report to the Remuneration Committee on the implementation of remuneration-related matters.

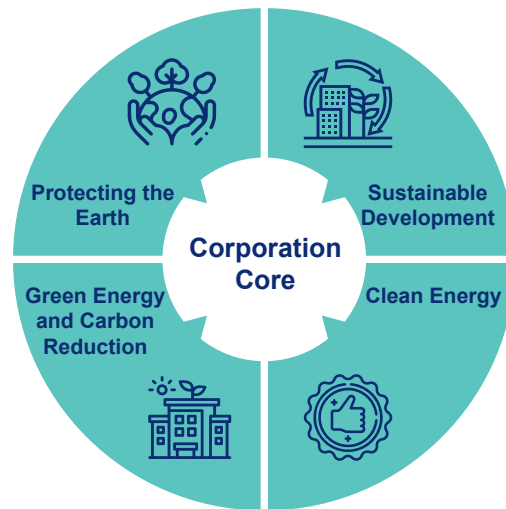
● Remuneration for Directors and Senior Managers

- 1 In accordance with the Company's Articles of Incorporation, the remuneration of the Directors must be determined by the Board of Directors with reference to the industry norm in accordance with the degree of participation and value of contribution of individual Directors. In addition, if the Company makes a profit in the current year, no more than 3% of the remuneration of the Directors must be allocated in accordance with the provisions of the Company's Articles of Incorporation. The Company periodically evaluates the remuneration of Directors in accordance with the “Regulations for the Board of Directors' Performance Evaluation”, and the related performance evaluation and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors.
- 2 The remuneration of the Company's managers is based on regulations concerning salary management, which provides for various allowances and bonuses to be compassionate with employees and provide them with rewards for their efforts in their work. The relevant bonuses are also granted according to the Company's annual operating performance, financial status, operational status, and individual performance. In addition, if the Company makes a profit in a certain year, no less than 6% of the profit must be set aside as employee remuneration in accordance with the Company's Articles of Incorporation. The performance evaluation for the manager's bonus is as follows: 1) Financial indicators: Allocated according to the achievement rate of each department for KPIs set by the Company; 2) Non-financial indicators: The leadership and communication ability of the manager are considered as two major components to calculate his or her remuneration for operating performance. The remuneration system is reviewed from time to time according to actual operating conditions as well as relevant laws and regulations.
- 3 The remuneration of Directors and managers are evaluated regularly based on the performance evaluation method of the Company's Board of Directors and the performance management method applicable to managers and employees, respectively. In addition, the remuneration of the Chairman and the General Manager is based on the operating performance indicators set by the Company and submitted to the Board of Directors for approval, and the performance indicators are based on operational performance and corporate governance; the performance indicators for the managers are based on the execution of annual operation plans, the achievement rate of KPIs of each department, and related sustainable development goals.

1.2 | Ethical Management

The Company has established its “**Ethical Corporate Management Best Practice Principles**” and “**Procedures for Ethical Management and Guidelines for Conduct**”, as well as an ethical management promotion unit; the administration department is responsible for formulating and supervising the implementation of ethical corporate management policies and preventive programs. Their performance is reported to the Board of Directors annually, and relevant information is announced and updated on the Market Observation Post System in a timely manner in accordance with the law. In 2022, we conducted a corruption risk assessment of our head office and verified that no risk of corruption was identified. The results are reported to the Board of Directors on an annual basis on the status of implementation.

The core values of Shinfox Energy are **protecting the Earth, sustainable development, green energy and carbon reduction, and clean energy**. We have made it our mission to promote global connection through innovation and care. Under the management of corporate ethics and ethical norms, Directors, managers and all the employees are committed to maintaining a high level of professional ethics, and the Company has established various internal rules to ensure the implementation of ethical management and compliance with laws and regulations; also, the related rules and regulations have been posted on the Company's website for employees to consult at any time.



In May 2022, we invited external lecturers to our company to teach courses on ethical management. 76 employees attended the course, with 114 man-hours.

The Company's management values ethical management, and focuses on fraud prevention in the design of internal management system. Through the systematic planning, unethical behaviors can be prevented, and the risk of unethical behaviors can be reduced. The Company's Directors, managers

The Company's employees, appointees, or persons with substantial control over the Company shall not engage in any unethical behavior, such as breach of good faith, wrongdoing, or breach of fiduciary duty, to obtain or maintain benefits. In the event of any decision or transaction involving a conflict of interest, Directors and managers shall not participate in voting due to the principle of avoidance of conflicts of interest. In addition, any Director, manager, or employee who is involved in unlawful acts such as violation of the Company's “Ethical Corporate Management Best Practice Principles” must be reported. The Company also provides internal and external complaint channels on its website. Moreover, the Company has established procedures for receiving reports and a related confidentiality mechanism to protect the identity of reporters and prevent them from being improperly punished or threatened for whistleblowing. If employees or other stakeholders discover any unlawful activity, they may report it through the following means.

Email: suggest@shinfox.com.tw
Whistle-blowing Hotline: 02-2269-9888 Ext: 26006

To effectively realize the corporate culture of ethical management, Shinfox Energy strictly controls the daily operation and actively promotes ethical management and attitudes, including integrity, fairness, transparency, self-discipline and responsibility, to employees on various occasions. In 2022, there were no incidents of corruption, violations of social or economic laws and regulations, nor did we have any anti-competition, anti-trust, or monopolistic practices.

Ethical Management Practices and Operating Procedures:

The Company has established appropriate risk control mechanisms and firewalls through internal regulations such as the “Procedures for Associate Company Transactions”, “Procedures for Endorsement and Guarantee”, “Procedures for Lending Funds to Others”, and “Procedures for Handling the Acquisition or Disposal of Assets”.

The Company strictly prohibits insiders from trading marketable securities by taking advantage of undisclosed information in the market, and has established the “Procedures for Handling Material Inside Information” and “Procedures for the Prevention of Insider Trading”. Furthermore, we also regularly educate our insiders on the Securities and Exchange Act and related laws and regulations regarding insider compliance.

1.3 | Internal Control of Risks

1.3.1 Risk Management

One of the key factors for enterprises to pursue stable growth and sustainable operation is risk control; therefore, Shinfox Energy has established a risk response organization to control the internal and external risks of the Company. Through collecting internal and external data and information, analyzing the risk factors that each department may face, defining various types of risks, and proposing corresponding management measures to prevent potential losses, we are able to optimize the allocation of resources within the tolerable risk range, thereby reasonably ensuring the achievement of the Company's strategic objectives.

Shinfox Energy systematically tracks each risk item on a regular basis each year. Through each department, we summarize and analyze risk potential and hazards, identify significant risks, establish control measures for them, develop management strategies, and review and follow up on their efficacy regularly. Ensuring that the risk control mechanism operates effectively is one of the key responsibilities of the Company's internal management, and we expect to internalize risk control in the daily management of the department to ensure that the company can operate properly. Hence, we can create maximum value for our shareholders, employees, customers, and society, and continue to accomplish our goal of sustainable management.

Responsible Unit	Responsibilities of Risk Management
Board of Directors	The Board of Directors oversees the execution of the Company's overall risk management objectives; clearly understanding the risks faced by the Company's operations, it ensures the efficacy of risk management and takes ultimate responsibility for risk management.
Audit Office	<ol style="list-style-type: none"> The Audit Office assists the Board of Directors and the management in checking and reviewing deficiencies of the internal control system and measuring the efficacy and efficiency of operations, as well as provides timely suggestions for improvement. The Audit Office evaluates whether each department is executing relevant risk management operations to ensure that the system is implemented and followed.
General Manager's Office	Risk assessment of business decisions and execution of response strategies.
Administration Division	<ol style="list-style-type: none"> Evaluation of network information security and operational risks, and implementation of response strategies. Maintenance of employees' personal safety and working environment. Supplier management and raw material procurement response strategy. Allocation of human resources and contingency control measures.
Finance Division	<ol style="list-style-type: none"> Assessment of financial and tax risks. Risk assessment of corporate legal risks, and execution of response strategies.

Risk Identification and Evaluation Procedure



● Response Measures for Each Risk (please refer to the description of each chapter in this Report for actual actions that were taken):

Work Safety Risks

Execution Method

Before starting work at the sites, all construction plans should be completed, including work safety and hazard notifications. In addition, equipment and devices must be checked for completeness, and supervisors must be assigned.

For details on the measures, please refer to 4.3 Labor Relations.

Procurement Risks

Execution Method

In addition to evaluating the qualifications of the subcontractors, the Procurement Department also looks for other qualified suppliers as a backup to prevent any shortage of supply.

For details on the measures, please refer to 1.5 Sustainable Supply Chain.

Information System Risks

Execution Method

The Company has installed firewalls on all the computer servers, and we always monitor them to prevent hacking; moreover, we have a remote backup and recovery plan for all data.

For details on the measures, please refer to 1.4 Information Security Management.

Financial Risks

Execution Method

The Company's clients are mainly government agencies, public institutions, and well-known corporations. In terms of collection, the financial credit assessment shows that there are no bad debts. Moreover, the Company is a subsidiary of Foxlink Group and is a listed company. In addition to financing from banks, the Company can also raise capital publicly or issue corporate bonds. Therefore, there is no risk of capital shortage.

For details on the measures, please refer to 1.1.4 Autonomy of the Board of Directors and 1.3 Internal Control of Risks.

Human Resource Risks

Execution Method

Development of talents is an important task for the Company's talent pool. By cultivating management personnel and strengthening professional knowledge training, we can ensure that there will be talent to succeed to posts, and at the same time, we can also ensure an even distribution among all age groups to avoid succession gaps.

For details on the measures, please refer to 4.2 Talent Development.

Market Risks

Execution Method

Taiwan's renewable energy policy is favorable to the Company's business development. However, once the policy changes, the business may be impacted to a certain extent. Therefore, the Company uses carries out various renewable energy investment strategies in "solar power, wind power, hydropower, LNG, and green energy trading platforms" to achieve risk diversification.

For details on the measures, please refer to 1.1.2 Development of Renewable Energy.

Environmental Protection Risks

Execution Method

When selecting a site, we conduct an environmental assessment, and avoid any place that would cause damage to the natural environment or the habitat of protected animals and plants. In the Company's philosophy, it is our primary goal to cherish the environment and protect the Earth.

For details on the measures, please refer to 3.4 Environmental Friendliness

Production and Cost Risks

Execution Method

As of now, the Company has the advantage of upstream, midstream, and downstream integration, and through outsourcing to experienced contractors, we are able to expand our raw material supply channels and establish a database for raw material procurement to effectively control production costs. We keep abreast of the development of engineering-related technologies and updates in laws and regulations, so that we can adjust our business operations to comply with the policies and regulations in a flexible manner.

For details on the measures, please refer to 1.5 Sustainable Supply Chain and 1.1.2 Development of Renewable Energy.

Ecological Risks

Execution Method

All our onshore wind power projects are subject to the Electricity Act. The application form and related documents are submitted to the authority to which the project belongs for review in accordance with the regulations. If our wind power projects are located in special areas such as national parks, wildlife sanctuaries, wetlands or nature reserves, we always conduct environmental impact assessments and self-assessments.

For details on the measures, please refer to 3.4 Environmental Friendliness

1.3.2 Internal Audit

The Audit Office of the Company is subordinate to the Board of Directors and is responsible for the overall management of the Company's internal audit. It conducts audits and project audits within the Group on a regular or sporadic basis. The Audit Office is independent of the Company's management, and can implement and evaluate the completeness, efficacy and compliance of the Group's internal systems in a fair and objective manner. The results of the audits conducted by the Audit Office are reported to the Chairman of the Board of Directors on a regular basis (or when necessary) to assist the Board of Directors and management in examining and evaluating the efficacy of operation of the internal control system.

Shinfox Energy has established a rigorous accounting system and internal control system to ensure that the Group operates properly. The Audit Office also keeps abreast of changes in laws and regulations in Taiwan, regularly updates corporate regulations, and readily provides Directors and managers with information on regulations concerning the recusal of insiders, of which they should be aware.

The Audit Office formulates an internal audit plan every year, leads internal audit units in carrying out various auditing tasks according to the audit plan, and arranges project audits when special circumstances occur. The Company's management attaches great importance to its internal auditing units and their personnel, who have been given sufficient authority as well as encouraged them to accurately review and evaluate the deficiencies of internal control systems, and measure the efficiency of operations. In 2022, every department completed all of the internal audits for the year, totaling 40 items. Furthermore, deficiencies identified by the audits have been improved upon within the approved period; thus, the internal audits and optimizations are effective.

● Audit Procedure



Violation of regulations in 2022

On November 7, 2022, Foxwell Energy, a subsidiary of Shinfox Energy, received a fine totaling TWD 2 million from the Ministry of Economic Affairs for failing to apply for the renewal of its electricity license within 30 days after applying for a change of capital during 2021 in accordance with Article 22, Paragraph 3 of the Electricity Act.

Improvement measures and progress of follow-up:

1. On December 26, 2022, a petition was filed with the Ministry of Economic Affairs (MOEA) through an external law firm, and the MOEA applied for a review from the Executive Yuan. The petition was dismissed in April 2023, thus a law firm will be asked to file an administrative lawsuit.
2. The subsidiary has reviewed the relevant processes and strengthened its control mechanism to avoid similar situations in the future.

1.4 | Information Security Management

In 2022, there were no complaints related to the violation of customer privacy or loss of customer information.

The information office of the Company's Administration Division is responsible for planning, implementing, monitoring, and improving information security management. Management measures and procedures are set for the personnel to follow and apply. In addition, we have set up multiple levels of control and protection mechanisms for the system servers, operating systems, and network systems to prevent abnormal disasters, data damage, theft of confidential information, etc. In the event of any information security incident, the Company also has an information security incident contingency plan to ensure that normal operations can be quickly resumed after a malicious hacker attack. Therefore, through these various precautions, Shinfox Energy can effectively control risks to its corporate information system and maintain the normal operation of the Company. The Information Office of the Administration Division adjusts the information security policy according to real-life situations, and reports the policy's implementation status to the Board of Directors on a regular basis.

To ensure the security of Company's information and build a reliable information environment, Shinfox Energy invested TWD 7.33 million to strengthen its information security management system in 2022:

- 1 Completed the implementation of the privileged access management system (CyberArk) to control and record system administrator behavior for all internal system servers, and automatically change system passwords daily. Improved upon the security of information privileges and passwords, reducing incidents of hacking and ransomware attacks to the system.
- 2 Completed the implementation of the company's data access audit system (NetWrix). The Company is now uploading all the important documents of all departments to the data server, allowing employees working in the office and those working remotely to both conduct audits and management of files using NetWrix, which enables convenience of access to company data as well as secure access and management of data.
- 3 Completed the setup for the VPN server, increased the number of simultaneous VPN connections to 100 people, and increased the security of file controls for remote work.

The above measures can further enhance the security of information authority and password and prevent hacking and ransom attacks on the system. Furthermore, they allow our employees to access the Company's data and control the security of data authority when working remotely from home. The Company did not suffer any loss due to a major information security incident during 2022. In addition, to strengthen our information risk control, we made plans to implement the ISO 27001 information security management system in March 2023 and complete ISO 27001 information security management system certification by the end of December 2023.

● Information Security Policy

The Company insists on continuously strengthening its information security, and ensures the confidentiality, completeness and availability of information to protect the interests of its customers, shareholders, employees and suppliers, thereby fulfilling its social responsibility.

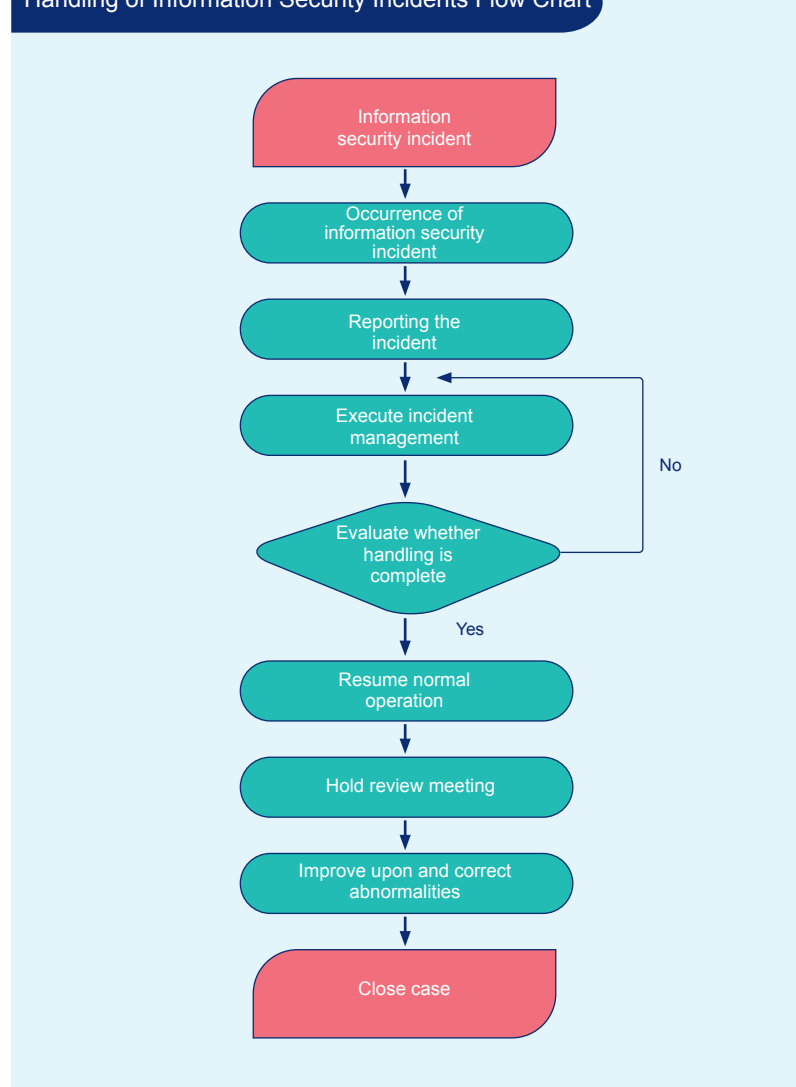
● Information Security Practice Principle:



Information Security Management Project

- A** To protect endpoints and network gateways, a defense in depth architecture is adopted. Complemented by network access control, file access management, computer hardware control mechanisms, external network attacks and leaks from within the Company can be prevented.
- B** We have established an access control mechanism for sensitive areas, system user identity verification, regular checks to review the privileges of personnel in major systems of the Company for accuracy, password control, access authorization, and regular system vulnerability scanning. Moreover, we have installed anti-virus software, updated factory security patches, and established a system redundancy mechanism to strengthen our endpoint protection.
- C** The Company has set up an information security system to prevent hackers, computer viruses or malware from affecting the information system services, snooping and stealing confidential information, or blackmail.
- D** From time to time each year, we conduct information security education training and tests as well as e-mail social engineering drills for our employees to strengthen their awareness of information security risks.
- E** Paying attention to information security issues, we review our information security measures and regulations annually, and prepare response plans to ensure their appropriateness and efficacy.
- F** All of the Company's system servers are equipped with firewalls, coupled with an activated intrusion prevention system, illegal application locks, and risk coefficient analysis.
- G** All of our systems are installed with genuine eset anti-virus software. Furthermore, we have subscribed to Chunghwa Telecom's Enterprise Cyberthreat Gatekeeper service to block botnets, C2 servers, and ransomware, including different types of URL, domain, IP, etc. In addition, terminal suspicious program detection tools can help locate at-risk computers.

Handling of Information Security Incidents Flow Chart



1.5 | Sustainable Supply Chain

● Supplier Management

Nowadays, every company's operation may have an impact on the environment and society through its own activities or through collaborations with its business partners. Therefore, good supply chain management can effectively prevent and mitigate the negative impacts caused directly or indirectly by the company or its partners. Shinfox Energy currently has approximately 105 supplier partners (including equipment manufacturers and EPC). To pursue sustainable development, the Company will work together with its suppliers to implement corporate social responsibility and form an industrial chain that is friendly and beneficial to the society and environment.

● Evaluation of New Suppliers

Shinfox Energy's requirements for suppliers are not limited to quality, performance, and financial status. All suppliers have been required to sign the "Letter of Compliance with Corporate Social Responsibility" starting from the fourth quarter of 2022. This Letter of Compliance with Corporate Social Responsibility contains more in-depth requirements on human rights, labor conditions, environmental protection, business ethics, etc. By doing so, we expect that each supplier would be aware of them and join us in fulfilling corporate social responsibility.

● Letter of Compliance with Corporate Social Responsibility

Short-term Goal

To have our major suppliers sign the "Letter of Compliance with Corporate Social Responsibility" by 2023.

Long-term Goal

To have all suppliers sign the "Letter of Compliance with Corporate Social Responsibility".

