



2023 MERRY

Sustainability Report

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About This Report

Reporting Scope & Boundaries

This report is the 11th Sustainability Report of MERRY Electronics Co., Ltd. (hereinafter referred to as "MERRY"). It discloses the management policies, execution results, and short, medium, and long-term plans regarding sustainability issues in the environmental, social, and corporate governance aspects for the year 2023. The aim is to enable stakeholders to understand MERRY's efforts and achievements in promoting sustainable development.

The economic performance data in this report is sourced from the 2023 consolidated financial statements, covering the overall financial and operational performance of MERRY's global manufacturing and sales sites. All financial data in the report is presented in New Taiwan Dollars (NTD). Regarding the disclosure scope of environmental and social performance, five new locations were added in 2023. Please refer to section 9.10 of this report for supplementary explanations on various disclosure scopes.

The key operational locations include MERRY's HQ in Taiwan, MERRY Shenzhen, MERRY Thailand, MERRY Vietnam, MERRY Hong Kong, MERRY Singapore, MERRY USA, Suzhou MERRY, Austar Hearing Science and Technology, FULICARE CO., LTD, SEAS fabrikker AS, MERRY North America, and MERRY Malaysia. Specific factors that cannot be fully disclosed are marked in the text, and efforts are continuously made to ensure the accuracy and completeness of information collection. Information collection mechanisms will be further integrated into future disclosures. The disclosed scope covers 99.90% of the group's total consolidated revenue. For other verification information regarding management systems, please refer to section 9.2 Management System Verification.

※MERRY Taiwan HQ includes: Taichung head office, Taipei office, and Hsinchu office.

Reporting Period

The performance data in this report is primarily based on the data and information from January 1, 2023, to December 31, 2023. The report follows the GRI Standards (2021) requirements as the basis for information disclosure. Additionally, it references the hardware industry indicators corresponding to the standards of the Sustainability Accounting Standards Board (SASB) and the core metrics for measuring stakeholder capitalism published by the World Economic Forum (WEF).

Previous issuance: June 2023

Current issuance: July 2024

Report Management

In 2023, to strengthen the preparation and verification of MERRY' sustainability report, we established the "Sustainability Report Preparation and Verification Procedure" in accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" announced by the Taiwan Stock Exchange. This procedure clearly defines the principles for report preparation, disclosure, internal control, verification, and filing.

This report was coordinated and drafted by the Sustainability and Brand Value Development Department in collaboration with the relevant departments of the Sustainable Development Promotion Team. The initial draft was reviewed by the heads of the relevant departments, then finalized by the President, completing the internal review process. After third-party verification, the report was submitted to the Board of Directors for discussion and resolution in July 2024 before publication.



Report Assurance

We engaged SGS Taiwan Ltd. to provide assurance based on AA1000 AS v3 Type 2 Moderate Assurance. Additionally, the assurance was conducted according to the GRI Standards (2021) and the SASB Technology & Communications sector standards for the Hardware industry (VERSION 2023-12). The Independent Assurance Statement is appended to this report in section 9.11, " Assurance Statement"

Feedback and Contact

This report is available for inquiries in the corporate sustainability section of the Company’ s website.

We sincerely welcome any comments, questions, or suggestions you may have regarding this report. Please feel free to contact us using the following information:

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- 04-2359-0811 ext.116409
 Sustainability and Brand Value Development Department, Mr. Siao
- Merry_PR@merry.com.tw
- <https://www.merry.com.tw>

Goals and Progress

	Dimension	Indicator	2023 Target	2023 Achievement	2024 Target	Mid- to Long-term Goals
Empowerment and Accountability	Improve Corporate Governance	1. Enhancing Board Diversity 2. Continuously Promoting the Culture of Integrity Management	<ul style="list-style-type: none"> Achieve a 100% completion rate for the annual integrity management training courses. Conduct annual internal audits. Continuously promote and implement integrity management policies to establish a culture of integrity among employees. Report the achievements of integrity management promotion to the Board of Directors. Establish a Sustainability Development Committee. 	<ul style="list-style-type: none"> Achieved a 100% completion rate for employee integrity management courses. Promoted content related to integrity management to all directors via email. Conducted the annual internal audit in November 2023. Continued to promote and implement integrity management policies. In 2023, promoted themes to all employees on protecting company assets and transparently reporting gift acceptance. Reported the achievements of integrity management promotion to the Board of Directors in December 2023. Established the Sustainability Development Committee approved by the Board in April 2023, and the committee was renamed the Sustainability Development and Nomination Committee after the organizational charter was revised and approved by the Board on December 28, 2023. 	<ul style="list-style-type: none"> Implement annual integrity management training courses Promote anti-corruption and anti-money laundering policies Complete anti-corruption education and training at a minimum of three group sites Establish a policy for the financial independence of accounting firms Conduct annual internal audits Report the achievements of integrity management promotion to the Board of Directors 	<ul style="list-style-type: none"> Improve Board diversification Promote anti-corruption practices, expanding to major global facilities