Note: Major suppliers are those have an accumulated transaction amount of TWD 3 million or more with the Company.

Signatures required from Q4 2022 onwards
Ratio of all suppliers to those that signed the "Letter of Compliance with Corporate Social Responsibility"



Summary of the Letter of Compliance with Corporate Social Responsibility:

1-1

Respecting the human rights of workers, this pledge includes all regular, short-term, temporary, interns, and every other type of workers. We will ensure that the following standards are met: free choice of employment; no child labor; protection of the rights and health of female workers; no discrimination against workers; prohibition of any inhumane treatment; wages, benefits and working hours for workers are in accordance with local laws and regulations; and freedom of association for workers.

1-2

We provide a healthy and safe working environment for workers, including ensuring occupational safety, providing emergency preparedness programs, managing occupational injuries and illnesses, controlling sources of hazards, assessing, and controlling the impact of work with special physical requirements on workers, evaluating machinery for hazards, and maintaining public health.

1-3

To assume environmental responsibility, we do our best to minimize adverse impacts on society, the environment and natural resources during manufacturing processes while protecting public health and safety. We ensure compliance with the following standards: obtaining necessary environmental permits and reports; conducting pollution prevention and resource conservation measures; enacting chemicals and hazardous substances control and handling procedures, wastewater and solid waste control and handling procedures, air emissions control and handling procedures; and compliance with relevant laws and regulations for product content control.

1-4

We follow the highest standards of ethical requirements. These include operating with integrity, having no improper interests, disclosing information about our business and financial condition in accordance with applicable laws and regulations, complying with anti-corruption laws (such as FCPA) in the course of our dealings, respecting intellectual property rights, enforcing fair trade and competitive standards, acting responsibly in the procurement of minerals, protecting the personal information of all business contacts, complying with privacy and information security regulations, providing anonymous complaint procedures to protect the confidentiality of whistleblowers, and establishing protection procedures to prevent retaliation.

1-5

We established a management system related to the contents of this commitment, including commitment to a social and environmental responsibility policy, verifying management responsibilities and conducting regular reviews, monitoring and understanding applicable laws and regulations and customer requirements, establishing risk assessment and risk management processes, setting improvement goals and conducting regular evaluations, formulating training programs, and establishing communication procedures with workers.

1.6 | Client Value

●Supplier Evaluation

Our company holds regular supplier evaluations every year, and all the suppliers who have requested payment during the year are included in the evaluation. The evaluation covers quality, service, cooperation, and ability to fulfill the contract; this is done to ensure that the Company's needs are met in each aspect. Supplier evaluation results are divided into three levels: A, B, and C; suppliers with 80 points or more are rated A, those with 79-60 points are rated B, and those with 60 points or less are rated C. C-class suppliers are unqualified suppliers; they will be placed on the elimination list once their annual evaluation form is approved, and the Company will no longer collaborate with them. In 2022, 38 suppliers were evaluated, of which 26 were A-Class, 12 were B-Class, and 0 were C-Class.

●Local Procurement

Local procurement can foster the steady growth of local suppliers, shorten delivery time, improve service speed, and reduce time costs, as well as mitigate the environmental impact caused by air and sea transportation. Therefore, Shinfox Energy mostly purchases from local suppliers, and we hope that we can significantly increase job opportunities in Taiwan and create a win-win situation with our suppliers by working with local suppliers.

Year	2021	2022
Expenditures for products procured from local suppliers (A)	97,609,742	88,988,720
Expenditures for services procured from local suppliers (B)	3,761,508,884	630,735,564
Expenditures for products and services procured from local suppliers (A+B)	3,859,118,626	719,724,284
Total expenditures on procured products and services	3,859,118,626	719,724,284
Percentage of expenditures for products and services procured from local suppliers	100.00%	100.00%

A. Explanation of local procurement percentage:

In 2022, the procurement expenditure is mainly for the procurement of services, including pre-construction technical services, contracting and maintenance of power plants, which account for more than 85% of the total procurement expenditure each year. The remaining procurement expenditure is for the procurement of equipment, mainly power generation equipment (solar panel modules & inverters) and other maintenance materials, which accounted for approximately 10% of the total procurement expenditure in each year. The contractors/suppliers of the above-mentioned services and equipment are all manufacturers in Taiwan.

●Client Satisfaction

To ensure that all the clients' needs are fully satisfied, Shinfox Energy conducts annual client satisfaction surveys, which are planned by each business unit. Through collecting the clients' opinions with questionnaires, we hope to understand whether clients are satisfied with the company's overall services from an impartial and objective point of view. These surveys cover various aspects, such as "service quality during development", "service quality during contracting", "service quality during construction", and "overall performance" of each site.

The average client satisfaction score for 2022 was 92.7, which is on par with the previous year. The results of each client's feedback are compiled by the relevant unit, which is responsible for proposing improvement plans for the items with lower satisfaction levels, and the improvement results are presented at internal meetings and made known to the clients. Each of our clients' suggestions for improvement are listed as a follow-up item and incorporated into our operational improvement plan. In addition, we will continue to improve the expertise and service quality of our staff to meet the expectations of our clients.



02

Sustainable Development Blueprint

- 2.1 Stakeholder Engagement
- 2.2 Management of Material Topics



● Sustainable Development Committee

To realize the Company's management vision and mission of **“Protecting the Earth, Sustainable Development, Green Energy and Carbon Reduction, and Clean Energy”**, we established a “Sustainable Development Committee” on November 10, 2021, which is the supreme decision-making center for sustainable development in the Company. The Committee is comprised of five Directors (including three Independent Directors), and the convener is Director Wen-Shuai Liu; he works with numerous members from different fields to review the Company's core operating capabilities and formulate medium- and long-term sustainable development plans. The Committee plans and implements sustainable development affairs in three major aspects: environment, society, and corporate governance, and it reports on their implementation to the Board of Directors on an annual basis.

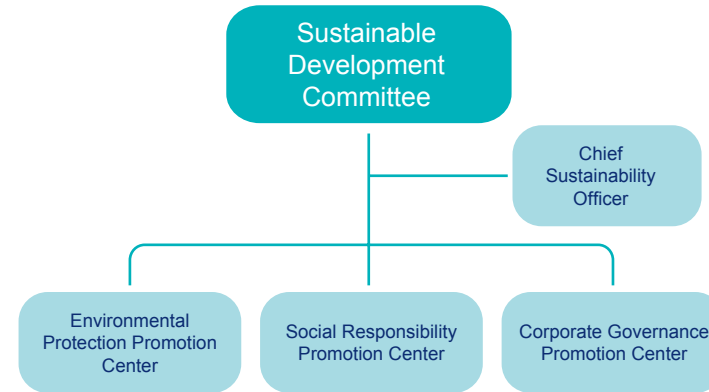
Under the Sustainable Development Committee, there are **“Environmental Protection Promotion Center”**, the **“Social Responsibility Promotion Center”** and the **“Corporate Governance Promotion Center”**. Each promotion center has a manager. Through monthly group meetings, they identify sustainability issues that are relevant to the Company's operations and stakeholders' concerns, formulate response strategies and work guidelines, prepare budgets related to sustainable development for each organization, design and implement annual plans, and follow up on the efficacy of implementation to ensure that sustainable development strategies are fully implemented in the Company's daily operations.

The “Sustainable Development Committee” reports the results of the implementation of sustainable development plans and future work plans to the Board of Directors regularly on an annual basis, which includes:

- (1) Identifying sustainability issues that require attention and formulating solutions
- (2) Revising goals and policies on sustainability-related topics
- (3) Supervising the implementation of sustainable management.

Every year, the Directors provide professional advice to the management team when receiving the report, the Board of Directors reviews the possibilities of strategies based on the report, and provide timely recommendations to the management team.

● Structure of the Sustainable Development Committee



2.1 | Stakeholder Engagement

Shinfox Energy attaches great importance to stakeholder opinions and feedback, and acknowledges that stakeholders are critical to the Company's sustainable development. In order for the Company to respond to stakeholders' feedback in a timely manner and to ensure the smoothness of communication between the two parties, the Company engages stakeholders through various means and channels, and follows the criteria for stakeholder engagement, identifying seven types of stakeholder groups, namely "shareholders and investors", "customers", "employees", "suppliers", "government institutions", "neighborhoods and communities", and "non-profit organizations".

The Company regularly collects stakeholder feedback, and the Sustainable Development Committee submits it to the units responsible for follow-up. The responses to stakeholders are also used as reference for future sustainable development plans. The Company hopes to thoroughly understand stakeholder expectations through multiple communication channels, and dedicate efforts in responding to the needs of various stakeholder groups to fulfill their expectations and keep in line with trends in sustainable development.



Shareholder and Investor

Significance to Shinfox Energy

The trust and support of shareholders and investors is the driving force behind the continued growth of Shinfox Energy, and in turn, Shinfox Energy is committed to maximizing the interests of our shareholders.

Concerned Topic

- Operating Performance
- Shareholders' Participation

Communication Type

- Shareholders' Meeting **Once a year**
- Earnings Call **Sporadically each year**
- Online earnings call for investors

Measures and Plans for Implementing Actions

- Shareholders' meeting was held on June 15, 2022.
- Online earnings call for investors-Grand Fortune Securities-August 2022



Client

Significance to Shinfox Energy

We aim to satisfy our clients' needs with first-class quality service; the suggestions and feedback from our clients make the Company stronger and urge us to move forward in a better direction.

Concerned Topic

- Schedule Control
- Product Quality
- Profitability
- Construction Quality
- Client Satisfaction
- Sustainable Management
- Investment Efficiency
- Green Product
- Environmental Protection

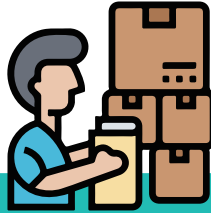
Communication Type

- Work-in-progress review held regularly **Weekly/monthly meetings**
- Conducting construction quality inspection and third-party verification according to the quality control plan **Sporadically**
- Providing professional evaluation presentations according to the needs of owners
- Regular meetings **Sporadically**
- Dedicated service mailbox and hotline **Sporadically**
- Collection and sharing of information
- Regular **Sporadic communication**

Measures and Plans for Implementing Actions

- Regular warranty meetings are held for projects that have entered the warranty phase.
- Quality control data and third-party verification operations have been documented for inspection.
- Continuing to review and revise evaluation reports in accordance with the owner's needs and contractual requirements with relevant departments.
- Maintaining the stable operations of solar and wind power generation equipment and the annual availability target.
- Arranging for dedicated contact persons to report progress and queries as well as resolve clients' issues on a regular basis.
- To reduce the burden on the environment, we shall prioritize development on sites that are exempt from environmental impact assessments, and plan more green spaces around wind turbines.

Supplier



Significance to Shinfox Energy

The stable quality of our service also depends on the participation and contribution of our supplier partners. Shinfox Energy regards each supplier partner as a member of our sustainable management and hopes that our collaboration can continue to create a win-win situation.

Concerned Topic

- Supplier Management
- Ethical Management and Corporate Governance
- Compliance with Laws and Regulations
- Local Procurement

Communication Type

- Supplier Evaluation Once a year
- Supplier Meetings Sporadically
- Two-way communication with suppliers by phone and email Sporadically

Measures and Plans for Implementing Actions

- We conduct supplier evaluation management once a year. By auditing suppliers, we can accurately and carefully evaluate their supply services and improve the quality and service level of suppliers.
- New suppliers included in the supply chain are required to sign the Letter of Compliance with Corporate Social Responsibility and complete a supplier social responsibility self-evaluation form.
- Based on the ideas of cost saving and environmentally-friendly transportation, we prioritize domestic suppliers in our procurement. By procuring from local enterprises, we can work with them to pursue sustainable management and grow together. Domestic procurement rate was 100% in 2022.

Government Agency



Significance to Shinfox Energy

All of Shinfox Energy's business activities are conducted in accordance with the laws and regulations of the local government agencies, and we have made ethical management our highest guiding principle.

Concerned Topic

- Construction Projects
- Energy Management
- Support for Government Policies
- Deadline for Completion
- Compliance with Regulations
- Environmental Protection
- Green Energy Development
- Occupational Health and Safety
- Greenhouse Gas Emissions
- Wastewater Discharge and Control

Communication Type

- Through communication software Communication conducted often
- Bidding projects through the unit
- Correspondence and visits Sporadically
- Meetings (e.g. presentations, public hearings, seminars, workshops) Sporadically
- Email and telephone communication Sporadically
- Data collection and explanation
- Communication during application

Measures and Plans for Implementing Actions

- We make applications in accordance with administrative procedures and government regulations.
- We established a crisis management SOP to resolve incidents concerning solar and wind power generation equipment on-site at the earliest possible time to reduce the public's doubts about green energy.
- Our construction projects comply with occupational health and safety regulations.
- When procuring wind power equipment, we require a certification of non-radioactive hazard for the manufacture of towers; during construction operations, applications must be made in accordance with the Management Regulations for Construction Project Air Pollution Control Facilities.
- We shall cooperate with government policy and discuss possible business models.

Employee



Significance to Shinfox Energy

Shinfox Energy has a team of outstanding employees, and they are the driving force behind the Company's continued innovation and growth. Therefore, the Company will also enhance compensation and benefits to ensure talent retention.

Concerned Topic

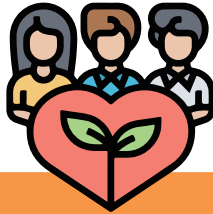
- Employee Benefits and Interests

Communication Type

- Internal company announcements Sporadically
- Employee Welfare Committee Once a quarter

Measures and Plans for Implementing Actions

- Employee health checkups are arranged every two years
- Club activities are organized
- Employee Welfare Committee is established



| Non-Profit Organizations |

Significance to Shinfox Energy

Non-profit organizations are focused on a wide range of issues, and Shinfox Energy values the perspectives of different organizations and adopts their opinions as the direction for sustainable development.

Concerned Topic

- Research and Development of Small Hydropower and Other Green Energy
- Wastewater Discharge and Control
- Social Welfare and Community Engagement
- Green Product

Communication Type

- Review meetings are held regularly **Once a month**
- Public information sessions **Sporadically**
- Correspondence **Sporadically**
- Press release **Sporadically**

Measures and Plans for Implementing Actions

- Signed a Memorandum of Understanding with National Cheng Kung University (Shigang Dam southern route project)
- Held regular informational sessions in accordance with government regulations and provided appropriate assistance according to the needs of local municipal governments and residents.
- To reduce the burden on the environment, we shall prioritize development on sites that are exempt from environmental impact assessments, and plan more green spaces around wind turbines.



| Neighborhoods and Communities |

Significance to Shinfox Energy

Shinfox Energy values the development of local communities, and hopes to maintain good relationships with them by helping communities through corporate power, thereby fulfilling our corporate social responsibility.

Concerned Topic

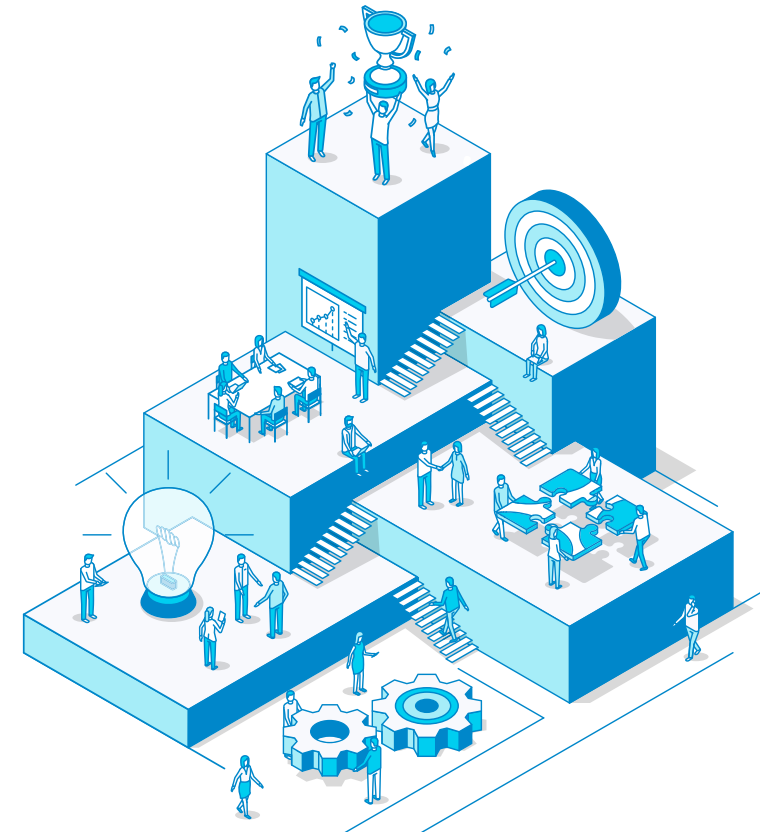
- Community Safety
- Community Environmental Maintenance
- Social Welfare
- Employment Opportunities

Communication Type

- Media outlets **Sporadically**
- Official website **Sporadically**
- Corporate image video **Sporadically**

Measures and Plans for Implementing Actions

- Collaborated with Hungkuo Delin University of Technology to deliver lunch boxes in the winter to seniors living alone
- Beach cleanups are held twice a year
- Participation in 3 blood donation events held by Foxlink every year
- Donated secondhand books to Love Read Bookstore
- Donated COVID-19 rapid antigen test kits to the Taipei City Government and the New Taipei City Government
- Donated TWD 200,000 to the baseball team of Tainan City Shanhua High School
- Sponsored the KidWind Competition of Chung Jung Christian University's Department of Green Energy and Environmental Resources
- Collaborated with the Cyber Angel's Pick to hold interactive courses on the metaverse and other topics at elementary schools in remote mountainous regions of Hualien County
- Purchased and sold agricultural products from remote regions
- Donated to underprivileged students and seniors, and welfare associations
- Collaborated with Chang Jung Christian University to increase employment opportunities



2.2 | Management of Material Topics

Seven types of stakeholders have been identified, and each have their own concerns. To meet the needs of each type of stakeholder, the Company adheres to the GRI Standards for sustainability reporting and the AA 1000SES Standards. Through the process of identifying material topics, the internal and external issues that have the most profound impact and are of the greatest concern to the Company and its stakeholders are identified to serve as an important basis for the establishment of the scope and the themes of disclosure in the Report as well as for the development of sustainability strategies.

In future, we will continue to analyze material topics every year to verify how concerned stakeholders are about them, with the hope to respond to stakeholder needs in a timely manner, and achieve effective management of internal and external challenges as Shinfox Energy moves towards sustainable development.

The identification process for material topics:

Step 1

Collection of sustainability issues

In accordance with the GRI Sustainability Reporting Guidelines, issues of concern for our industry peers in Taiwan, major sustainability guidelines such as the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD), the Company has integrated issues of concern for stakeholders in the past and has compiled 20 corporate sustainability issues related to the operations of the Company.

Step 2

Operational impact analysis and ranking of material topics

Through discussions among members of the Sustainability Development Committee and senior executives, we analyzed the degree of impact of each sustainability issue on the economic, environmental, and social (human) aspects of the Company. Each material topic's impact rating considers the level of the actual and potential positive and negative impact, and assigns a rating based on the "impact level" and the "likelihood of the impact's occurrence". The impact level considers the scale and scope of the impact, whether it is reversible, and whether it involves impact on human rights. For each material topic, the positive and negative impact scores are added to the total score; its final order is based on the impact score.

Step 3





Review and discussion

Ultimately, the ranking of the material topics was based on the degree of their impact, and the 13 material topics for 2022 were finalized by members of the Sustainable Development Committee, senior executives, and management representatives. In future, we will continue to identify material topics every year to ensure that issues of stakeholder concern are truthfully presented in reports.

Ranking of material topics by impact













1. Ethical Management
2. Development of Renewable Energy
3. Corporate Governance
4. Operating Performance
5. Carbon Reduction and Energy Saving
6. Risk Management
7. Talent Cultivation
8. Occupational Health and Safety
9. Supplier Management
10. Information Security
11. Employee Rights
12. Remuneration and Benefits
13. Social Welfare

Corresponding Material Topics


Corresponding Chapter of This Report	Material Topic	Significance to Shinfox Energy	Value Chain Impact Boundary			Impact Description	Corresponding SDGs	Corresponding GRI Standard and Topic
			● Positive physical impact ○ Positive potential impact ☒ Negative physical impact ○ Negative potential impact					
			Upstream	Shinfox Energy	Downstream			
1.1 Organizational Profile	Operating Performance	Operational performance is one of the most important issues for all stakeholders. To ensure that the Company's operational performance continues to grow steadily is an important goal for the Company's management, and therefore Shinfox Energy will continue to improve the quality of its services and secure the Company's growth.		● ○	○	<p>1. Positive physical impact: If Taiwan's energy policy increases the proportion of renewable energy use, it will also provide an opportunity for the Company's business performance to grow.</p> <p>2. Negative potential impact: If Taiwan's energy policy reduces the proportion of renewable energy use, demand will be reduced, and it will lead to a decline in operating performance.</p> <p>(1) Severity: Impact on company operations (financial performance, partners, customers, downstream vendors, employees, and investors).</p> <p>(2) Probability: At this stage, the government is supporting green energy to achieve its net-zero target, so it is unlikely to happen in the medium to long term (5-10 years).</p>		201: Economy
1.1 Organizational Profile	Corporate Governance	A well-developed and transparent Board of Directors' structure and operation can effectively enhance corporate governance, protect shareholders' rights and interests, and strengthen various economic, environmental, and social related measures and actions.		● ○		<p>1. Positive physical impact: Good performance in corporate governance evaluations will help the Company enhance its image and obtain opportunities for foreign investment.</p> <p>2. Negative potential impact: Underperformance in corporate governance may reduce investors' willingness to invest.</p> <p>(1) Severity: Impact on the Company's capital, decision-making and risk management, which may affect the Company's reputation and share price negatively.</p> <p>(2) Probability: Not likely to occur in the medium to long term (5-10 years).</p>	 	Material Topics Set by the Company
1.2 Ethical Management	Ethical Management	Shinfox Energy is a law-abiding company, and all decisions and business practices are carried out in accordance with government regulations. We strictly prohibit any illegal or dishonest behaviors, and work in accordance with the principles of ethical management.	○	● ○	○	<p>1. Positive physical impact: No negative news about the Company will help to present a good corporate image to the public.</p> <p>2. Negative potential impact: Incidents that may damage the Company's reputation or image.</p> <p>(1) Severity: It may affect the integrity of the Company's corporate governance, resulting in a decline in reputation and share price, and the loss of upstream suppliers, potential customers, and investors.</p> <p>(2) Probability: Not likely to occur in the medium to long term (5-10 years).</p>		205: Anti-corruption



Corresponding Chapter of This Report	Material Topic	Significance to Shinfox Energy	Value Chain Impact Boundary			Impact Description	Corresponding SDGs	Corresponding GRI Standard and Topic
			● Positive physical impact ○ Positive potential impact ☒ Negative physical impact ○ Negative potential impact					
			Upstream	Shinfox Energy	Downstream			
1.3 Internal Control of Risks	Risk Management	There are many unpredictable risks in the corporate operation process. To effectively reduce operational risks for the Company overall, we evaluate and identify various risks through a risk management framework, and establish countermeasures and solutions, thereby avoiding and responding to various risk hazards as early as possible.	○	● ○	○	<p>1. Positive physical impact: Effective risk reduction may eliminate the uncertainty of project profitability, thereby meeting the overall budget requirements.</p> <p>2. Negative potential impact: Failure to conduct a complete risk assessment may cause the Company to bear significant operational risks.</p> <p>(1) Severity: Impact on the Company's capital, decision-making, upstream suppliers, partners, customers, and investors' rights.</p> <p>(2) Probability: Not likely to occur in the medium to long term (5-10 years).</p>		Material Topics Set by the Company
1.4 Information Security Management	Information Security	Information security has gradually become one of the key development topics of every major company. To avoid leakage of clients' private information or the theft or destruction of company secrets, which may cause damage to our business or goodwill, the Company has planned for the establishment of a mechanism to strengthen the control of information security, thus ensuring that there are no weaknesses in our information security.	○	● ○	○	<p>1. Positive physical impact: The information firewall and the integration of information from every office of the Company not only enable the Company to store important business information properly, but also serve as the foundation of knowledge management, thus optimizing internal resource sharing.</p> <p>2. Negative potential impact: Hackers may steal company data over the network or damage important databases of the Company, thus causing the Company to be unable to operate normally.</p> <p>(1) Severity: Impact to upstream, midstream, and downstream suppliers and partners.</p> <p>(2) Probability: The company plans to implement ISO 27001 and obtain certification in 2023. Not likely to happen in the short-term (1-3 years).</p>		418 Customer Privacy
2.3 Sustainable Supply Chain	Supplier Management	We see our supply chain partners as team members with which we strive toward a common goal. In addition to product quality, their environmental and social impact is also a key consideration for Shinfox Energy. Therefore, the Company will execute its supply chain management and realize its corporate social responsibility with supply chain partners for the common good.		● ○	○	<p>1. Positive physical impact: Through a good supplier management system, we will have the opportunity to secure more clients.</p> <p>2. Negative potential impact: Contracting to suppliers with poor quality or reputation may cause the Company to suffer from construction delays or incur additional costs.</p> <p>(1) Severity: Impact on the company's capital, decision-making, partners, and investors.</p> <p>(2) Probability: Not likely to happen in the short, medium, or long term (1 to 10 years) due to regular evaluation and monitoring of suppliers by the relevant units.</p>		308: Supplier Environmental Assessment 414: Supplier Social Assessment

Corresponding Chapter of This Report	Material Topic	Significance to Shinfox Energy	Value Chain Impact Boundary			Impact Description	Corresponding SDGs	Corresponding GRI Standard and Topic
			● Positive physical impact ○ Positive potential impact ☒ Negative physical impact ○ Negative potential impact					
			Upstream	Shinfox Energy	Downstream			
3.2 Energy Resource Management	Carbon Reduction and Energy Saving	As a green energy company, we not only provide green power, but also focus on our own energy saving and carbon reduction management. Hence, Shinfox Energy will continue its efforts to reduce environmental impact, improve the efficiency of equipment, and maximize the benefits of environmental protection.	○	● ○	○	<p>1. Positive physical impact: By moving toward net-zero emissions and becoming a benchmark for listed energy companies, we can attract business opportunities through other companies wanting to learn from Shinfox Energy.</p> <p>2. Negative potential impact: Due to organizational growth, there is an increase in electricity consumption, which has led to higher costs and higher environmental emissions (but less per capita, see Section 3.2).</p> <p>(1) Severity: Impact on the Company's capital, decision-making, upstream suppliers, partners, customers, and investors' rights.</p> <p>(2) Probability: Not likely to happen in the medium to long term (5-10 years)</p>	     	302: Energy
2.1 Renewable Energy Development	Renewable Energy Development	To achieve the sustainability goals of the government and the globe, Shinfox Energy will actively develop renewable energy to meet the Company's business vision of "protecting the Earth, sustainable development, green energy, carbon reduction, and clean energy".	○	● ○	○	<p>1. Positive physical impact: If Taiwan's energy policy increases the proportion of renewable energy use, it will also provide the Company with an opportunity to grow in terms of installed capacity.</p> <p>2. Negative potential impact: If Taiwan's energy policy reduces the proportion of renewable energy use, demand will be reduced, and it will lead to a reduction in installed capacity.</p> <p>(1) Severity: Impact on the Company's capital, decision-making, partners, customers, and investors.</p> <p>(2) Probability: At this stage, the government is supporting green energy to achieve its net-zero target, so it is unlikely to happen in the medium to long term (5~10 years).</p>	     	Material Topics Set by the Company

Corresponding Chapter of This Report	Material Topic	Significance to Shinfox Energy	Value Chain Impact Boundary			Impact Description	Corresponding SDGs	Corresponding GRI Standard and Topic
			● Positive physical impact ○ Positive potential impact ☒ Negative physical impact ○ Negative potential impact					
			Upstream	Shinfox Energy	Downstream			
4.2 Talent Development	Talent Cultivation	Our company's growth is mainly driven by the positive interaction of excellent employees. To maintain the Company's core competitiveness, the Company actively cultivates talents and sets up diversified courses to ensure that each employee can continue to grow, thereby providing the Company with a constant stream of energy.		● ○		<p>1. Positive physical impact: By cultivating talents, all the employees can effectively perform their duties to maximize the Company's interests.</p> <p>2. Negative potential impact: Insufficient experience of personnel or a succession gap in management may lead to failure of succession.</p> <p>(1) Severity: Impact on the Company's future performance growth, decision-making, partners, customers, and investors.</p> <p>(2) Probability: The Company continues to organize education and training sessions to cultivate employees' expertise and strengthen competitiveness, so it is not likely to happen in the short, medium, or long term (1-10 years).</p>		404: Training and Education
4.1 Friendly Workplace	Remuneration and Benefits	To retain talented employees, the Company has developed a diversified and equal benefits system. In addition, it is our hope that employees will receive rewards that equate to the amount of hard work they put in, so we make sure the compensation and incentives are in line with the industry standard.		● ○		<p>1. Positive physical impact: Increasing employee remuneration will improve competitiveness in attracting talented people.</p> <p>2. Negative potential impact: High payroll costs may hurt the Company's overall profitability.</p> <p>(1) Severity: Impact on the Company's capital, and possible impact on shareholders' interests.</p> <p>(2) Probability: Not likely to happen in the short, medium, or long term (1-10 years).</p>		
4.3 Labor Relations	Employee Rights	Building a friendly workplace is a goal that Shinfox Energy continues to strive for. To ensure that the rights and interests of each employee are not infringed, the Company has established various work rules and practices to make sure that each employee is treated equally without any discrimination.		● ○		<p>1. Positive physical impact: Through the implementation of human rights and gender equality, employees' rights are treated as important, thus enhancing the Company's image and creating a friendly workplace.</p> <p>2. Negative potential impact: Inequality may cause physical and mental harm to employees.</p> <p>(1) Severity: Employees may file complaints to the relevant authorities, and retention rates may be reduced, resulting in a loss of talent for the Company.</p> <p>(2) Probability: Not likely to occur in the medium to long term (5-10 years).</p>		Material Topics Set by the Company

Corresponding Chapter of This Report	Material Topic	Significance to Shinfox Energy	Value Chain Impact Boundary			Impact Description	Corresponding SDGs	Corresponding GRI Standard and Topic
			● Positive physical impact ○ Positive potential impact ☒ Negative physical impact ○ Negative potential impact					
			Upstream	Shinfox Energy	Downstream			
4.4 Occupational Safety	Occupational Health and Safety	The Company attaches great importance to workplace safety and employee health. To ensure that our employees can work with peace of mind, we have established a work guideline that we require our employees to strictly follow, and our contractors must also cooperate with our company's requirements. The only way to have a safe and secure workplace is through strict enforcement.		● ○		<p>1. Positive physical impact: Establishing a complete occupational safety mechanism and creating safe construction sites can further enhance employees' trust in the Company.</p> <p>2. Negative potential impact: The possibility of occupational incidents on sites.</p> <p>(1) Severity: Impact on the operational safety of employees executing work tasks and the external stakeholders (government agencies and social groups)' requirements and expectations of work safety.</p> <p>(2) Probability: It is difficult to guarantee 0% possibility of occupational accidents. We will consider introducing ISO 45001 in the future to avoid and reduce the chance of their occurrence as much as possible.</p>		403: Occupational Health and Safety
5. Care for Society	Social Welfare	The concept of common good has always been present in the Company's management philosophy. To fulfill our social responsibility and care for communities, the Company pools internal and external resources to create a positive social influence and make our society a better place.		● ○		<p>1. Positive physical impact: Through various charitable activities and donations, we can enhance the Company's image, which benefits the development of business in the future.</p> <p>2. Negative potential impact: If the Company fails to fulfill its social responsibility, its corporate image will be damaged.</p> <p>(1) Severity: Impact on the Company's capital, social image, partners, and investors.</p> <p>(2) Probability: As of now, the Company continues to conduct social welfare activities (e.g., donations) on a sporadic basis, so it is not likely to occur.</p>		

Differences between the material topics of the previous year and the following year:

In 2022, "Customer Relationship" was less important than in 2021. The main reason for not including this issue as a material topic this year is that it has a smaller impact than other topics. However, this report still explains how the Company manages this issue and the efficacy of its measures. Also, last year's "Energy Resources Management" has been changed to "Energy Saving and Carbon Reduction".

Guidelines to Managing Material Topics

Policy, Commitment, Goal, Management and Evaluation Mechanism



ESG Aspect/Governance

Policy/Commitment	Goals and Objectives	Action Description	Performance and Result	2023 Goal/Continuous Improvement/Future Project
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[Material Topic | Operating Performance

The Company shall contribute to the survival of humanity and the environment through sustainable development.

The Company's revenue grows steadily by 20% per year

1. The construction of Starpro Power's 77 MW solar power plant in Qigu is recognized as construction revenue according to the progress of the construction.
2. Changyuan, Beiyuan and Starpro Power are recognized as maintenance revenues based on contract amounts.
3. Offshore wind power projects are recognized as construction revenue according to the progress of the project.
4. Electricity sales revenue is recognized as electricity sales revenue at the agreed rates based on the actual number of kilowatt hours generated and the number of kilowatt hours purchased.

Implemented in accordance with the operating plan in 2022, we had TWD 3.656 billion of construction revenue; technical service revenue was TWD 276 million; and revenue from electricity sales was TWD 368 million. The total revenue was around TWD 4.3 billion, approximately the same as the revenue of 2021, which was also TWD 4.3 billion.

Due to the delay in some projects and development progress in 2022, the revenue is expected to increase in 2023 depending on the progress of projects and development, so the target revenue growth in 2023 is 20%.

[Material Topics | Corporate Governance

Our TWSE Corporate Governance Evaluation score reached the top 5% of listed companies in 2023 (the 10th year that the evaluation was conducted).

Our TWSE Corporate Governance Evaluation score was 100 in the 10th year (2023)

The 9th TWSE Corporate Governance Evaluation (2022) targets were announced by the Center for Corporate Governance Promotion of the Taiwan Stock Exchange, according to which the Company plans monthly projects to be implemented with a target score of 90.

The 9th TWSE Corporate Governance Evaluation (2022) has been completed and our score of 90 points or more has been announced by the Taiwan Stock Exchange.

The goal is to score 100 on the 10th TWSE Corporate Governance Evaluation (2023) and remain in the top 5% of listed companies in the future.



ESG Aspect/Governance

Policy/ Commitment	Goals and Objectives	Action Description	Performance and Result	2023 Goal/Continuous Improvement/Future Project
Material Topics Ethical Management				
<p>In line with the Company's integrity policy, we do not accept gifts and maintain the fairness of our dealings. We comply with laws and regulations, and any changes made to them as time progresses. We are flexible in collaborating with new government policies and needs.</p>	<p>We shall keep our transactions fair, and not leak business secrets of business partners to build trust. We cooperate with government agencies and complete administrative tasks as soon as possible.</p>	<ol style="list-style-type: none"> Regarding giving and accepting quotations, we are fair and open. In each meeting, staff from all departments discuss matters together. We listen to the opinions of all our staff, and the procurement department is responsible for negotiating and completing the procurement contract in the end. When government agencies raise questions or announce new regulations, we are the first to respond, to update information and to make the process smoother. 	<p>Supplier evaluations are made, and stable supplier partnerships are established to obtain permission to set up the Changpin Wind Power Plant</p>	<ul style="list-style-type: none"> We shall continue to maintain honesty and zero corruption in our departments. Obtain construction permits for Changpin Wind Power Plant and Taitung Solar Power Plant this year.
Material Topics Risk Management				
<p>Control the budget and reduce risks</p>	<p>Risks are controlled within a range of no more than plus or minus 5%, and the quality must be in accordance with standards</p>	<ol style="list-style-type: none"> Requests for procurement are made, and the budget is controlled regularly Vendor evaluation is filled out Project acceptance form is filled out 	<ol style="list-style-type: none"> Monthly review on whether the original budget was met; controlled at negative 3% Complete as scheduled (data) Review quality to see if it meets requirements to avoid future hazards 	<p>We shall continue to reflect risks in our budget, and keep them manageable.</p>



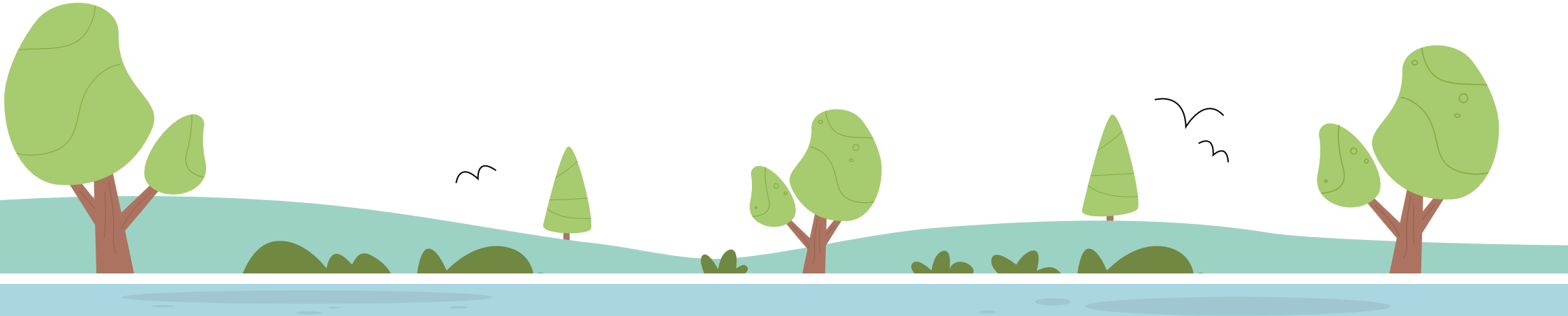
ESG Aspect/Governance

Policy/Commitment	Goals and Objectives	Action Description	Performance and Result	2023 Goal/Continuous Improvement/Future Project
Material Topics Information Security				
<p>We shall uphold the Company's information security and data protection.</p>	<ol style="list-style-type: none"> Enhance information security of the Company's servers Enhance the security of the Company's important documents and data Enhance information security measures for remote work 	<ol style="list-style-type: none"> Complete the introduction of the privileged access management system (CyberArk), all system servers and major systems' privileged access (admin) are controlled, and the high-strength password is automatically changed on a regular basis every day to enhance the security of the Company's servers. In collaboration with the manager of each unit in the Company, we have completed the review and reorganization of the privileges for servers housing files and folders, and have systematically filed important data and documents in the file servers. We also completed the introduction of the file audit and control system (NETWRIX), which can audit and manage data usage behavior and enhance the security of the Company's important documents. Completed the setup of the VPN server and upgraded the Company's network speed for both software and hardware; remote offices can connect to the company network through VPN to access data, enhancing the security and convenience of remote work. 	<ol style="list-style-type: none"> Completed the introduction of the privileged account management system to enhance the security of the Company's servers. Completed the file audit and control system to enhance the security of the Company's important documents and data. Completed the installation of the VPN server and upgrades to the network hardware and software, to enhance the security and convenience of remote work. 	<ol style="list-style-type: none"> Plan for the introduction of ISO 27001 and obtain certification.



ESG Aspect/**Governance**

Policy/Commitment	Goals and Objectives	Action Description	Performance and Result	2023 Goal/Continuous Improvement/Future Project
[Material Topics] Supplier Management				
We shall conduct supplier evaluation and replacement process based on the factors of quality, delivery, capability and flexibility.	For suppliers who have requested payment for transactions in the previous year, we shall complete the supplier evaluation process by the end of January each year.	<ul style="list-style-type: none"> We shall conduct supplier evaluation management once a year. By auditing suppliers, we can accurately and carefully evaluate their supply services, and improve the quality and service level of suppliers. New suppliers included in the supply chain are required to sign the Letter of Compliance with Corporate Social Responsibility and complete a supplier social responsibility selfevaluation form. For suppliers who have requested payment for transactions in the previous year, we shall complete the supplier evaluation process by the end of January each year and shall examine whether we should continue to work with the evaluated suppliers. 	38 companies were evaluated, and the results are as follows: A class: 26 companies B class: 12 companies C class: 0 company	<ol style="list-style-type: none"> We shall continue to conduct annual evaluations, review and discuss the evaluation items in this checklist to ensure the stability of professionalism, quality/service management, as well as continuous improvement. Continue to develop and increase the number of quality suppliers. Have 100% of our major suppliers sign the "Letter of Compliance with Corporate Social Responsibility" by 2023.