	Dimension	Indicator	2023 Target	2023 Achievement	2024 Target	Mid- to Long-term Goals
Empowerment and Accountability	Enhancing Information Security Systems	Establish various information security certifications and management systems centered on ISO 27001.	<ul style="list-style-type: none"> Complete information security system audits for all departments and implement corrective actions. Conduct social engineering drills monthly. Achieve a 90% pass rate for quarterly information security training. Perform third-party host penetration testing to ensure the security of the group's hosts. 	<ul style="list-style-type: none"> Achieved ISO 27001 certification for Taiwan HQ, Shenzhen, and Vietnam locations. Reported the achievements of information security initiatives to the Board of Directors in December 2023. Conducted social engineering drills monthly. Set milestone goals for 2026. 	<ul style="list-style-type: none"> Implement the ISO 27001 information security system at MERRY Thailand and Austar Hearing Technology. Conduct supplier information security inspections and implement dynamic dashboards. Perform information security inspections and implement dynamic dashboards for critical systems at various locations. Conduct social engineering drills and information security training. Perform external service host penetration testing. Update information security milestones annually. 	<ul style="list-style-type: none"> Implement the ISO 27001 management system at all group locations. Introduce the ITIL management system across the group. Establish modular information security services to quickly set up the information security framework for new factories or newly acquired companies. Update information security milestones annually.
	Establishing a Risk Management Mechanism	Group risk management and business continuity plan (BCP)	<ul style="list-style-type: none"> Optimize the risk management system according to the Risk Management Best Practice Principles for Companies Listed on TWSE/TPEX published and established by the competent authority in the second half of 2022. Integrate with ISO 9001, ISO 14001, and ISO 50001 risk management operations to reduce operating costs. Report the annual implementation status and the next year's plan to the Board of Directors. 	<ul style="list-style-type: none"> Revised certain articles by referring to the Risk Management Best Practice Principles for Companies Listed on TWSE/TPEX in October 2022. Incorporated Business Continuity Management (BCM) into the company's risk management procedures. Reported the achievements of risk management promotion to the Board of Directors in December 2023. 	<ul style="list-style-type: none"> Revise the risk management policy. Promote a risk management culture. Update the items in the risk assessment table. Establish a risk management tracking mechanism. 	<ul style="list-style-type: none"> Implement the risk management system at all operational sites. Participate in the operation of risk control and legal compliance in newly implemented ISO management systems.