ESG Aspect/Environment

Policy/Commitment	Goals and Objectives	Action Description	Performance and Result	2023 Goal/Continuous Improvement/Future Project
[Material Topics] Carbon Reduction and Energy				
We expect to become a net-zero emission company by 2040	Carbon reduction goal 5% Water saving goal 5% Waste reduction goal 3%	Energy Management Shinfox Energy is committed to becoming a benchmark for green companies. Internally, Shinfox Energy continues to promote energy management, energy saving, waste reduction, resource recycling and various environmental protection measures; through environmental protection training and energy saving, all of our employees can participate in the Company's energy saving program and develop environmental protection habits in their daily lives.	Carbon reduction aspect: The annual average carbon emission volume per capita of 2022 was reduced by 14% compared to that of 2021. Water saving aspect: Average use per capita in 2022 was 26.98% less than that of 2021 Waste reduction: The amount of household waste per capita in 2022 was 7.6% lower than that of 2021	1. Continuously promote energy conservation to employees. 2. The ISO 50001 energy management system will be introduced in 2023.
[Material Topics] Renewable Energy Development				
We shall follow government policy to develop renewable energy for power generation to achieve the goal of being nuclear power-free by 2025.	For renewable energy development, our target is 1GW by 2025.	We have obtained establishment approval, construction approval, and electricity licenses for solar and wind power projects in accordance with regulations.	<ul style="list-style-type: none"> Obtained permit for the Changpin Wind Power Generation Project on February 14, 2022 Part of the construction of the Taitung solar power plant project has been completed. 	We completed the design and planning of the Taitung solar power plant project and the Changpin wind power plant project and obtained the construction permit.



| ESG Aspect/Society |

Policy/ Commitment	Goals and Objectives	Action Description	Performance and Result	2023 Goal/Continuous Improvement/Future Project
Material Topics Talent Cultivation				
We shall cultivate professional talents and enhance the competitiveness of the Company.	Each employee shall have at least 6 hours of training per year.	<ul style="list-style-type: none"> In-house training is planned based on the courses suggested by employees. Each department arranges annual training according to its needs and duties. 	<ul style="list-style-type: none"> 9 in-house training courses were held in 2022 (approximately 18.5 hours per person) Total employee training hours reached 1,610 hours in 2022 	<ul style="list-style-type: none"> Training hours for all employees increased In-house training courses is diversified
Material Topics Remuneration and Benefits				
We offer attractive remuneration packages and diversified benefits.	Annual Salary Adjustment and Promotions	Each department head is asked to conduct a comprehensive review to ensure that employees' remuneration is commensurate with their performance.	In 2022, all unit supervisors submitted promotion and salary adjustment applications for their top performers, with 35% receiving adjustments.	<ul style="list-style-type: none"> Employee remuneration is reviewed on a regular basis Promotion and salary adjustment is based on individual performance
Material Topics Employee Rights				
We shall implement human rights and gender equality to protect the rights of our employees.	There must be no inequality or discrimination.	<ul style="list-style-type: none"> Labor meetings are held regularly Symposium for new employees are held 	No unfair workplace complaints such as those for sexual harassment and discrimination occurred.	More employee symposiums were held so that senior managers can communicate directly and exchange opinions with employees.



ESG Aspect/Society

Policy/Commitment	Goals and Objectives	Action Description	Performance and Result	2023 Goal/Continuous Improvement/Future Project
[Material Topics] Occupational Health and Safety				
We have implemented our motto, which is "Employees are the most valuable assets of the Company". We continuously strengthen safety awareness for our employees, and establish safe construction sites.	There were zero occupational accidents at our sites.	<ol style="list-style-type: none"> 1. Training is held from time to time to strengthen our employees' safety awareness. 2. We allocate funds for employees who want to attend external training sessions. 3. We employ dedicated occupational health and safety personnel to create safe construction environments. 	In 2022, no occupational accidents occurred at our sites.	<ol style="list-style-type: none"> 1. Stay occupational accident-free for 2023. 2. Add 1-2 occupational health and safety personnel. 3. Budget for employees to obtain occupational health and safety licenses.
[Material Topics] Social Welfare				
We shall protect the Earth, develop sustainably, use green energy to reduce carbon, and care for the underprivileged.	<ol style="list-style-type: none"> 1. In March 2022, we participated in a beach cleanup at Zhuwei, Taoyuan, with 175 participants. 2. In October 2022, we participated in the cleanup of the beach at the North Coast's Shimen, with 107 participants. 3. Our donations for social welfare reached TWD 8.845 million. 4. The budget for social welfare donations in 2022 was TWD 3 million. 	Employees from all of the Company's departments and associate companies participate in community care activities.	<ul style="list-style-type: none"> • Collaborated with Hungkuo Delin University of Technology to deliver lunch boxes in the winter to seniors living alone • Beach cleanups are held twice a year • Participation in 3 blood donation events held by Foxlink every year • Donated secondhand books to Love Read Bookstore • Donated COVID-19 rapid antigen test kits to Taipei City Government and New Taipei City Government • Donated TWD 200,000 to the baseball team of Tainan City Shanhua High School • Sponsored the KidWind Competition of Chung Jung Christian University's Department of Green Energy and Environmental Resources • Collaborated with the Cyber Angel's Pick to hold interactive courses on the metaverse and other topics at elementary schools in remote mountainous regions of Hualien County • Purchased and sold agricultural products from remote regions • Donated to underprivileged students and seniors, and welfare associations • Collaborated with Chang Jung Christian University to increase employment opportunities 	We are formulating medium to long-term education projects for remote regions of Taiwan.

03

Carbon Reduction and Energy Saving

- 3.1 Climate Change
- 3.2 Energy Resource Management
- 3.3 Pollution Prevention
- 3.4 Environmental Friendliness

3.1 | Climate Change

In recent years, climate change has caused serious disasters all over the world, and it has even disrupted the operations of companies. Extreme climate is no longer a thing of the distant future; it is happening to you and me right now. In response to the drastic impact of climate change, Shinfox Energy has started to prepare for it proactively. The Company follows the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) to develop relevant operational procedures. Through the four aspects of “**governance**”, “**strategy**”, “**risk management**”, and “**indicators and targets**”, we developed preliminary strategies and management measures to respond to climate change, and we hope that the impact of climate risk can be mitigated by these measures.



Governance

The Company's Sustainable Development Committee is the highest governance body for climate change management, and its convener is the Independent Director Wen-Shuai Liu. During the annual meeting of the Sustainable Development Committee, the Committee reviews climate change strategies and goals, manages actions to address climate change risks and opportunities, reviews the implementation of relevant strategies, discusses plans for the future, and reports them to the Board of Directors.



Strategy

To assess the opportunities and risks that may be brought about by climate change to the Company, the Company will incorporate climate change factors into its business strategy planning and decision-making process in a timely manner, to respond to the government's support for the energy transformation of the Company, and to promote various environmentally friendly energy-saving and carbon-reducing measures, as well as the reduction of greenhouse gas emissions, with the hope of mitigating and adapting to the impacts on the Company's operations brought about by climate change. Shinfox Energy conducts internal workshops to study the impacts of various climate risks (including changes in policies and regulations, technological innovations, market structure changes, goodwill, immediate extreme weather events, or long-term changes in climate patterns), as well as the development opportunities (resource efficiency, energy sources, products and services, markets, and resilience) arising from climate change, and conducts a Climate Risk Matrix (CRM) to identify and manage the risk factors that can cause significant impact to the organization.

Each unit also considers the impact of climate-related risks and opportunities when setting annual operating objectives, business development, and site planning. In 2022, the Company participated in discussions with various business units to identify and assess the impacts of climate change, their impacts on the Company's operations, and the duration of the impacts (short, medium, or long-term) as well as the potential financial impacts, and then to formulate the relevant countermeasures.

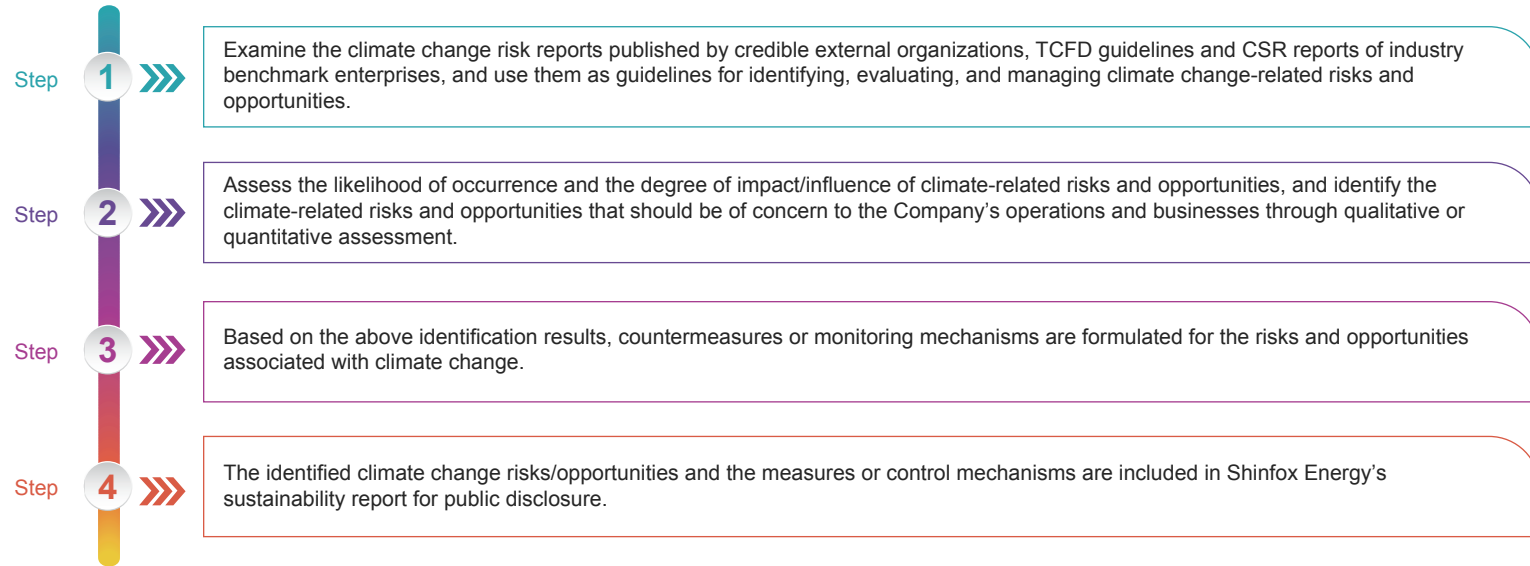
Strategy for the Risks and Opportunities of Climate Change

Risk	Aspect	Subject	Potential Financial Impact	The Company's Actions
Transition Risks	Regulations and Policies	Carbon border adjustment mechanism	Increased costs for importing equipment	<ol style="list-style-type: none"> Promptly gathered information about government policy and the law-making process to assess the impact and create countermeasures as soon as possible Made recommendations to the competent authorities in a timely manner
		Electricity Related Regulations	Regulatory amendments may increase operating costs and reduce revenues of existing power plants	
Physical Risks	Extreme Climate	Global Warming	Rising sea levels and shrinking land may reduce the land on which wind turbines are built; longer summers may result in lower revenue due to lower electricity generation	<ol style="list-style-type: none"> Related insurance has been purchased to avoid huge losses caused by natural disasters We review the progress of our construction on a weekly basis so that we can respond to unforeseen circumstances immediately Disaster response system is established, and drills are conducted regularly
		Climate Anomalies	An increase in the occurrence of extreme weather events, such as storms, floods and droughts, may cause delays in construction or operating losses	
Climate Change Opportunity	Resource Integration	Integrating renewable energy certificates, and increasing electricity prices	Participating in renewable energy projects and carbon trading markets, and increase electricity sales revenue	Sign sales contracts with electricity providers to raise the electricity price, and increase their willingness to invest
	Environmental Protection and Carbon Reduction	Rise of awareness for green energy and growing demand for green power	<ol style="list-style-type: none"> Banks increasing their investment in green energy Investors' interest in investing in the green energy industry grows 	<ol style="list-style-type: none"> Development of wind power plants increases Undertake EPC projects for renewable energy sites



Risk Management

Climate Change-related Risk Process:



Governance and Goals

To effectively manage climate risks and lower the impact that operational processes may cause to the environment, we have formulated response plans and targets according to the risk management proposed by the Sustainable Development Committee, and then implemented them. They include:

1. The Company plans to purchase T-RECs to achieve green power usage from 2023 onwards, with 2021 as the baseline year, and to continue to do so from 2023 to 2025; the Company expects to achieve 100% green power usage by 2025.
2. Taking 2021 as the baseline year, water consumption per capita was reduced by 5% in 2022.
3. Taking 2021 as the baseline year, household waste per capita was reduced by 3% in 2022.

3.2 | Energy Resource Management

● Greenhouse Gas Emissions

How to effectively mitigate and adapt to the impact of climate change has been a crucial environmental issue that the world has to face together. Greenhouse gas emissions reduction is one of the primary goals of each country. In 2022, Taiwan's government has begun to implement greenhouse gas emissions inventory registration procedures, and we wish for transparency, accuracy and objectiveness in Taiwan's greenhouse gas emissions inventory. In response to the government's greenhouse gas emission reduction goals, Shinfox Energy has been gradually implementing emission reduction actions to effectively reduce greenhouse gas emissions and mitigate the impact on the globe.

To collaborate with the government's implementation of the "Roadmap for the Sustainable Development of Listed Companies", Shinfox Energy and its subsidiaries (Foxwell Power, Foxwell Energy, and Shinfox Natural Gas) began to carry out GHG inventory operations of its own accord by the end of 2022 and appointed an external third-party organization to provide guidance. A third party carried out the verification in June 2023, and the GHG verification statement is expected to be obtained in September 2023. Our greenhouse gas inventory is mainly based on the ISO 14064-1:2018/CNS14064-1:2021 standards, and we also refer to the Greenhouse Gas Emission Inventory Registration and Management Procedures of the Environmental Protection Administration.

Shinfox Energy is primarily an energy service provider, and this report reveals its greenhouse gas emissions for 2021 and 2022. The majority of GHG emissions in 2022 came from the use of electric energy and employee commuting. Total GHG emissions in 2022 were about 346.8 metric tons of CO₂e. In response to the global development trend, ESG action has

become imperative. To plan for net-zero emissions, the Company has set up a Sustainable Development Committee. In 2022, the average amount of carbon emissions per capita was reduced by 14% compared to 2021, which is already 5% of the original target. In future, two major energy-saving principles will continue to be adopted: "green electricity use" and "energy conservation measures".

Note:

1. Since the GHG inventory was conducted after the issuance of this year's report, the 2022 GHG emissions figures are based on information derived from the inventory we completed ourselves, which has not been verified by a third-party organization.

Greenhouse Gas Emissions in 2021 and 2022

Amount of Greenhouse Gas Emissions	2021	2022
Subject		
Scope I: Emission equivalent (metric tons of CO ₂ e/year), same as Category 1	21.9	23.1
Scope II: Emission equivalent (metric tons of CO ₂ e/year), same as Category 2	175.4	182.4
Scope III: Emission equivalent (metric tons of CO ₂ e/year), same as Categories 3-6	89.4	141.3
Total annual emissions (metric tons of CO ₂ e/year) ²	286.6	346.8
Average annual carbon emissions per capita (metric tons of CO ₂ e/year)	4.3	3.7

Note:

1. The types of greenhouse gases that the Company inventories on its own include the seven greenhouse gases defined by ISO 14064, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).
2. Global Warming Potential (GWP) is based on the Global Warming Potential (GWP) of the IPCC's Sixth Assessment Report from 2021.
3. The reference coefficients for Category 2 electricity emissions are based on the coefficients published by the Bureau of Energy of the Ministry of Economic Affairs (MOEA) in 2022: 0.509 kilograms of carbon dioxide equivalent (kg CO₂e).
4. The average annual carbon emission volume per capita of 2022 was reduced by 14% compared to that of 2021.
5. Intensity is calculated using the number of employees. Shinfox Energy had 66 in 2021 and 94 in 2022; the figure is calculated by summing the number of employees per month in that year and dividing it by 12.
6. The scope of disclosure in this table only covers the Shinfox Energy's headquarters at the Dingpu Building and Shinfox Energy's office in Guiren, Tainan. Their comparison is based on the same operational boundaries. The data does not cover the Shinfox Energy offices in Hemei, Changhua and Yunlin, which were newly established in 2022. The operational boundaries will be redefined in the next sustainability report.
7. The 2021 GHG emissions data in this table have been restated due to the addition of Scope 1 and Scope 3 data, which are different from the data in the previous annual report.

● Energy Use Statistics

Unit: GJ

Subject	2021	2022
Purchased electricity (kWh)	344,570	358,364
Total energy use (GJ)	1,240	1,290
Total energy use intensity (GJ/average number of people)	18.79	13.72

Note:

1. One kilowatt hour is equal to 0.0036 GJ.
2. The electricity statistics and the number of employees in this table cover only the Shinfox Energy headquarters at Tingpu and its office in Guiren, Tainan.
3. Due to the change in the calculation basis for the 2021 electricity consumption statistics in this table (change of floor area apportionment ratio and addition of data from the office in Guiren, Tainan), the data presented here is different from that of the previous year's report, and therefore the information has been restated.

●Green Power Use

Shinfox Energy has already taken part in the RE10x10 Climate Declaration, and will continue to invest in the reduction of energy consumption and greenhouse gas emissions. At this stage, Shinfox Energy has already planned to purchase T-RECs in 2023 to achieve green power usage and will continue to purchase T-RECs in the period of 2023 to 2025. It is expected that the Company will achieve 100% usage of green power by 2025, and net-zero emissions by 2040.

●Office Energy Saving Measures

Shinfox Energy is committed to becoming a benchmark for green companies. Internally, Shinfox Energy continues to promote energy management, energy saving, waste reduction, resource recycling and various environmental protection measures; through environmental protection training and energy saving, all of our employees can participate in the Company's energy saving program and develop environmental protection habits in their daily lives.

●Electricity Saving Management

To effectively achieve the goal of energy conservation and carbon reduction, Shinfox Energy has replaced all the lighting equipment in the building with LED energy-saving light tubes. In addition, in response to the promotion of document digitalization policy, the Company planned to promote paperless and electronic operations such as electronic forms and digitalized paper reports generated from the past administrative operations and regular meetings. Not only is the use of paper effectively reduced, but also the electricity is saved, and even work efficiency has improved. The above acts are done to reduce greenhouse gas emissions.

(1) Elevators

The number of elevators in operation differs during business hours, non-business hours, and peak and off-peak hours for energy conservation; only a few elevators are available on public holidays.

(2) Air Conditioners

1. In response to the energy-saving and carbon-reduction policy of Bureau of Energy, Ministry of Economic Affairs, the indoor temperature of offices is kept at 26-28°C in the summer.
2. The building's ice and water system stores ice at night (off peak hours) to reduce electricity expenses.
3. We overhaul the ice and water system twice a year to improve its efficiency, thus saving electricity and energy.
4. Before 08:00 and after 18:30 every day, the air conditioner is switched to fan mode to reduce the use of air conditioning.
5. All the departments turn off unused lighting and air conditioning after business hours.
6. The central air conditioners operate in rotation in the winter, leaving only one on at a time.

(3) Lighting Equipment

1. We completely prohibit incandescent light tubes and use high-power energy-saving lamps.
2. In the office, the lighting is switched off for zones that are not in use.
3. The lights of fire warning, evacuation and emergency exits of the building are replaced by high-efficiency and energy saving LED lights.
4. Lights are off for 1 hour at noon.
5. Shinfox Energy's office on the 8th floor of Foxlink Group's Dingpu office building had its lights replaced with LED light tubes in September 2022 (only the office area, the meeting rooms on both sides, and the supervisors' offices on both sides)
Specification of long light tubes: 4 feet, 12 watts, 546 pcs. in total
Specification of short light tubes: 2 feet, 6 watts, 52 pcs. in total

(4) Other Equipment

1. Energy-saving management for the mainframe computer (employees are asked to turn off the mainframe computer and monitors after work; not mandatory).
2. In winter, the ice water function of our water dispensers is turned off.
3. When the temperature is below 15°C, the air conditioners in our restrooms are deactivated, and the restrooms are ventilated by external air instead.
4. We sort waste and recycle resources.
5. To realize the concept of sustainable development for the Earth and reuse of resources, Shinfox Energy continues to promote environmental protection training to educate our employees, so that they sort their waste and reuse resources.

(5) Environmentally Friendly Office

1. To motivate our employees to develop good eco-friendly habits, we implement waste sorting, resource recycling, energy saving, and carbon reduction, and create a quality, green, and beautiful office environment.
2. We use reusable eating utensils in our employee restaurants to reduce waste generation.
3. General business waste is incinerated by waste clearance companies, and recyclable waste is processed by cleaning companies.

(6) Going Paperless (Digitization of Forms)

The Company continues to plan for the promotion of paperless and digital operations, such as electronic forms. Through making paper reports generated from administrative operations and routine meetings electronic, not only will it effectively reduce the use of paper, but also save electricity and even enhance work efficiency.

Water Resource Usage

Due to the nature of the industry, Shinfox Energy doesn't consume much water. The water consumption is mainly for employees' daily use (including drinking, washing, and environmental cleaning). All the water used comes from Taiwan Water Corporation, and the water withdrawal method does not affect the water source. Moreover, all of the Company's household wastewater is disposed of through the sewers. Water use in 2022 totaled 2.822 million liters. All water used in our company is water for household use, so there is no issue of wastewater discharge.

The average water usage per capita in 2022 was 26.98% less than that of 2021, which has already reached the original target of 5%. In response to the global trend of sustainable development, the use of water resources is also an important topic for the Company. Since we are an energy service company that uses only water for daily use in our offices, we use water-saving taps and make water-saving signs to remind our employees to save water at all times. Moreover, our primary goal is to reduce water consumption by 5% per person every year.

The increase in water usage in 2022 compared to 2021 is due to an increase in the Company's labor force, which is a relative decrease in terms of average usage per capita.

Year	2021	2022
Annual consumption (million liters/year) ³	2.713	2.822
Average amount of use per capita (1,000 liters/year)	41.11	30.02

Note:

- The statistics and number of employees in this table cover only the headquarters of Shinfox Energy at Dingpu and Shinfox Energy's office in Guiren, Tainan.
- Due to the change in the calculation basis for the 2021 water resource statistics in this table (change of floor area apportionment ratio and addition of data from the office in Guiren, Tainan), the data presented here is different from that of the previous year's report, and therefore the information has been restated.

Waste Management

The Company is not a manufacturing company, and its solid waste is mainly produced by employees' daily services, so there is no toxic waste from the production process. The amount of waste generated per person in 2022 was 7.6% less than that of 2021, which has reached the original target of 3%. Furthermore, to implement the concept of sustainable development for the Earth and reuse of resources, we sort and recycle our recyclable waste. The Company continues to promote environmental protection education and training; teach employees to implement waste sorting, recycling and reusing; and strive toward its goal of 3% reduction in the average amount of waste it produces each year.

Waste	2021	2022
Household waste (tonnes/year) ⁴	4.586	5.979
Household waste generation per capita (tonnes/year)	0.079	0.073

Note:

- The statistics include only Shinfox Energy and are based on the total production of the whole building divided equally by the number of people. 2021 - Annual average number of people at Shinfox Energy was 58, and per capita household waste was about 79 kilograms. 2022 - Annual average number of people at Shinfox Energy was 82, and per capita household waste was about 73 kilograms. Household waste per capita has decreased by about 7.6%.
- This table of waste resources statistics for 2021 has been restated due to a change in the basis of calculation (a new estimation method is used), which is different from the data presented in the previous report.

Related Actions

- We continue to ask employees to sort waste and recycle resources.
- General business waste is incinerated by waste clearance companies, and recyclable waste is processed by cleaning companies.
- Office greening operations help to establish a quality office environment.

3.3 | Pollution Prevention

Greenhouse Gas Emissions

Each site has the potential to cause environmental impacts during the construction period. To ensure that each project complies with the requirements of the competent authorities and regulations, we require contractors to comply with our construction supervision plan. For each type of pollution control, the measures are as follows:



1. Spoil Removal

We use enclosed dump trucks to transport soil banks generated by slurry walls. By doing so, we can effectively prevent soil spillage during the disposal process and avoid polluting roads and the environment.

For sludge removal and filtering facilities, we have specified that our construction sites must be equipped with dedicated washing trucks or with washing facilities of a size equivalent to 6m*3m*0.5m to remove dirt and rocks. For the sludge sedimentation and filtration processing facilities, the capacity must be 2m*1m*1m, and all of them must be used correctly according to the law.



2. Air Pollution Prevention and Control

During construction process, dust and fumes from machines are inevitable, and, therefore, reducing relevant air pollution is an ongoing goal of Shinfox Energy.

Dustfall (such as cement dust, grit, etc.): To reduce the impact of grit, cement dust, etc., which is continuously generated during the construction process, construction scaffolding, and dust nets are required to be installed around the perimeter of construction sites to mitigate the impact of dustfall. In the interior of buildings, as many waste tubes are installed as possible within the permitted area of the project, which can effectively reduce the amount of dustfall. In addition, when workers dump the waste, the internal sprinklers are turned on simultaneously to prevent dust from flying and to avoid poor air quality.

Mechanical fumes (e.g. engine fumes from excavators, cranes, etc.):

It is difficult to avoid exhaust from machinery; nevertheless, the Company requires the construction machinery to be well maintained and use qualified gasoline and diesel, thus mitigating the intensity of exhaust.

No nitrogen oxides, sulphur oxides, suspended particulates and related organic substances were generated during construction and the use of equipment.



3. Noise Control

- (1) **Time period for the use of power machinery:** According to the letter from the competent authorities, except for the operations that cannot be interrupted, such as underground structure construction, structural concrete pouring, etc., construction companies are not allowed to use motorized machinery from 10:00 p.m. to 7:00 a.m. of the next day, or from 12:00 noon to 2:00 p.m. on holidays, to protect the public from noise nuisance.
- (2) **Safety fence height in construction sites:** They are all in compliance with the requirements of the competent authorities and meet the specifications.
- (3) **Noise test:** We conduct regular noise tests around our construction sites. Therefore, we are promptly alerted to any construction work that exceeds the volume standard, thereby ensuring quietness around our sites.



4. Environmental Hygiene

- (1) Construction materials must be stacked neatly, and not be placed carelessly on roadsides.
- (2) We find appropriate locations to place large waste containers, set up waste sorting areas, require personnel to gather and dispose of waste and garbage generated during the construction process, and set up specific rest areas as centralized dining areas.
- (3) We set up sedimentation and filtration system at construction sites to avoid discharging wastewater directly into ditches, thereby eliminating this bad habit of the construction industry. In addition, to ensure environmental hygiene and prevent breeding of mosquitoes and flies, disinfection is arranged for the construction site and their surrounding ditches from time to time should the need arises.



5. Waste Handling

Waste Type	Handling	Upstream and Downstream
Small General Waste	Handled according to the Waste Disposal Act	We ask vendors to waste back to their company for treatment, and never leave it at the construction site to leave nature with a clean environment.
Small Recyclable Waste	Handled according to the Waste Disposal Act	We ask vendors to waste back to their company for treatment, and never leave it at the construction site to leave nature with a clean environment.

In 2022, the Company had not been penalized by the competent authorities for any of the above pollution incidents.

3.4 | Environmental Friendliness

(Methods of surveying the local environment and monitoring the efficacy of these improvement measures)

Affected
environmental
factors

Improvement measures to mitigate the impacts

Contribution to the
conservation of
biodiversity

Biodiversity
indicators



Air

1. Ground surface is compacted and water is sprinkled on it at least twice a day, each time covering exposed areas. Dust nets are laid to minimize dust emissions.
2. Car wash stations are installed at the entrances and exits of the work area to minimize pollution on the surface of roads leading out of sites.
3. Installation of CCTV at the entrances and exits of the construction area and linkage with the Environmental Protection Bureau to jointly implement pollution prevention.
4. Maintenance of construction equipment to reduce emissions and comply with emission standards.

Preventing or minimizing the impact of air pollution and haze on the ecosystem, and reducing emissions and greenhouse gases through maintaining equipment at a good operational efficiency during construction.

Implementation of regular monitoring to effectively learn about changes to the environment before and after construction, and if there are any abnormalities, explore the causes and take appropriate mitigation actions.



Noise

1. Use low-noise construction equipment and lownoise work methods.
2. Reasonable planning of the use of construction sites, time, and allocation of maintenance of equipment to avoid causing a nuisance with noise.
3. Noise inspection:
Implement construction noise monitoring to comply with control standards.

Avoid or reduce noise and vibration to minimize interference with the environment and the impact on the human body at the psychological and physiological levels.

1. Implement regular noise monitoring and establish noise control measures.
2. Conduct briefing sessions to explain the project to the nearby communities.



Waste

1. Requiring contractors to commission local waste removal units or government-approved professional waste treatment vendors to remove or recycle waste generated by the construction.
2. Continuously educate construction workers to implement waste sorting.

1. Preventing the arbitrary dumping of construction waste or household waste that may cause environmental pollution.
2. Recycling and reusing resources to minimize resource wastage.

1. Ask subcontractors to provide certificates of compliance from local waste removal units or government-approved professional waste treatment vendors.
2. Regularly audits and inspections of waste sorting and cleanup operations to verify that they are being handled in accordance with standards.

Affected environmental factors

Improvement measures to mitigate the impacts

Contribution to the conservation of biodiversity

(Methods of surveying the local environment and monitoring the efficacy of these improvement measures)

Biodiversity indicators



Vibration

1. Avoiding overloading large pieces of equipment, and strictly controlling the weight they carry.
2. Choosing low vibration construction methods and tools.
3. Regular monitoring.

Reducing vibration and minimizing disturbance to the local environment.

Implementing regular monitoring to check whether the soil near the construction area is affected by vibration. If there is any abnormality, investigate the cause and take appropriate mitigation actions.



Local flora and fauna

1. Utilizing existing roads for construction to effectively retain existing vegetation.
2. Limiting the speed of vehicles in the construction area to avoid affecting the safety of animals crossing the road.
3. Enhancing ecological education and training for construction personnel.
4. Conducting habitat restoration (planting) after construction.

Reducing disturbance to existing ecosystems (vegetation, habitat) and avoiding killing animals on the road.

1. Planting green belts and plants suitable for local habitats to beautify the environment.
2. Conduct briefing sessions to explain the project to the nearby communities.



Oceans and rivers

1. The runoff wastewater generated by construction is intercepted and sand-settled, and then used to sprinkle the exposed surface of the construction area to reduce dust emissions, so it will not be discharged into the sea.
2. Mobile toilets are installed in the construction area. Household wastewater is collected and a qualified cleaning and treatment contractor is commissioned to remove and treat the wastewater.

Avoiding or minimizing the impact of sewage to avoid disturbing the original ecosystems of the neighboring areas.

Implementation of monitoring to effectively learn about changes to the environment before and after construction, and if there are any abnormalities, explore the causes and take appropriate mitigation actions.

Approaches that take the environment into consideration or create multiple uses of space

1. Shinfox Energy cares about the natural environment and ecological conservation, and is committed to achieving global sustainable development. We insist on not developing prime agricultural and forest land, and we have been paying long-term attention to the environment near project sites, not only to maintain the safety and quality of the construction, minimize pollution and waste, and avoid affecting the neighboring residents and environment, but also to cultivate the natural environment of the nearby eco-ponds, so that the site can still be used as a place for the public to enjoy the environment after construction is completed. After the completion of the photovoltaics project, the area around the solar farm can still allow fish to swim and live, birds to sing and dwell, and trees to prosper and grow.

2. Shinfox Energy has developed a diversified one-stop strategy for renewable energy by integrating and planning the best-case studies for different land types. For example, the Chishang photovoltaics project in addition to utilizing the characteristics of the site to build a 4-hectare photovoltaics project, the project also utilized the existing forest land to create a forest trail for the Company's subsidiary, Yuanshan Forest Resource Company, that is full of phytoncides and as well as a carbon sink ecological area for diversified renewable energy development and utilization.



Tainan's Qigu photovoltaics project has considered the conservation of the eco-pond, where fish swim and birds sing.



Shinfox Energy has developed a diversified one-stop strategy for renewable energy, and has integrated case studies and made the best possible designs for facilities for different geographical locations. The image is a simulation of the Chishang photovoltaics project.

Yuanshan Forest

Origin of Yuanshan Forest

Yuanshan Forest Natural Resources Co., Ltd. is an investee of Shinfox Energy. Faced with the impact of climate change and the international carbon border tax, Yuanshan Forest's mission is to help with our **"afforestation and carbon reduction efforts"**, reducing the concentration of carbon dioxide in the atmosphere through the carbon sequestration mechanism of plants, enhancing our sustainable competitiveness and helping to mitigate the threat of global climate change. We use **"sustainability"**, **"multi-benefit"**, and **"ecological conservation"** as the core values of our intensive management model to enhance the ecological, economic, and cultural values of manmade forests.

Business Development



Afforestation

We created a forward-looking demonstration forest area to understand and establish a set of procedures for forest carbon sink certification, which will serve as reference for the government and the industry in the future.



Natural Carbon Sink

Natural carbon sinks are one of the key strategies of "Taiwan's Pathway to Net-Zero Emissions", and the amount of carbon pinks is expected to reach 22.5 million metric tons by 2050.



Industry-academia Collaborations

We work with National Taiwan University and National Chung Hsing University to establish a forest carbon sink certification mechanism.



Forest Resources

We simultaneously conduct research on the diverse uses of forests, including forest healing, promotion of knowledge on ecological conservation, and under-forest economy.

Natural Carbon Sink

The electrical and electronic industry is the largest and most important industry in Taiwan, accounting for 61.76% of Taiwan's total export value in 2020. Considering that international carbon border tax mechanisms and the trend of the green supply chain will have a great impact on Taiwan's export competitiveness in the future, carbon reduction is a must to maintain competitive in exports, so **"natural carbon sinks" are the natural or man-made "warehouses" that store carbon dioxide.**

Forest Resource Economy

Sustainable forest management is an issue of international concern and the foundation of Taiwan's forestry policy. With an increasing demand for timber and environmental protection becoming the trend worldwide, management of man-made forests will become key to forest conservation.

Creating Forward-looking Demonstration Forest Areas Execution of the "Afforestation and Forestation" Carbon Sink Certification Project

"The first phase of the Yuanshan Forest Afforestation and Forestation Project" came about from the fact that there were no applications for "afforestation and forestation" carbon sink projects in Taiwan. Therefore, it is the hope of Yuanshan Forest Company to collaborate with the National Development Council's Carbon Sink Program¹, leverage its parent company Shinfox Energy's profound experience in the renewable energy sector, and combine the strengths of forestry and carbon sink experts and scholars in the industry and the academia to create a forward-looking demonstration forest, and establish a forest carbon sink certification process, which can be used as a reference for the government and the industry and assist other companies involved with forestry to implement the "Afforestation and Forestation" Carbon Sink Project.

Note 1: The "Natural Carbon Sink", which is the 9th item of the 12 key strategies for Taiwan's 2050 Net-Zero Transformation, means that the 22.5 million tons of carbon dioxide emissions from industrial and commercial activities, transportation, and non-fuel combustion that are difficult to reduce must be offset by forest carbon sinks to achieve net-zero emissions.

Commitment to Global Sustainability

Resisting the Development of Prime Agricultural and Forest Land

| Project Effectiveness |

21,687 trees planted over 22.78 hectare in
Sanshing, Yilan

Carbon reduction of 313.2 ton CO₂e/year

52,360 trees planted over 55 hectare in
Chishang, Taitung

Carbon reduction of 759.2 ton CO₂e/year

04

Happy Workplace

- 4.1 Friendly Workplace
- 4.2 Talent Development
- 4.3 Labor Relations
- 4.4 Workplace Safety

4.1 | Friendly Workplace

Excellent professional employees are the most important assets of the Company, and a harmonious labor relationship is the cornerstone of corporate development. The Company and its subsidiaries have harmonious and stable labor relations. In addition to improving employee welfare, remuneration and the working environment, the Company also maintains a smooth communication channel between employers and employees. Through the joint efforts of all our employees, we will bring our own expertise into play so that our employees and the Company can grow as one and create a bright future together.

4.1.1 Employee Structure

According to the internal statistics of Shinfox Energy at the end of 2022, the total number of employees of Shinfox Energy was 119 (all full-time employees; no temporary employees, employees without guaranteed hours, part-time employees, or non-employee workers); 76 (63.87%) of them are male employees. 43 (36.13%) of them are female employees, 45 people are in managerial positions, and 74 people are in non-managerial positions. Most of the employees are 31-50 years old, accounting for 50% of the total number of employees in the Company. The Company is committed to cultivating young professionals. As a result, there is a high percentage of young adults and no age gap among employees. The Company brings in a lot of energetic new talents, and encourages and provides room for the development of young adults. Out of respect for people with physical and mental disabilities, the Company also employs them to help them realize their right to work. There are no such non-employee workers in 2022 at Shinfox Energy.

● Presentation of employee information by gender and region

| 2022 |

Category	Male	Female	Total
Number of employees	76	43	0
Permanent employees	0	0	0
Temporary employees	0	0	0
Employees without guaranteed hours	0	0	0
Full-time employees	76	43	110
Part-time employees	0	0	0

● Gender, Position, Number of Persons, and Proportion



| 2022 |

Up to December 31, 2022	Age	Gender	Number of persons	Proportion
Management level employees	Under 30 years old	Male	2	1.68%
		Female	0	0.00%
		Subtotal	2	1.68%
	30-50 years old	Male	13	10.92%
		Female	7	5.88%
		Subtotal	20	16.81%
	Over 50 years old	Male	17	14.29%
		Female	6	5.04%
		Subtotal	23	19.33%
General employees	Under 30 years old	Male	14	11.76%
		Female	12	10.08%
		Subtotal	26	21.85%
	30-50 years old	Male	23	15.13%
		Female	18	19.33%
		Subtotal	41	34.45%
	Over 50 years old	Male	7	5.88%
		Female	0	0.00%
		Subtotal	7	5.88%

● Employment of people with physical or mental disabilities in 2022

Position	Male	Female	Subtotal
General Employees(Number of People)	44	30	74
General Employees (Proportion of Genders)	59.46%	40.54%	100%
Managers(Number of People)	32	13	45
Employees in Management Positions(Proportion of Genders)	71.11%	28.89%	100%
Subtotal	76	43	119

● Employment of people with physical or mental disabilities in 2022

Employment of people with physical or mental disabilities	Male	Female	Total
	1	1	2
Employment of Expatriates	0	0	0
	0	0	0
	0	0	0

● Number and proportion of new and departed employees in 2022

Up to December 31, 2022	Age	Gender	Number of persons	Proportion
New Employees	Under 30 years old	Male	7	12.28%
		Female	7	12.28%
		Subtotal	14	24.56%
	30-50 years old	Male	19	33.33%
		Female	13	22.81%
		Subtotal	32	56.14%
	Over 50 years old	Male	10	17.54%
		Female	1	1.75%
		Subtotal	11	19.30%
Departed employees	Under 30 years old	Male	2	8.00%
		Female	5	20.00%
		Subtotal	7	28.00%
	30-50 years old	Male	5	20.00%
		Female	9	36.00%
		Subtotal	14	56.00%
	Over 50 years old	Male	4	16.00%
		Female	0	0.00%
		Subtotal	4	16.00%

● New Employees and Departed Employees

In Shinfox Energy, there are two ways to recruit talents. On the one hand, we cultivate talents through internal promotion and rotation, and on the other hand, we recruit talents through external resources, including employee recommendation and advertisement for personnel demand. Recruitment is undertaken in accordance with the personnel needs of each department. Besides, salary is approved according to the indicators of academic background, years of experience, professional knowledge, and skills; other factors not related to job skills will not affect the qualifications for employment. For employee turnover, we analyze the factors that may cause turnover and develop improvement plans, so that we can use them as references when revising the management charter and benefits system in the future. In 2022, there were 57 new employees (employment rate 48%) and 19 departing employees (including retirements) (turnover rate 21%). New employees are provided with complete education and training, as well as retention benefits. In addition, the Company conducts interviews with departing employees to show care and find out about the reasons for their departure.

● Percentage of Local Residents Hired as Senior Executives

	2022
Percentage of Local Residents Hired as Senior Executives	5

1. Geographic definition of "local": Definition of local is based on nationality.
2. Definition of "senior executives": Managers.
3. In 2022, 5 local residents were employed as senior executives, accounting for 100% of the total.

4.1.2 Remuneration Package

To attract outstanding talents to join the Company, a comprehensive remuneration package is an important factor. Whether it's "salary" or "benefits", the Company's pay is better than the legal requirements. We also uphold the spirit of equal pay for equal work and gender equality, and do not treat people differently based on their gender, race, religion, political orientation, marital status, etc.

The salary standards for new employees are determined according to four major factors, including "academic background", "professional knowledge and skills", "professional qualifications" and "personal performance". After hiring, the Company also reviews the salary rates of employees at all levels regularly and will adjust and promote them year by year according to their work performance, thus rewarding our employees for their efforts in their duties and giving them a salary that is commensurate with their work performance. This variable remuneration system is based on individual and organizational performance and provides pay adjustments that are commensurate with performance; hence it is an incentive-based variable remuneration system.

The Company offers equal pay for equal work and equal promotion opportunities for both men and women. The percentage of female employees was 40.54% and the percentage of female supervisors was 28.89% in 2022. Due to the special nature of our industry and the fact that most of the experienced employees are men, the percentage of female supervisors is not high; nevertheless, in the future, gender equality will be taken into account for the promotion of supervisors.