	Dimension	Indicator	2023 Target	2023 Achievement	2024 Target	Mid- to Long-term Goals
Pursuing Progress and Innovation	Sustainable Product Framework	Consideration of 10 Major Sustainable Design Aspects in New Product Design	<ul style="list-style-type: none"> Use 30% eco-friendly materials in the structural components of Use 35% eco-friendly materials in the packaging of over-ear headsets Optimize PCB for 20% of specified development projects Optimize product power consumption by 8% Increase product charging efficiency by 10% 	<ul style="list-style-type: none"> Achieved 32.4% use of eco-friendly materials in the structural components of over-ear headsets Achieved 35% use of eco-friendly materials in the packaging of over-ear headsets Optimized PCB for 20% of specified development projects Optimized product power consumption by more than 10% Increased product charging efficiency by 10% 	<ul style="list-style-type: none"> Use 30% eco-friendly materials in the structural components of over-ear headsets Use 40% eco-friendly materials in the packaging of over-ear headsets Optimize PCB for 30% of specified development projects Optimize product power consumption by 15% Increase product charging efficiency by 15% 	<ul style="list-style-type: none"> Use 35% eco-friendly materials in the structural components of over-ear headsets Use 45% eco-friendly materials in the packaging of over-ear headsets Optimize PCB dimensions for 30% of specified development projects Optimize product power consumption by 20% Increase product charging efficiency by 18% Define high-carbon-emission materials and products (top 30% in carbon emissions) and include them in sustainable materials Establish a comprehensive environmental database for all products and calculate product carbon footprints
Trustworthy Relationships of Integrity	Managing the Social and Environmental Responsibility of Suppliers	Implementing Sustainable Management for Key Suppliers	<ul style="list-style-type: none"> Announce MERRY's Supplier Code of Conduct (based on RBA 7.0 guidelines). Promote the new version of the Supplier Social and Environmental Responsibility Declaration, with a 93% signing rate among all suppliers. Achieve a CSR score of >83 for key suppliers. Continue to hold GP/CSR green promotion courses to advance MERRY's sustainability policies. 	<ul style="list-style-type: none"> Supplier Code of Conduct published on the company website (available in English, Simplified Chinese, Vietnamese, and Thai). Social and Environmental Responsibility Commitment (Supplier Operational and Environmental Sustainability Commitment) signed by 97% of suppliers. A total of 44 key suppliers audited, with an average audit score of 84.4. Supplier engagement: 2 strategic supplier meetings and 3 green management training sessions. 	<ul style="list-style-type: none"> Increase the CSR score of key suppliers by 5 points (to 84 points). Maintain a 97% signing rate for the Supplier Social and Environmental Responsibility Declaration among all suppliers. Continue to hold GP/CSR green promotion courses to advance MERRY's sustainability policies. 	<ul style="list-style-type: none"> Achieve an A-grade CSR audit rating for ≥10 suppliers (audit score of 90 or above, with no major deficiencies). Increase the signing rate for the Supplier Social and Environmental Responsibility Declaration to over 97%.

	Dimension	Indicator	2023 Target	2023 Achievement	2024 Target	Mid- to Long-term Goals
Creating Positive Environmental Impact	Promoting Group Green Energy Policies	RE100 Goal: Achieve 100% Green Electricity by 2040	<ul style="list-style-type: none">Group's renewable energy usage percentage > 21%.	<ul style="list-style-type: none">The Board of Directors approved the goal to achieve RE100 by 2040.Group renewable energy usage percentage reached 23.11%	<ul style="list-style-type: none">Increase the renewable energy usage percentage to >29.5%	<ul style="list-style-type: none">By 2030, renewable energy usage percentage > 75%.By 2035, renewable energy usage percentage > 90%.
	Continuation of Group Green Manufacturing Policies	<ol style="list-style-type: none">Group Carbon Reduction GoalsGroup Energy Saving GoalsMERRY Shenzhen Obtains Green Factory Certification	<ul style="list-style-type: none">Carbon reduction target base year: 2020.Reduce carbon emission intensity by 8%.Reduce Category 1 intensity by 1%.Reduce Category 2 intensity by 7%.Reduce energy intensity by 4% compared to 2020.Plan and certify ISO 14064-1 internal audits for all operational locations.	<ul style="list-style-type: none">The Board has approved moving the carbon neutrality target forward to 2040.Carbon emission intensity reduced by 5.06%.Category 1 intensity increased by 100.93%; Category 2 intensity reduced by 9.61%.Energy intensity increased by 4.21% compared to 2020.Greenhouse gas inventory system implemented.	<ul style="list-style-type: none">Reduce carbon emission intensity by 12% compared to 2020.Reduce energy intensity by 7.5% compared to 2020.Set near-term SBT (Science-Based Targets) carbon reduction path and pass official review by 2025 at the latest.All operational locations included in the consolidated financial report to conduct greenhouse gas inventory activities according to the latest ISO 14064-1 standards.	<ul style="list-style-type: none">Implement carbon reduction plans according to scientific-based targetsReduce energy intensity by 15% compared to 2020Plan the execution of the Group's 2040 carbon neutrality goal
	Climate Strategy Development	Climate-Related Financial Disclosures (TCFD)	<ul style="list-style-type: none">Taiwan HQ: Conduct TCFD Phase 2 operations (risk response).MERRY Shenzhen: Conduct TCFD Phase 1 operations (risk identification).	<ul style="list-style-type: none">Completed TCFD Phase 2 operations at Taiwan HQ by mid-year.Completed TCFD operations at MERRY Shenzhen by the end of the year.	<ul style="list-style-type: none">Update the TCFD risk identification list for Taiwan HQ and simultaneously update risk management content.Complete risk management content for MERRY Shenzhen under TCFD.Promote TCFD initiatives to AustarQuantify the financial impact of TCFD.	<ul style="list-style-type: none">Conduct TCFD Phase 2 operations for subsidiaries in China.Conduct TCFD Phase 1 operations for subsidiaries outside China.

Dimension		Indicator	2023 Target	2023 Achievement	2024 Target	Mid- to Long-term Goals
Trust and Open Communication	Talent Attraction and Retention	<div>1. Employee Engagement Survey</div> <div>2. Employee Diversity/ Inclusiveness</div>	<div>• Taiwan HQ to provide two gender-friendly measures superior to legal requirements</div> <div>• Employee stock ownership trust participation rate(ESOT): 35%</div>	<div>• Introduced new salary and home care policy; added up to 7 days of paid family care leave</div> <div>• Cumulative number of participants in employee stock ownership trust: 369 (100% participation rate)</div>	<div>• Job offers acceptance rate: 80%</div> <div>• Retention rate of top-performing employees: 90%</div> <div>• Women in STEM-related positions: 25%</div> <div>• Voluntary turnover rate for indirect staff (including production line indirect staff): 20% (excluding resignations within three months)</div> <div>• Introduce one Supporting Families and Well-being policy</div>	<div>• Conduct a group-wide employee engagement survey (every two years)</div> <div>• Female/male ratio targets for all employees and middle management: overall >0.87, middle management >0.45</div>
	Enhancing Talent Development Program	<div>1. Competency Development Plan</div> <div>2. MERRY DNA - Understanding Music, Loving Reading</div>	<div>• Two music series courses</div> <div>• Organize book clubs to promote reading among all employees/departments</div>	<div>• Launch three "Understand Music" series courses.</div> <div>• Conduct book clubs with a total of 11 books and 588 participants.</div>	<div>• Promote collective reading among all employees/departments.</div> <div>• Shape a DEI culture combined with MERRY DNA activities, holding two events annually.</div>	<div>• Establish a curriculum system; supplement the talent development blueprint and align it with operational goals by planning the "MERRY Strategic Curriculum"</div> <div>• Execute training plans for various talent tiers according to the competency blueprint, achieving an execution rate of 50%</div> <div>• Implement a reading log program</div>

	Dimension	Indicator	2023 Target	2023 Achievement	2024 Target	Mid- to Long-term Goals
Trust and Open Communication	Healthcare	1. Health Promotion Participation 2. Health Protection Plan 3. EAP (Employee Assistance Program)	<ul style="list-style-type: none"> Achieve 1,200 employee participations in health promotion activities Ensure a 100% health guidance rate for high-risk cases Provide 3 hours of sensitivity training for supervisors 	<ul style="list-style-type: none"> Received the "Healthy Aging Silver Award" from the Ministry of Health and Welfare for excellent workplace health Achieved 1,270 employee participations in health promotion activities at the Taiwan HQ Provided health care and follow-up for 863 new hire and annual health check reports with abnormalities, achieving a 100% completion rate Conducted two sessions of supervisor training on "Performance Interview Navigation - Using ORID to Create Effective Conversations" in November 	<ul style="list-style-type: none"> Achieve 1,200 employee participations in health promotion activities at the Taiwan HQ; reduce BMI abnormality rate by 3%; introduce a new gender issues course Promote work-life balance: special articles from MERRY Shenzhen, Audient, or other sites Hold an annual MERRY Group sports event Establish a dedicated section for maternal and child health information and support channels Provide health care themed lectures for middle-aged and older employees 	<ul style="list-style-type: none"> Achieve 1,800 employee participations in health promotion activities Implement the occupational disease prevention and health promotion plan with a 100% completion rate Establish an EAP support network (6 hours of supervisor training, one department representative)
	Friendly and Safe Workplace	1. Safety Management System Deployment 2. Maintaining Low Injury Rates	<ul style="list-style-type: none"> Promote ISO 45001 certification for group subsidiaries Group-wide injury rates: Frequency Rate (FR) < 0.8 Severity Rate (SR) < 33 Total Injury Index (FSI) < 0.16 	<ul style="list-style-type: none"> Taiwan HQ, MERRY Shenzhen, MERRY Vietnam, and Ostar have completed ISO 45001 certification. MERRY Thailand and Suzhou MERRY Sound have not yet implemented the management system and will be provided with a self-assessment form to complete, which is expected to be finished by the end of 2024. Group-wide injury rates: Lost Time Injury Frequency Rate (FR) = 0.12; Lost Time Injury Severity Rate (SR) = 0.86; Total Recordable Injury Rate (FSI) = 0.01 	<ul style="list-style-type: none"> Group-wide injury rates: Lost Time Injury Frequency Rate (FR) < 0.8; Lost Time Injury Severity Rate (SR) < 33; Total Recordable Injury Rate (FSI) < 0.16 	<ul style="list-style-type: none"> All group companies have passed ISO 45001 certification. The annual injury rate (FR, SR, FSI) of the whole group is reduced by 1% (base year: 2021).