● Female to male remuneration rate

Position	2022	
	Male	Female
General employees	1	0.85
Management	1	0.86

● Average and median annual salaries of employees in non-managerial positions

Subject	2022
Total remuneration of full-time employees in non-managerial positions	82,500,481
Number of full-time employees in non-managerial positions	95
"Average salary" of full-time employees in non-managerial positions	873,021
"Median salary" of full-time employees in non-managerial positions	717,376

The number of non-managerial employees is the number of employees employed in Taiwan (including domestic and foreign employees) after deducting the number of managers, part-time workers, and those who have been employed for less than 6 months. The calculation is based on the average number of employees.

Note: Total remuneration is calculated on an accrual basis and includes salaries, overtime, allowances, bonuses, and employee compensation; however, it does not include the estimated expense of share-based payments.

Gender to local minimum wage rate	2022	
	Male	Female
Base pay of entry-level employees	59,349	43,483
(Legal) minimum wage of entry-level employees	25,250	25,250
Times over the legal minimum wage	2.350	1.722

1. Year-end bonuses and employee bonuses.
2. In 2021, new female employees earned an average monthly salary of TWD 39,692, while new male employees earned TWD 41,100, which is better than what is stipulated by law. The
3. Company hires employees on the basis of merit, and endeavors to eliminate discrimination and different pay for the same work. The ratio of men's salaries to women's salaries is 1:1. In 2022, new female employees earned an average monthly salary of TWD 43,483, while new male employees earned TWD 59,349, which is better than what is stipulated by law. To expand our renewable energy business in 2022, the Company merged with wind power companies and acquired experienced energy professionals, most of which were men. Thus, the salaries of new male employees in 2022 were slightly higher than those of female employees.

● Total remuneration for the year

The ratio of the annual total remuneration of the highest-paid individual in the organization to the median of the annual total remuneration of the rest of the organization's employees (excluding the highest-paid individual):

The ratio of the annual earnings of the highest-paid individual to the median annual earnings of all employees of the Company is 3.22 times.

The ratio of the increase in percentage of the annual total remuneration of the highest-paid individual in the organization to the median of the increase in percentage of the average annual total remuneration of the other employees of the organization (excluding the highest-paid individual):

The annual remuneration of all employees (excluding the annual earnings of the highest-paid individual) is reduced by 6%, so the ratio of the annual earnings of the highest-paid individual to the median annual earnings of all employees (excluding the annual earnings of the highest-paid individual) is negative 10.14 times.

4.1.3 Employee Benefits

With the philosophy of being a happy company where employees are partners rather than workers, Shinfox Energy has created a friendly workplace. We provide employee benefits that are better than the legal requirements, value employee care and health, strive to retain good employees, improve the welfare system, and regularly review the standards between ourselves and the rest of the industry to keep the welfare system up to date. The following is a report on the Company's current benefits system for full-time employees:

I. Statutory Benefits

All are handled in accordance with the Labor Standards Act and its related enforcement rules, which include:

- 1 Labor insurance, health insurance, and labor pension
- 2 Annual leave
- 3 Overtime and compensatory time off
- 4 Menstrual leave
- 5 Paternity checkups and paternity leave, tocolysis leave, pregnancy leave, maternity leave
- 6 Childcare leave/childcare leave without pay
- 7 Family care leave
- 8 Vaccination leave, unpaid family care leave, quarantine leave
- 9 Retirement system

II. Company Benefits

All are handled in accordance with the Labor Standards Act and its related enforcement rules, which include:

- 1 **Group insurance:** Employees who are injured in accidents can claim compensation.
- 2 **Project bonus/performance bonus:** Bonus are paid according to the project and the performance bonus amount determined by each department.
- 3 **Dragon Boat Festival/Mid-Autumn Festival/Year-end bonus:** x 0.5 monthly salary is paid at Dragon Boat Festival and Mid-Autumn Festival. The year-end bonus is fixed at x1 monthly salary.
- 4 **Employee subscription.**
- 5 **Travel subsidy:** Organize domestic or overseas employee trips or provide travel subsidies.
- 6 **Birthday party/birthday bonus:** A TWD 20,000 monthly subsidy is provided for birthday parties; the TWD 2,000 birthday bonus is provided for each full-time employee.
- 7 **Free unlimited drinks/snacks.**
- 8 **Fitness equipment:** Exercise bikes.
- 9 **Employee cafeteria/meal allowance:** We provide a hygienic and clean dining environment, which offers lunch and dinner. The allowance per meal is TWD 45.
- 10 **Employee health checkup:** The biennial employee health checkup was last conducted in 2021.
- 11 **Club activities:** Badminton, basketball, yoga, and board game club.
- 12 **Departmental dinners:** Each person is subsidized with TWD 500 semi-annually.
- 13 **Holiday event:** We organize events for holidays such as Father's Day, Mother's Day, Christmas, etc.
- 14 **Designated stores/online shopping website discounts:** There are 6 designated stores, and Cocoro Life gives discount for our employees.
- 15 **Marriage/Birth/Funeral Subsidies:** Marriage subsidy TWD 6,600; childbirth subsidy TWD 3,600; funeral subsidy TWD 5,100.
- 16 **Employees' children's education subsidy:** The Company's employees' children receive education subsidies; for children in kindergarten, the subsidy is TWD 2,000; elementary schoolchildren get TWD 500; and junior high school students get TWD 1,000.



Employee Event and Club

Event Name | Birthday Party

How the Event is Carried Out At the monthly meeting, we call out the names of employees for their birthdays. In addition to believing that everyone is unique, we also sing the Happy Birthday song together. We make wishes and cut cakes, because if we dare to make wishes, we will have a chance to fulfill them! At the same time, various kinds of afternoon refreshments are prepared, both sweet and savory, to celebrate good times together!

Event Photos

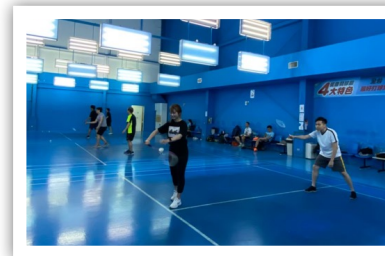


Event Name | Diverse Clubs

How the Event is Carried Out To provide our employees with diversified recreational opportunities, three clubs have been established, namely, Yoga Club, Badminton Club and Board Game Club, so that our employees can unwind physically and mentally after work and revitalize the relationship of employees in various departments. In addition, the company also provides subsidies for clubs, so that employees can properly utilize resources to enhance the quality of club activities

1. Yoga Club: 15 people/once per week/60-90 minutes/employees participating in the club.
2. Badminton Club: 12 people/once per week/2 hours/employees participating in the club.
3. Board Game Club: 16 people/once per week/2 hours/employees participating in the club.

Event Photos



Event Name| **Kick-off Red Envelope and Blessings Ceremony**

How the Event is Carried Out| Unlike other companies, we are committed to providing our employees with a home-like environment—a place of love and warmth! Not only do we offer bonus for Chinese New Year, but we also give red envelopes on the first working day after the new year holidays. Through the General Manager's motivational speech and annual outlook, all blessings and expectations are injected into our red envelopes, so that our employees can continue to shine for the Company and celebrate themselves in the new year!

Event Photos



Event Name| **Beach Cleanup and Dinner**

How the Event is Carried Out| To fulfill our commitment to the Earth, society, and the environment, the Company organizes beach cleanups twice a year. After the beach cleanups, meals are provided to show gratitude to the employees who worked hard under the scorching sun to do their part for sustainability. We also organize a Q&A contest with prizes available for those with the right answers to encourage all the participants and their families to be knowledgeable about environmental protection of the seas, and to educate through a fun activity.

Event Photos



Employee Event and Club

Event Name| Employee Health Check-up

Event Description| The employees are the most important assets of the Company, and we value the health of each employee. Every two years, we have free health checkups and invite our professional medical team from Far Eastern Memorial Hospital to visit the Company and provide the most comprehensive services for the employees. This way, we can not only keep an eye on the health of our employees, but also remind them to pay attention to their condition.

Event Photos



Event Name| PowerPoint Contest

Event Description| Any employee is free to participate in the Presentation Contest, which aims to achieve two objectives: Firstly, to enable the audience to learn about the Group's diversified businesses and operations, and secondly, this kind of large-scale event is also an opportunity for employees to practice their presentation skills since experienced executives in the field can impart their presentation skills and experience at the contest, which is conducive to the promotion of the Group's business.

Event Photos



●Fertility Care

To assist our employees to balance career and family, we have established a sound parental leave system so that our employees do not have to worry about losing their jobs due to family care. Employees who have been employed at Shinfox Energy for one year can apply for unpaid parental leave before their children reach the age of three in accordance with the "Act of Gender Equality in Employment" and the "Regulations for Implementing Unpaid Parental Leave for Raising Children". After the expiration of the unpaid leave, the Company will assist employees to return to their department and position. Moreover, the Company will provide relevant training courses so that employees who have applied for parental leave do not have to worry about the job handover after resuming their duties. Furthermore, in addition to the parental leave stipulated by law, the Company also provides TWD 2,000 in childbirth bonus.



Subject	Gender	2021	2022
Number of employees qualified for parental leave	Male	7	7
	Female	7	7
	Total	14	14
Actual number of applicants Number of qualified applicants	Male	19	19
	Female	13	13
	Total	32	32
Number of employees who should resume their positions	Male	10	10
	Female	1	1
	Total	11	11
Number of employees who actually resumed their positions	Male	2	2
	Female	5	5
	Total	7	7
Reinstatement rate	Male	5	5
	Female	9	9
	Total	14	14
Number of employees reinstated for one year in the same year	Male	4	4
	Female	0	0
	Total	4	4
Retention rate	Male	4	4
	Female	0	0
	Total	4	4

1. Reinstatement rate = Number of employees who resumed their position ÷ number of employees who shall resume their positions × 100%
2. Retention rate = Number of employees who have resumed their positions for one year in the current year ÷ number of employees who resumed their positions in the previous year × 100%

At the end of 2022, there were 119 employees at Shinfox Energy, 76 (63.87%) of which were male and 43 (36.13%) of which were female. There is a smaller percentage of women. The Company continues to work at creating a friendly workplace environment.

2022 Statistics on Employee Family Care-Related Leave

1. **Family care leave:** 10 applicants. Male applicants: 5; female applicants: 5, with 153 hours requested.
2. **Maternity (paternity) leave:** 5 applicants. Male applicants: 2; female applicants: 3, with 1,384 hours requested.
3. **Menstrual leave:** Total number of female applicants: 18, with 375 hours requested.

●Retirement Plan



To ensure long-term careers for our employees, Shinfox Energy has developed pension plans for our employees, including a benefit plan under the "Labor Standards Act" and a contribution plan under the "Labor Pension Act". Under the new labor retirement system in Taiwan, pension funds are appropriated at 6% of employees' monthly salaries. The amount of pension appropriated was TWD 3,106,757 in 2022, and was listed as an expense. Overseas subsidiaries are required to appropriate monthly retirement payments for various types of social security benefits, such as pension and medical care in accordance with their local competent authorities.

Retirement Plan	Plan description (regulations, systems, management guidelines)	Participation rate of employees
New System	Labor Pension Act	100%
Old System	Labor Standards Act	0%

4.2 | Talent Development

4.2.1 Training & Heritage

Shinfox Energy values in-service training and supports employees to improve their expertise. We firmly believe that education and training are the driving force for companies to enhance themselves, and for the sustainable development and growth of employees and companies.

To enhance the professional and technical skills of our employees, and to strengthen the work efficiency and the product quality, we conduct education and training sessions according to the annual training program; in-house training and external training are conducted in parallel to strengthen the employees' expertise in each function. The Company's training courses are listed below:

- On-the-job training:** The company conducts job-specific education and training for new employees or people who have changed jobs within the Company.
- Internal functional education and training:** The Company provides a wide range of general education courses for its employees.
- External education and training:** Focusing on the needs of the employees, we encourage them to take professional courses and subsidize the course fees so that they can enhance their professional abilities, which in turn increases the competitiveness of the Company within the industry.



Satisfaction Survey:

The Company conducts satisfaction surveys after the completion of internal education and training sessions to consolidate the opinions of the students and provide the contractors with suggestions to improve services and meet the needs of the students. Answers on the satisfaction survey are currently divided into five categories: "very satisfied, satisfied, average, dissatisfied, and very dissatisfied". In the 2022 internal education and training satisfaction survey, 61.17% were very satisfied, and 28.49% were satisfied, thus 89.66% of participants were satisfied or more.

● Average number of hours of employee training in 2022 (including external training)

Position	Male	Female	Total Hours	Average Hours
Managerial Position	32	13	533	11.84
General employees	44	30	1,077	14.55
Total Hours	1,080	529	1,610	--
Average Hours	14.22	12.30	--	--

● Training Hours and Attendance of Each Type of Training (Includes External Training)

Category	2022	
Induction training	Total Number of Persons	57
	Total hours	114
Specialized training (External education and training)	Total Number of Persons	21
	Total hours	533
General Employees-Functional Training	Total Number of Persons	75
	Total hours	630
Job training for employees promoted to managerial positions (managerial position-functional training)	Total Number of Persons	48
	Total hours	630

● Employee training expenditure and hours (Internal and external training hours)

Training Indicators	2022
Total cost of employee training (TWD)	189,854
Total hours of employee training (hour)	1,610
Employee training cost/total number of employees (TWD/person)	1,595.41



● Number of hours of training on human rights issues in 2022

Subject:
A Brief Discussion on Workplace Misconduct and the Construction of a Happy Workplace Environment

Number of trainees
65

Number of course hours
2

Total number of training hours
130

Starting from June 2022, Shinfox Energy has incorporated anti-sexual harassment in the workplace into the training program for new recruits.

4.2.2 Performance Evaluation

Shinfox Energy provides a stage for employees to realize their talents. We expect our team to fulfill their professional functions, implement the Company's strategic goals and influence other people, thus promoting social development for the common good. For this reason, Shinfox Energy adopted an "Employee Performance Evaluation Procedure". To regularly track employees' competence and performance, a performance evaluation is held twice a year. The evaluation process can be divided into two parts. The performance part is where employees objectively describe their performance results for the past six months, and supervisors evaluate their performance results. The other part is competence: Employees' competence is evaluated by themselves and reviewed by their supervisors, thus their performance is assessed from various perspectives. The 2022 Employee Performance Evaluation completion rate was 84.87%.

Subject	Total number of employees	Number of persons evaluated	Proportion
Male			
Managerial Position	76	27	22.69%
Non-managerial position		34	28.57%
Subtotal		61	51.26%
Female			
Managerial Position	43	12	10.08%
Non-managerial Position		28	23.53%
Subtotal		40	33.61%
Subtotal			
Managerial Position	119	39	32.77%
Non-managerial Position		62	52.10%
Subtotal		101	84.87%

1. The number of persons is calculated based on the number of employees in service as of December 31, 2022.
2. Employees who have worked for less than 3 months are not included in the evaluation.

4.3 | Labor Relations

To have a harmonious labor-management interaction, Shinfox Energy has set up a variety of accessible channels to ensure effective communication and coordination between the employers and the employees. The Company values the opinions and feedback of our employees; through quarterly labor meetings, welfare committees, various management meetings, suggestion boxes, etc., we collect the voices and suggestions from our employees. Any suggestion and discussion made by them are thoroughly discussed and communicated with management of the Company to reach a consensus. The Company also ensures that any employee's complaints and opinions are handled fairly and confidentially. Furthermore, employees will not be treated unfairly or retaliated against for their opinions, and the Company strives to make employees and employers communicate and interact on an equal footing. During the year 2022, there were no employee grievances and disputes. There is a deep trust, a tacit understanding and a smooth communication channel between the Company and our employees.

To promote positive interactions between the management and the employees, the Company has made the following efforts:

- The Company and all its employees sign a written labor contract to protect the rights of all employees. In accordance with the law, we hold regular labor-management meetings, provide communication and complaint channels, value the opinions of entry-level employees, and listen to suggestions from all parties. In 2022, 4 labor-management meetings were held every quarter.
- If any major change is expected to occur, we will communicate and consult with employees at least two weeks in advance.

- ▲ In accordance with the Labor Standards Act, the Company has specified the minimum notice period for labor changes in the work rules:
- (1) For those who have served for 3 months or more but less than 1 year, 10 days' notice will be given in advance.
 - (2) For those who have served for a full year but less than 3 years, 20 days' notice will be given in advance.
 - (3) For those who have served for 3 years or more, 30 days' notice will be given in advance.

On this basis, if we plan to make any major adjustments to the Company's structure or employees' duties, we will make an announcement at least two weeks in advance and communicate properly with employees to rigorously prevent any incident of forced labor, discrimination, or abuse.

Shinfox Energy respects multiculturalism and protects employee rights and privacy according to laws and regulations. Regarding the recruitment, appointment, training, remuneration and performance evaluation of employees, we never discriminate or treat employees differently due to race, class, language, ideology, religion, political affiliation, native place, place of birth, gender, sexual orientation, age, marriage status, appearance, facial features, physical and mental disabilities, or union membership. We uphold the principles of fairness, impartiality, and integrity.

Shinfox Energy respects all genders and cultures, and treats everyone equally. To provide our employees with a secure workplace and protect them from sexual harassment, we have established the "Sexual Harassment Prevention Regulations" to handle, prevent, correct, and punish sexual harassment. In addition, we have established comprehensive and private complaint channels (such as a sexual harassment reporting mailbox and a complaint hotline) to handle sexual harassment issues; once an incident of sexual harassment is found, it will be handled in accordance with the applicable regulations without any leniency.

● Human Rights Performance

In 2022, there were no incidents of discrimination, forced labor, obstruction of freedom of association and collective bargaining, employment of child labor, violation of minority rights, restriction of association activities, or violation of privacy. Valuing human rights and equality, the Company does not employ child labor and has measures to protect children. Moreover, we also respect employees' freedom to choose their occupation, promote the development of ethnic diversity, as well as encourage and protect the privacy of stakeholders. New employees are required to agree to abide by the "Ethical Corporate Management Best Practice Principles" upon arrival, and all of the employees have signed. The Company is politically neutral, and no political donations were made during the reporting period.

4.4 | Workplace Safety

Shinfox Energy did not have any occupational accident in 2022.

In compliance with the Ministry of Labor's occupational health and safety regulations, Shinfox Energy's employees have implemented safety inspections at their workplaces. In 2021, no workplace accidents occurred to our employees and subcontractors.

Before starting projects, we arrange for safety and health personnel, quality control personnel and engineering personnel with applicable licenses, and establish a health and safety management system (including hazard identification and risk assessment), which will be activated and implemented by occupational health and safety personnel once a project formally begins. Regarding the improvement measures developed by the system, the department heads should follow up on their implementation, and prepare supporting evidence to prove the improvements were completed on schedule. If implementation of the measures falls behind on progress or was not made, the reasons should be identified and reported to supervisors, and the progress should be revised. After completion of the control measures, the remaining risks should be reviewed to determine if they are acceptable, and if those risks are found to be unacceptable, a new plan should be developed to bring the remaining risks down to an acceptable level. We hold daily meetings before commencing construction and monthly consultative organization meetings for all contractors. Then, when conducting an overall site review, workers can describe the occupational hazards and risk conditions to protect their rights and interests.

The Company's work nature is mainly construction contracting and maintenance services, which only requires on-site supervision or maintenance operations; therefore, the level of risk is low to medium. In accordance with the Occupational Safety and Health Act and relevant regulations, the Company has established and implemented health and safety policies to build a healthy and happy workplace. With the core philosophy of legal compliance, safety awareness, injury and illness prevention and continuous performance improvement, we aim to create a workplace with zero workplace accidents.

● Physical and Mental Health Promotion Activities

We are committed to building a happy company. Therefore, we hold employee health checkups once every two years—above and beyond government regulations. In addition, we regularly organize 15-minute hand-waving exercises and stretching exercises for all employees after lunch break every day. Moreover, exercise equipment and club activities are available for employees, thereby improving their physical and mental health as well as reducing the possibility of occupational injuries.

● Occupational Health and Safety Organization

Shinfox Energy has set up an Occupational Health and Safety Office, and established a "Safety and Health Work Rules" so that employees have a set of guidelines to follow when working. Furthermore, occupational health and safety training is also arranged for employees upon arrival to enhance their knowledge and increase job safety. In compliance with the Ministry of Labor's occupational health and safety regulations, the Company's employees have implemented safety inspections at their workplaces. In 2022, no workplace accidents occurred to our employees or contractors.

● Hazard Identification and Risk Assessment

The most important reason for not having any workplace disasters in 2022 is that we have done a proper inventory of the workplace and operational hazards before we start work. Heat cramps, heat syncope, heat exhaustion and heat stroke are the most common injuries found in our workplace. Therefore, before the daily toolbox talks, we check the weather forecast and tell our employees and subcontractors to drink water and take proper rest when the weather is hot. When there are strong winds, personnel are forbidden from ascending to the top of turbines to avoid physical discomfort and hazards. Global Wind Organization's (GWO) Basic Safety Training (BST) courses are arranged for the maintenance personnel so that they can better understand the possible hazards of the construction and maintenance of wind power facilities, how to deal with them, and how to protect themselves when the hazards occur.



● Statistics on the Number of Hours of Safety Education Training by Category

Occupational health and safety training is included in the education and training for new employees, and the Company provides employee training funds to encourage employees to attend health and safety courses and obtain certificates. 24 training sessions were scheduled for 2022, with 57 participants and 228 hours of training.

● Health and Safety Education and Training

Training Category	Health and Safety Education and Training
Classes	24
Number of Trainees	57
Training Hours	4
Total Training Hours	228

● Safety Measures

In terms of safety equipment, safety tools such as helmets, reflective vests, and safety harnesses for work-at-height arrangements are provided. In addition, those who need to work at heights are required to take the Global Wind Organization's Basic Safety Training course to ensure their safety when working at heights. The content of the course includes:

- 1 First Aid
- 2 Manual Operations
- 3 High-altitude Operations
- 4 Fire Safety Awareness
- 5 Survival at Sea

● Hazard Identification

The following table shows the hazard identification items for solar module installation and the response measures:

Construction Project	Hazard Project	Response
<p>1 Installation of solar modules, and metal frames used during the installation process for safety.</p>	<p>1. Fall or injury caused by the failure to use a safety harness or the disconnection of safety harness hooks. 2. Fall or injury caused by absence of safety harnesses to keep personnel in place. 3. No facilities (equipment) that allow personnel to move up and down the plant. 4. Personnel who are not mentally focused. 5. Slipping or falling caused by the lack of a wooden pallet walkway on the corrugated sheets of rooftops for personnel to walk on.</p>	<p>1. Fall arrest device and safety belt should be used throughout the whole process. 2. Operators must employ safety cables. 3. Facility (equipment) used for moving up and down must be equipped. 4. Construction workers are not allowed to work when they are physically or mentally unwell. 5. No one shall stand and walk on the corrugated sheets of rooftops until a qualified wooden pallet walkway has been laid. 6. Take alcohol test, blood pressure and temperature before construction.</p>

Construction Project

Hazard Project

Response

2

Lifting and installation of solar modules, metal frames, materials (tubes) and machinery.

1. Insufficient lifting capacity may cause injury to personnel or damage to equipment.
2. Broken ropes and falling objects may cause crushing injuries or equipment damage.
3. Poor crane directing and shaking objects may cause injuries or equipment damage.
4. Drivers are not focused or do not have a qualified license.
5. Equipment has not passed inspection or their certification period has expired.
6. If the lifting operation area is not enclosed with warning, and people and vehicles nearby are not controlled, it may lead to crushing of personnel or damage of equipment if lifted objects fall.
7. Personnel may fall or be injured.
8. Personnel may be exposed to collision and pinching during manual operations.
9. If cutting is not done in accordance with standard operating procedures, personnel may get cut.
10. Personnel not using a safety harness or safety hooks falling off, causing personnel to fall or be injured.
11. Fall or injury caused by absence of safety harnesses to keep personnel in place.
12. Personnel's lack of concentration may cause accidents.
13. Branch circuits of distribution panels are not equipped with residual-current devices or voltage reducing devices, and they may not have earthing.
14. Leakage and electric shock hazards caused by not checking the construction equipment before operation.

1. Capacity of machines must be confirmed before working.
2. Operators shall check whether ropes are broken or deformed before working.
3. The directing personnel shall direct uniformly and be qualified.
4. Licenses and mental status must be checked before working.
5. Licenses and operational status must be checked before working.
6. Restricted areas for lifting operations must be enclosed to control the passage of people and vehicles.
7. Personnel must be fully equipped with safety gear; qualified safety nets and safety harness must be installed and hooked properly.
8. Safety shoes and non-slip gloves must be worn properly.
9. Equipment must be inspected before use, and operations must be carried out in accordance with standard operating procedures.
10. Fall arrest device and safety belt should be used throughout the whole process.
11. Operators must employ safety cables.
12. Construction workers are not allowed to work when they are physically or mentally unwell.
13. Automatic shock prevention devices and correct grounding must be verified and tested thoroughly.
14. Construction machinery must be inspected before use and records must be kept.
15. Requirements must be confirmed and documents required for cranes must be checked (one machine, three certificates).

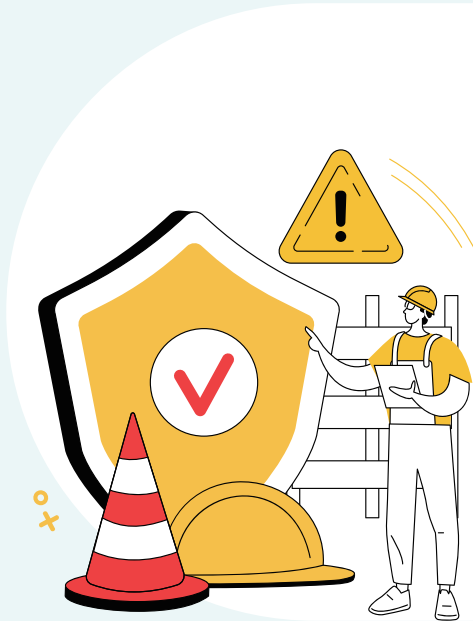
3

Solar module tests and inspections (cable/pull wire, sun photometer, inverter, solar module insulation resistance measurement, DC disconnect switch, DC and AC panels, DC voltage/short circuit current measurement, PV/RA value measurement)

1. Incorrectly installed meters/devices wiring may cause short circuits.
2. Installation/inspection are not carried out according to the installation standard, or instrument equipment is dropped and damaged when personnel touch it during testing.
3. Testers may inadvertently touch meters/devices directly.

1. Before testing, operators shall check wiring joints of each instrument/equipment according to the design drawings and keep records for future reference.
2. Instrumentation/equipment must be installed in accordance with the design drawings and records must be kept for reference.
3. Testers shall pay attention to the surrounding environment to avoid touching wiring joints and causing electrical induction. Testers shall work in groups of two for self-protection, mutual protection, and monitoring.
4. The tester should wear insulated gloves and use an instrument to detect whether there is any power leakage on the surface of each metal box and equipment before the test is conducted.

Construction Project	Hazard Project	Response
<p>4 Dismantlement of solar modules and metal frames used during the installation process for safety</p>	<p>1. Fall or injury caused by the failure to use a safety harness or the disconnection of safety harness hooks. 2. Fall or injury caused by absence of safety harnesses to keep personnel in place. 3. No facilities (equipment) that allow personnel to move up and down the plant. 4. Personnel who are not mentally focused.</p>	<p>1. Fall arrest device and safety belt should be used throughout the whole process. 2. Operators must employ safety cables. 3. Facility (equipment) used for moving up and down must be equipped. 4. Construction workers are not allowed to work when they are physically or mentally unwell. 5. Take alcohol test, blood pressure and temperature before construction.</p>
<p>5 Construction site clean-up and debris removal</p>	<p>1. When removing debris and garbage by manpower and vehicles, the body is prone to encountering collision and getting stuck. 2. If gloves are not worn, the sharp edges of waste and garbage can cause cuts and scrapes.</p>	<p>1. Pay attention to the surrounding environment when removal operation is in progress, and assign dedicated surveillance personnel for monitoring. 2. Non-slip work gloves must be worn when clearing and removing objects.</p>



● Number of injuries in past years

Subject	2021	2022
Working Hours	143,984	212,424
Number of Deaths Caused by Occupational Injuries	0	0
Death Rate from Occupational Injuries	--	--
Number of Serious Occupational Injuries	0	0
Rate of Serious Occupational Injuries	--	--
Number of Recordable Occupational Injuries	0	0
Rate of Recordable Occupational Injuries	--	--

Note: The number of deaths is excluded when calculating the number and rate of serious occupational injuries.

Note: When calculating the number and rate of recordable occupational injuries, the number of deaths caused by occupational injuries is included.

Note: An injury is considered a serious occupational injury if the patient cannot recover to their pre-injury health status within six months.

Note: Only injuries resulting from commuting accidents caused by transportation arranged by the Company are counted as occupational injuries; injuries occurring during employees' commute to and from work are not included.

Note: Calculation of total working hours: employee clock-in data (including overtime hours) + number of times contractors punched in each month * 8hr

● Occupational Safety Management for Contractors

In 2022, no occupational accidents occurred to our contractors at construction sites.

According to the Regulations for Occupational Health and Safety Management, contractors hold daily toolbox talks before construction and monthly consultative organization meetings; then, when conducting an overall site review, workers can describe occupational hazards and risk conditions to protect their rights and interests. Before starting projects, we arrange for safety and health personnel, quality control personnel and engineering personnel with applicable licenses, and establish a health and safety management system (including hazard identification and risk assessment), which will be activated and implemented by occupational health and safety personnel once the project officially begins. Regarding the improvement measures developed by the system, the department heads should follow up on their implementation, and prepare supporting evidence to prove the improvements were completed on schedule. If implementation of the measures falls behind on progress or was not made, the reasons should be identified and reported to supervisors, and the progress should be revised. After completion of the control measures, the remaining risks should be reviewed to determine if they are acceptable, and if those risks are found to be unacceptable, a new plan should be developed to bring the remaining risks down to an acceptable level. Autonomous inspection is conducted for each machine. For dangerous jobs, we will arrange a supervisor for on-site control, e.g., for confined space jobs, we will arrange a supervisor for oxygen deprivation related tasks on the sites. The Regulations for Occupational Health and Safety Management are followed at all construction sites. Moreover, we keep supervisory logs, hold on-site toolbox talks, and check lists for each machine to prevent occupational accidents.

Before the start of daily work, the personnel entering the site must take alcohol, temperature, and blood pressure tests according to the schedule to confirm their physical condition, and only then a toolbox meeting will be held. The contents of the meeting include projects to be executed on that day, notification of the hazards in the projects, and important protection measures. Regarding lifting operations, the three licenses for each machine must be inspected in the meeting for the day; regarding excavation projects, confined space and oxygen deprivation operation supervisor licenses must be provided, and the holder of the license shall announce the precautions at the meeting. During the construction, a Grade B supervisor and several Type A construction supervisors are assigned to inspect, supervise, advise, and penalize personnel on the site. Also, we provide health and safety training to new employees when they join the Company. The Company provides education and training funds to encourage employees to attend health and safety lectures and obtain certificates to achieve the requirement of zero workplace accidents during construction.



- Moreover, we keep supervisory logs, hold on-site toolbox talks, and check lists for each machine to prevent occupational accidents.
- Toolbox meetings are held every day before construction for each contractor in accordance with the Regulations for Occupational Health and Safety Management.
- Autonomous inspection is conducted for each machine.
- For dangerous jobs, we will arrange a supervisor for on-site control, e.g., for confined space jobs, we will arrange a supervisor for oxygen deprivation related tasks on the sites.
- The Regulations for Occupational Health and Safety Management are followed at all construction sites.
- The Company provides safety helmets, reflective vests, safety harnesses and safety shoes for engineers to use at sites to ensure their safety.
- Employee health checkups are arranged annually.
- If workers are not feeling well, they should not engage in any work.

05

Care for Society

Founded in Taiwan, Shinfox Energy grows stronger with the support from all walks of life. With the belief of taking from the society and giving back to the society, we hope that our humble efforts to care for the disadvantaged, contribute to society, and create an uplifting force for common good, may create a society of common good and fulfilling our corporate social responsibility.



| March 12, 2022 - Beach Cleanup at Zhuwei, Taoyuan

● Beach Cleanups

Founded in Taiwan, Shinfox Energy grows stronger with the support from all walks of life. With the belief of taking from the society and giving back to the society, we hope to use our humble efforts to care for the disadvantaged, contribute to society, and create an uplifting force to create a society of common good, thereby fulfilling our corporate social responsibility. Employees take the initiative to organize several beach cleanups every year. In March 2022, we cleaned beaches, and worked with the Taoyuan City Government's Office of Coast Administration Construction and the Azure Alliance to further the analysis and handling of marine debris and microplastics, in the hope that people in Taiwan will reduce their plastic consumption by "at least one plastic bag a day" and reduce the harm to the marine ecosystem. In August, we registered with the New Taipei City Government to adopt the Jianzilu, which is in Shimen District along Taiwan's northeastern coastline. In October, more than 100 employees led by General Manager Hui-Sen Hu went to the local beaches to clean them up. Amid autumn winds and rain, they picked up garbage along the coast from early in the morning, making the coastline look brand-new to promote the mission and goal of "a kilo of coastal garbage picked up is a kilo less".

According to UN estimates, there will be more waste plastic in the ocean than fish by 2050. Due to the selfishness and neglect of humans, innocent fish, sea birds, sea turtles and mammals have been sacrificed. They may accidentally ingest the plastic; they may become entangled, or they may die from infection; toxins from the plastic also make their way into the food chain and spread. For the sake of all creatures on the Earth, all employees of Shinfox Energy actively participate in beach cleanups and plastic reduction activities to do their part to protect the Earth.



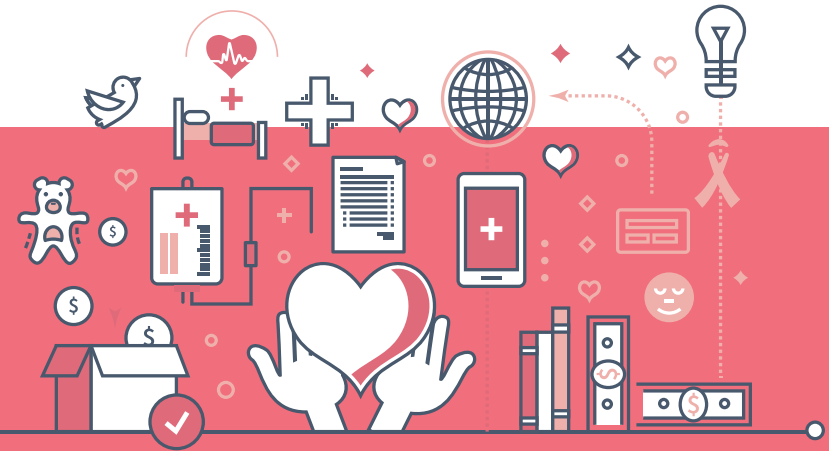
For Shinfox Energy's spring beach cleanup, General Manager Hui-Sen Hu urged everyone to "use one less plastic bag a day!" Reduce the use of plastics to save the planet.

▼ Beach cleanup at Jianzilu, Shimen District, New Taipei City on October 22, 2022



Charitable Donations

- 1 In response to the "Love Read Bookstore Rebirth Project", we donated 409 secondhand books to the Love Read Bookstore, so that it can continue to collect, organize, and gift secondhand books; employ physically-challenged staff; and continue delivering books to remote regions of Taiwan.
- 2 **Delivering lunch boxes in winter to show care to seniors living alone**
We collaborated with Hungkuo Delin University of Technology and asked students from the university's Department of Hospitality Management to make delicious meals, which were distributed to seniors living alone, the homeless, and other disadvantaged groups in the Tucheng area.
- 3 Donated TWD 100,000 to the Taiwan Foundation for Disaster Relief (Ukraine Aid Program).
- 4 Sponsored the KidWind Competition of Chung Jung Christian University's Department of Green Energy and Environmental Resources with TWD 245,000
- 5 Donated TWD 100,000 to Cyber Angel's Pick.
- 6 Helped small-scale farmers in the remote areas of Hualien to sell 18,600 kilograms of pomelos.
- 7 Donated COVID-19 rapid antigen test kits to Taipei City Government and New Taipei City Government, with each receiving 10,000 kits.
- 8 Sponsored the Tainan City Government to shoot a marketing video with TWD 2 million.
- 9 Donated TWD 200,000 to the baseball team of Tainan City Shanhua High School



Green Deposit

Shinfox Energy has invested TWD 20 million in the Green Deposit Project through KGI Bank to contribute to the promotion of environmental sustainability. The funds from the Green Deposit will be utilized for the financing needs of the green industry to support its development in Taiwan. The project has been assured by an independent third-party assurance firm appointed by KGI Bank, and assurance reports on the utilization of project funds will be issued on an annual basis.

Green Framework Assurance Report (one-time announcement)



Funds Utilization Assurance Report (announced at the end of April every year)

Good Day Caring Platform



The “Good Day Caring Platform” is an online platform set up by the New Taipei City Government with the hope that, through the platform, those who want to do good can find a way to do it, and those who are in need of support will have access to resources. By connecting to the Internet, those who wish to do good deeds can designate the people they want their donation to go to. The open and transparent process makes for an upgraded, heartwarming digital welfare service that “anyone can participate in, anything can be donated, and can happen at anytime, anywhere”. The image shows the appreciation plaque that the New Taipei City Government gave to Shinfox Energy in 2022 for the Company's participation in the energy project.

Shinfox Energy joined hands with the Department of Hospitality Management of Hungkuo Delin University of Technology to deliver meals to seniors living alone. Shinfox Energy employees voluntarily raise funds to care for disadvantaged seniors at the end of each year. This year, they responded to the “WSEC”, a youth volunteer group from the Department of Hospitality Management of Hungkuo Delin University of Technology, and worked with these young hospitality professional who are warm-hearted and passionate about service and made nutritious and easy-to-digest meals with guidance from their teachers. Together, they delivered these meals to seniors living alone, chatted with them, and ate a warm meal with them. The employees and the students also learned about “warmth, service, passion, and food” in the process.

Love Read Bookstore Rebirth Program

Collected and donated secondhand books (409 in total) to Love Read Bookstore



2022 KidWind Competition Asia

Shinfox Energy and its subsidiary, Foxwell Energy, have been actively promoting green energy education. For two years in a row, they sponsored and participated in the "KidWind Challenge" in Asia 2021 and 2022, which were organized by the Green Energy Institute of the Industrial Technology Research Institute (ITRI) in Tainan and Chang Jung Christian University. More than one hundred junior high school and senior high school students from all over Taiwan teamed up to take part in the tournament. It is hoped that, through the tournament, the creativity of the students can be stimulated, and they will be able to explore themselves in the problem-solving process, think about problem critically and then solve the problem, allowing green energy education to take root at an early age and be promoted.

Shinfox Energy and Foxwell Energy have actively promoted green energy education by sponsoring and participating in the "KidWind Challenge" in Asia, which is organized by the Green Energy Institute of the Industrial Technology Research Institute (ITRI) in Tainan and Chang Jung Christian University together. The sixth from the right is Hui-Yun Hu, assistant manager of Shinfox Energy.

Donated COVID-19 rapid antigen test kits to the New Taipei City Government, Taipei City Government, and other local governments

During the Covid-19 outbreak when the world sank into panic, Shinfox Energy was concerned about the health and safety of the people in Taiwan, and so the Company purchased a large amount of epidemic prevention goods and rapid antigen test kits through its channels. In June 2021, Shinfox Energy first donated 3,000 rapid antigen test kits to the Tainan City Government, and then donated more to the New Taipei City Government, the Taipei City Government, and the Zhuoxi Township of Hualien County in succession to help local governments battle the outbreak in advance and ensure the health and quality of life of citizens. For these efforts, the Company has been thanked and awarded certificates of appreciation by local governments.

Shinfox Energy cares about people's health and has purchased epidemic prevention goods and rapid antigen test kits to donate to the Tainan City Government, the New Taipei City Government, the Taipei City Government, and Zhuoxi Township of Hualien County.



(Photo courtesy of Chung Jung Christian University. Please refer to <https://money.udn.com/money/story/5723/6706906>)



Inventory of donations from the Public Health Bureau of the Tainan City Government:
No. 9, Shinfox Energy Corporation, COVID-19 Rapid Antigen Test Kits, 3000 kits.

Helping small-scale farmers in remote areas to sell their fruits

Shinfox Energy cares about the livelihood of seniors living alone and elderly farmers who lack resources in remote regions of Taiwan. In recent years, Shinfox Energy has been assisting farmers in remote parts of Hualien to sell tens of thousands of kilos of pomelos and mangos, and provided them with marketing resources like QR codes to help these elderly farmers break into the market. Meanwhile, the Company is also concerned about the health and safety of seniors living alone in the remote regions of Taiwan. During the Covid-19 pandemic, we donated rapid antigen test kits and health care kits, and we worked with Hungkuo Delin University of Science and Technology to send lunchboxes in winter to the seniors living alone and other disadvantaged groups, so that we can give back the society with heartwarming actions.

Shinfox Energy cares about the livelihood of seniors living alone and elderly farmers lacking resources in remote villages, so the Company helped the small-scale farmers in remote regions to sell mangoes, pomelos, and other fruits.



Sponsored the Tainan City Government to produce a marketing video

To strengthen the marketing of Tainan's history and culture as an ancient capital and its new image as an international city, the Tainan City Government worked with a Korean pop culture and music organization, K-POP, to hold the "Tainan World K-POP Online Concert" on April 16th, 2022 at the west plaza of Tainan City Hall, and invited a well-known Korean Director to produce a promotional video for the Tainan City Government. Famous Korean singer Eun-Woo Cha was the host, and male and female artists were invited to endorse and promote the event, which was interspersed with videos introducing the culture and beauty of Tainan. More than 240,000 people watched the video stream online. Shinfox Energy sponsored the video's promotion and production costs, which amounted to TWD 2 million, and participated in the promotion of Tainan to achieve the dual purpose of marketing the image of Tainan as an ancient capital and a chic metropolis of the new age.

Shinfox Energy sponsored the "Tainan World K-POP Online Concert", whose promotional video was produced by a renowned Korean Director. Famous Korean singer Eun-Woo Cha was the host, and male and female artists were endorsed and promoted Tainan.



Education in Remote Regions

Shinfox Energy worked with Cyber Angel's Pick to educate elementary schoolchildren in remote areas of Hualien about renewable energy, how to protect the Earth, how to conserve resources, and other basic knowledge about the environment.

On August 18, 2022, Shinfox Energy worked with Cyber Angel's Pick to educate elementary schoolchildren in remote areas of Hualien about renewable energy, how to protect the Earth, how to conserve resources, and other kinds of knowledge about the environment.



Donated TWD 200,000 to the baseball team of Tainan City Shanhua High School.



Group photo showing the Company's donation of COVID-19 rapid antigen test kits to the Taipei City Government



Certificate of appreciation for the donation of pandemic prevention goods to the New Taipei City Government



Appendix

| Table of Corresponding GRI Standards

| SASB Standards

| Third-Party Assurance Statements



Table of Corresponding GRI Standards

Usage Statement: Shinfox Energy has followed the GRI Standards for reporting on content for the period between January 1 and December 31, 2022

GRI 1 used: Foundation 2021

Applicable GRI Standards: None

• GRI 2: General Disclosures 2021

Disclosure Item	Disclosure Item	Theme or Description of Chapter	Description Omitted	Page Number
2-1	Detailed Information on Organization	1.1.1 About Shinfox Energy		7
2-2	Entities Included in Organizational Sustainability Report	About the Report		3
2-3	Reporting Period, Frequency, and Contact Person	About the Report		3
2-4	Restatements of Information	3.2 Energy Resource Management		55 57
2-5	External Assurance	About the Report		3
2-6	Activities, Value Chain, and Other Business Relationships	1.1.2 Development of Renewable Energy		17
2-7	Employee	4.1.1 Employee Structure		65
2-8	Non-employee Worker	4.1.1 Employee Structure		65
2-9	Governance Structure and Composition	1.1.4 Autonomy of the Board of Directors		22
2-10	Nomination and Selection of the Highest Governance Body	1.1.4 Autonomy of the Board of Directors		22
2-11	Chairperson of the Highest Governance Body	1.1.4 Autonomy of the Board of Directors		22
2-12	Role of the Highest Governance Body in Supervising Impact Management	1.1.4 Autonomy of the Board of Directors		22
2-13	Person Responsible for Impact Management	1.1.4 Autonomy of the Board of Directors		22

Disclosure Item	Disclosure Item	Theme or Description of Chapter	Description Omitted	Page Number
2-14	Role of the Highest Governance Body in the Sustainability Report	1.1.4 Autonomy of the Board of Directors		22
2-15	Conflicts of Interest	1.1.4 Autonomy of the Board of Directors 1.2 Ethical Management		22 25
2-16	Communication for Events of Critical Importance	1.1.4 Autonomy of the Board of Directors		22
2-17	Collective Knowledge of the Highest Governance Body	1.1.4 Autonomy of the Board of Directors		22
2-18	Evaluation of the Performance of the Highest Governance Body	1.1.4 Autonomy of the Board of Directors		22
2-19	Remuneration Policy	1.1.4 Autonomy of the Board of Directors		24
2-20	Remuneration Determination Process	1.1.4 Autonomy of the Board of Directors		24
2-21	Ratio of Total Remuneration for the Year	4.1.2 Remuneration Package		67
2-22	Declaration of Sustainable Development Strategy	Chairman's Message		4
2-23	Policies/Commitments	1.5 Sustainable Supply Chain 4.3 Labor Relations		31 75
2-24	Incorporation into Policies/Commitments	1.5 Sustainable Supply Chain 4.3 Labor Relations		31 75
2-25	Procedures for Remedying Negative Impacts	1.2 Ethical Management 4.3 Labor Relations		25 74



Disclosure Item	Disclosure Item	Theme or Description of Chapter	Description Omitted	Page Number
2-26	Mechanism for Seeking Recommendations and Raising Concerns	1.2 Ethical Management		25
		4.3 Labor Relations		74
2-27	Legal Compliance	1.3.2 Internal Audit		28
2-28	Membership in Associations	1.1.1 About Shinfox Energy		16
2-29	Stakeholder Engagement Guidelines	2.1 Stakeholder Engagement		35
2-30	Collective Bargaining Agreements	There are no collective bargaining agreements	Not applicable; the Company does not have a collective bargaining agreement with employees	

GRI 3: Material Topics 2021

Disclosure Item	Disclosure Item	Theme or Description of Chapter	Page Number
2-1	Process for Determining Material Topics	2.2 Management of Material Topics	38
3-2	List of Material Topics	2.2 Management of Material Topics	39
3-3	Material Topic Management Economic dimension: -Corporate governance -Risk management Environmental dimension: -Development of renewable energy Social dimension: -Remuneration and benefits -Employee rights -Social welfare	2.2 Management of Material Topics	44

GRI Standards That Correspond to Material Topics

Material Topic: Operating Performance

GRI 3: Material Topics 2021		Chapter and Theme	Description Omitted	Page Number
3-3	Material Topic Management	2.2 Management of Material Topics		44
GRI 201: Economic Performance 2016		Chapter and Theme	Description Omitted	Page Number
201-1	Direct Economic Value Generated and Distributed by the Organization	1.1.3 Financial Performance		21
201-2	Financial Impacts of Climate Change and Other Risks and Opportunities	3.1 Climate Change		52
201-3	Defined Benefit Plan Obligations and Other Retirement Plans	4.1.3 Employee Benefits		72
201-4	Financial Assistance Received From Government	We receive no financial assistance from the government		

Material Topics: Ethical Management

GRI 3: Material Topics 2021		Chapter and Theme	Description Omitted	Page Number
3-3	Material Topic Management	2.2 Management of Material Topics		45
205: Anti-corruption 2016		Chapter and Theme	Description Omitted	Page Number
205-1	Location of operations where corruption risk evaluation has been conducted	1.2 Ethical Management		25
205-2	Communication and training on anti-corruption policies and procedures	1.2 Ethical Management		25
205-3	Confirmed incidents of corruption and actions taken	1.2 Ethical Management		25

Material Topic: Carbon Reduction and Energy Saving

GRI 3: Material Topics 2021		Chapter and Theme	Description Omitted	Page Number
3-3	Material Topic Management	2.2 Management of Material Topics		48
302: Energy 2016		Chapter and Theme	Description Omitted	Page Number
302-1	Energy consumption within the organization	3.2 Energy Resource Management		55
302-2	Energy consumption outside of the organization			
302-3	Energy intensity	3.2 Energy Resource Management		55
302-4	Reduction of energy consumption	3.2 Energy Resource Management		55
302-5	Reduce energy demand for products and services		Not applicable; Shinfox Energy currently does not have any energy reduction program for its services	

Material Topic: Supplier Management

GRI 3: Material Topics 2021		Chapter and Theme	Description Omitted	Page Number
3-3	Material Topic Management	2.2 Management of Material Topics		47
308: Supplier Environmental Assessment 2016		Chapter and Theme	Description Omitted	Page Number
308-1	Adoption of environmental standards to screen new suppliers	1.5 Sustainable Supply Chain		31
308-2	Negative environmental impacts in the supply chain and actions taken	1.5 Sustainable Supply Chain		31

Material Topic: Supplier Management

414: Supplier Social Assessment 2016		Chapter and Theme	Description Omitted	Page Number
414-1	New suppliers selected by using social standards screening	1.5 Sustainable Supply Chain		31
414-2	Negative social impacts in the supply chain and actions taken	1.5 Sustainable Supply Chain		31

Material Topic: Occupational Health and Safety

GRI 3: Material Topics 2021		Chapter and Theme	Description Omitted	Page Number
3-3	Material Topic Management	2.2 Management of Material Topics		50
403: Occupational Health and Safety 2018		Chapter and Theme	Description Omitted	Page Number
403-1	Occupational Health and Safety Management System		Not applicable; Shinfox Energy does not have an occupational safety management system	
403-2	Hazard identification, risk assessment, and incident investigation	4.4 Workplace Safety		75
403-3	Occupational health services	4.4 Workplace Safety		75
403-4	Worker training on occupational health and safety	4.4 Workplace Safety		75
403-5	Worker training on occupational health and safety	4.4 Workplace Safety		76
403-6	Promotion of worker health	4.4 Workplace Safety		75
403-7	Preventing and mitigating occupational health and safety impacts directly related to operations	4.4 Workplace Safety		77

Material Topic: Occupational Health and Safety

403: Occupational Health and Safety 2018	Chapter and Theme	Description Omitted	Page Number
403-8	Workers covered by the occupational health and safety management system	Not applicable; Shinfox Energy does not have an occupational safety management system	
403-9	Occupational injuries	4.1 Friendly Workplace	78
403-10	Occupational illnesses	4.4 Workplace Safety	75

Material Topic: Talent Cultivation

GRI 3: Material Topics 2021	Chapter and Theme	Description Omitted	Page Number
3-3	Material Topic Management	2.2 Management of Material Topics	49
404: Training and Education 2016	Chapter and Theme	Description Omitted	Page Number
404-1	Average hours of training per year per employee	4.2.1 Training & Heritage	73
404-2	Employee enhancement and transition assistance programs	4.2.1 Training & Heritage	73
404-3	Percentage of employees receiving regular performance and career development reviews	4.2.2 Performance Evaluation	74

Material Topic: Information Security

GRI 3: Material Topics 2021	Chapter and Theme	Description Omitted	Page Number
3-3	Material Topic Management	2.2 Management of Material Topics	46
418: Customer Privacy 2016	Chapter and Theme	Description Omitted	Page Number
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.4 Information Security Management	29

| SASB Standards

Metric Code	Metric	Corresponding chapter/description of response
Disclosure Topic: Energy Management During the Manufacturing Process		
RR-ST-130a.1	(1) Total energy consumption	Total energy consumption in 2022 was 1,290 GJ
	(2) Percentage of grid electricity	100%
	(3) Percentage of renewable energy	Percentage is about 0.6%. Description: The Company does not directly use renewable energy, and all its electricity is supplied by Taiwan Power. In addition, the Company has purchased two 2022 Green Power Certificates (T-REC), totaling 2,000 kWh of electricity.
Disclosure Topic: Water Management During the Manufacturing Process		
RR-ST-140a.1	(1) Total amount of water withdrawn	The total amount of water withdrawn is 2.822 million liters
	(2) Percentage of total water consumption in regions with high or extremely high baseline water stress	1. The total water consumption is 2.82425 million liters 2. Shinfox Energy's operating sites are not located in regions with high or extremely high baseline water stress
RR-ST-140a.2	Description of water management risks, and discussion of strategies and practices to mitigate those risks	3.2 Energy Resource Management
Disclosure Topic: Hazardous Waste Management		
RR-ST-150a.1	Percentage of the total amount of hazardous waste generated and the waste that is recycled	None of the services that Shinfox Energy provides generates hazardous waste
RR-ST-150a.2	Number and aggregate quantity of leakages to be reported, the number of recoveries	No incidents of leakage occurred

Metric Code	Metric	Corresponding chapter/description of response
Disclosure Topic: Environmental Impacts Caused by Project Development		
RR-ST-160a.1	Number and duration of project delays due to ecological impacts	There was no project delay related to ecological impacts
RR-ST-160a.2	Description of efforts in solar energy system project development to address community and ecological impacts	Shinfox Energy's solar power systems are built over open areas, including ground-type, roof-type and water-type systems, so that birds, livestock, and aquaculture animals nearby can live without their existing environment being impacted. Instead, the feces generated by the animals in the surrounding areas affects the efficiency of the solar panels, and increases the frequency of maintenance and cleaning required.
Disclosure Topic: Management of Energy Infrastructure Integration & Related Regulations		
RR-ST-410a.1	Description of risks associated with integration of solar energy into existing energy infrastructure and discussion of efforts to manage those risks.	Solar energy systems may be affected by natural disasters, such as typhoons and floods, which may cause damage to the equipment or lead to abnormal power generation. In response to these risks, the Company not only conducted safety inspections at all sites before the typhoon season, but also arranged site visits after typhoons. Moreover, our solar systems are insured against losses caused by natural disasters.
RR-ST-410a.2	Description of risks and opportunities associated with energy policy and its impact on the integration of solar energy into the existing energy infrastructure	Risk: If Taiwan's energy policy reduces the proportion of renewable energy use, the demand will be reduced, which will indirectly reduce the potential installed capacity of the Company. Opportunity: If Taiwan's energy policy increases the proportion of renewable energy use, it will also provide an opportunity for the Company to grow in terms of installed capacity. The existing energy infrastructure is a stable source of electricity supply, while solar energy is unstable due to the limitation of sunshine hours; therefore, in terms of power supply, it can only be used as an occasional power solution and cannot be deemed a main source of electricity.
Disclosure Topic: Management of Energy Infrastructure Integration & Related Regulations		
RR-ST-410b.1	Number and duration of project delays due to ecological impacts	N/A
RR-ST-410b.2	Weight of scrap materials and the percentage of those recycled	n/a
RR-ST-410b.3	Percentage of products by revenue that contain IEC 62474 declarable substances, arsenic compounds, antimony compounds, or beryllium compounds	n/a

Metric Code	Metric	Corresponding Chapter/Description of Response
Disclosure Topic: Management of Energy Infrastructure Integration & Related Regulations		
RR-ST-410b.4	Description of approach and strategies to design products for high-value recycling	n/a
Disclosure Topic: Procurement of Materials		
RR-ST-440a.1	Description of the management of risks associated with the use of critical materials	Our solar energy devices are mainly consist of PV modules and inverters. When inspecting incoming equipment, we check for any damage to the materials, and we will also ask suppliers to issue quality reports and warranty certificates to control the risk of possible damage or poor quality in the equipment.
RR-ST-410a.2	Description of the management of environmental risks associated with the polysilicon supply chain	Polysilicon suppliers are in the upstream of the industry (materials), while the Company is in the downstream of the industry (construction of power plants). The environmental risks arising from upstream suppliers are transferred from upstream suppliers to midstream suppliers when the Company procures materials. The Company only needs to manage the environmental risk for midstream suppliers. If the supply is abnormal due to force majeure factors, the Company will also arrange for a second supplier to prepare stock.
Disclosure Topic: Activity Metric		
RR-ST-000.A	Total capacity of photovoltaic (PV) solar modules produced	The Company installs solar power systems but doesn't manufacture solar module parts.
RR-ST-000.B	Total capacity of completed solar energy systems	As of December 31, 2022, the Company had installed 102.9 MW of solar energy system capacity.
RR-ST-000.C	Total project development assets	On May 31, 2022, Starpro Power's 77 MW solar farm in Qigu, Tainan was completed, with a total project cost of TWD 4.2 billion. Another 100 MW farm in the southern part of Taiwan will not be disclosed for the time being as it is still in the evaluation stage and is a business secret of the Company.

| Third-Party Assurance Statements



Independent Assurance Statement

SHINFOX ENERGY CO., LTD.'s 2022 SUSTAINABILITY REPORT

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR Group hereby provides a summary of SHINFOX ENERGY CO., LTD.'s Sustainability Report of 2022 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

AFNOR Group and SHINFOX ENERGY CO., LTD. (hereinafter referred to as "SHINFOX ENERGY") are independent entities. AFNOR ASIA LTD., was commissioned by SHINFOX ENERGY to conduct the assessment and assure the Sustainability Report of 2022 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

SCOPE

The Sustainability Report announced by SHINFOX ENERGY CO., LTD. covers the activities and operating performance related to the economic (including subsidiaries), environmental, and social aspects in Taiwan.

AFNOR Asia is responsible for:

1. Evaluating the accordance of the Report with the Type 1 of AA1000 Assurance Standard (v3) based on the AA1000 Accountability Principles (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
2. In accordance with the GRI Standards, we verified the statement options and material topics disclosed in the report compiled by SHINFOX ENERGY.



REFERENCES

The scope of the assurance includes an assessment of the source adequacy of specific performance information and an assessment of adherence to the following reporting criteria :

- AA1000 Accountability Principles (2018)
- GRI Standards

METHODOLOGY

- Review the process and management of the principles of inclusivity, materiality, responsiveness and impact described in the Report related to the AA1000 Accountability Principles (2018).
- The report is reported in accordance with the GRI Standards, and the content of the report is reviewed for general disclosures, sector standard indicators, and specific topic disclosures that comply with the GRI Standards.
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- By interviewing with SHINFOX ENERGY sustainable development committee compilation team and the responsible persons of each group, and reviewing the documents, data and information related to the report.
- Interviews with members of the organization related to sustainable development management and report writing, including representatives of all levels and departments.
- Check the sufficiency and completeness of supporting materials and evidence for the content of the report.

| Third-Party Assurance Statements



CONCLUSION

◆ AA1000 Accountability Principles

Inclusivity

SHINFOX ENERGY continues to implement an extensive stakeholder engagement program aimed at identifying and understanding stakeholders' interests and informational needs, which broadly includes issues from all parties. The report disclosed impartially the economic, social, and environmental message adequately to support planning and achieving targets. In the future, the organization can continue to strengthen the stakeholder identification process to cope with continuous internal and external environmental changes, and stakeholders related to sustainable development can be regularly identified and evaluated.

Materiality

SHINFOX ENERGY has published relevant information on sustainable management so that stakeholders can judge the company's management and performance, and has developed and implemented a decision-making mechanism for material issues to accommodate issues from all parties. In the future, the organization can continue to strengthen the decision-making process of material themes and incorporate them into the company's management and operations, so that material issues can be updated in a timely manner and corresponding strategies developed.

Responsiveness

SHINFOX ENERGY has developed and implemented a stakeholder response mechanism, clearly declared relevant policies and communicated with stakeholders, and implemented responses to expectations and opinions from stakeholders. In the future, the organization will continue to meet the demands and expectations of stakeholders to disclose the depth, breadth and context of sustainable development-related information.



Impact

SHINFOX ENERGY has developed and implemented a process for understanding, measuring, assessing and managing the impact of the organization, and provided the necessary capabilities and resources, and is committed to the measurement and assessment of the organization's impact on stakeholders and itself, to make a comprehensive and balanced disclosure. In the future, the organization can continue to invest resources, participate in and introduce international environmental initiatives and standards, to meet the international environmental management trends, and fully demonstrate the organization's monitoring, analysis and management of its operational impact.

◆ Global Reporting Initiative Sustainability Reporting Standards

Based on the results of the review, we confirm that the report complies with GRI reporting requirements in terms of general disclosures, sector standard indicators, and specific topic disclosures, including materiality topic management and disclosure items. Organizations can continue to introduce and combine other international disclosure requirements to highlight the organization's positive actions for sustainable development.

ASSURANCE OPINION

In our opinion, the information and data presented in the Report by SHINFOX ENERGY CO., LTD. provides a fair and balanced representation. We believe the focuses on economic, environmental, and social aspects of SHINFOX ENERGY in 2022 are well represented.

Afnor Group has developed a set of process for the Assurance of Sustainability Reports based on current practice guidance provided in the AA1000 Assurance Standard (v3) and GRI Standards. We believe that the evidence collected by onsite assessment has exhibited that SHINFOX ENERGY did follow the guidance of AA1000 Assurance Standard (v3) and GRI Standards, and their self-declaration in response to the Global Reporting Initiative.



ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

LIABILITY

This assurance statement is intended for the use of SHINFOX ENERGY CO., LTD. only. AFNOR is not responsible for any other uses. Our responsibility is only based on the scope and methodology described, and to provide stakeholders an independent assurance statement.

For and on behalf of AFNOR :

Trevor Wilmer
The Director for Certification and Assessment
Jun.02.2023



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AFNOR Asia Ltd.—20F-2, No. 102, Chung Ping Rd., Taoyuan, Taiwan
Tel. : +886 3 2200066, Fax : +886 3 2207889, <http://www.asia.afnor.org>





森崴能源
SHINFOX ENERGY

No. 49, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City 236040
TEL: (02) 2269-9888
Company website: www.shinfox.com.tw