	Dimension	Indicator	2023 Target	2023 Achievement	2024 Target	Mid- to Long-term Goals
Trust and Open Communication	Human Rights Issues	1. RBA Certification 2. Equality	<ul style="list-style-type: none"> Maintain RBA certification standards for MERRY Shenzhen and MERRY Vietnam, continue evaluation for the Thailand plant Report human rights policy to the Board of Directors and publish it on the company's website Produce a human rights due diligence report Establish an internal self-assessment system for MERRY Thailand in 2023 	<ul style="list-style-type: none"> Completed RBA recertification for MERRY Shenzhen and MERRY Vietnam Conducted internal human rights self-assessment for MERRY Thailand in November 2023 with no major deficiencies Human rights policy reported to the Board of Directors and published on the company's website Completed and disclosed the human rights due diligence report in this report 	<ul style="list-style-type: none"> Maintain and continue certification standards for MERRY Shenzhen and MERRY Vietnam in 2024 Conduct internal self-assessment for MERRY Thailand in 2024 Regularly review and update the human rights policy Produce a human rights due diligence report every three years 	<ul style="list-style-type: none"> Assist factories in Mainland China in implementing RBA Continuously increase the employment of people with disabilities through communication and job re-design
	Advocating for Minimal hearing loss Awareness	Impact Reach	<ul style="list-style-type: none"> Reach over 20,000 people. Systematize the promotion of minimal hearing loss courses 	<ul style="list-style-type: none"> Established the Minimal hearing loss Love Library, reaching an estimated 5,400 people Online advocacy posts reached a total of 43,275 people 	<ul style="list-style-type: none"> Implement one auditory-friendly environment project and introduce SROI calculation for social value by 2026 Accumulate a total impact reach of 50,000 people for minimal hearing loss advocacy 	<ul style="list-style-type: none"> Co-create/ally and ferment the issue with an impact reach of 50,000 people Invite upstream and downstream suppliers in the supply chain to join the discussion, increasing corporate attention to the issue
	Promoting an ESG Culture Among All Employees	Establishing General ESG Education and Training Courses	<ul style="list-style-type: none"> Conduct a total of 4 internal sustainability promotion activities Align volunteer activities with 7 SDGs indicators 	<ul style="list-style-type: none"> Achieved a total of 6,669 volunteer hours at global sites Conducted 4 volunteer activities in Taiwan, totaling 984 hours, aligning with 9 SDGs indicators 	<ul style="list-style-type: none"> Achieve social participation alignment with 10 SDGs indicators group-wide Ensure at least one social participation activity per year at 50% of all group sites Establish informal sustainability organizations (clubs) 	<ul style="list-style-type: none"> Achieve a 100% completion rate for MERRY Shenzhen's basic ESG courses Establish an annual ESG mission map for employees at the Taiwan HQ

2023 Sustainable Highlights



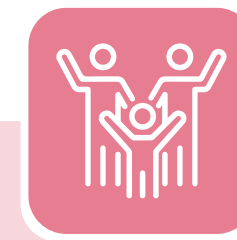
Governance

- Corporate Governance Evaluation: Top 5%
- MSCI ESG Rating: BBB
- SGS ESG Award: Gold Award
- TCSA Taiwan Corporate Sustainability Awards: Gold Award for Sustainability Report
- iF Design Award
- EE Awards Asia: Asia Gold Award



Environmental

- In response to the RE100 renewable energy initiative, the proportion of renewable energy usage reached 23.11% in 2023.
- CDP Climate Change Management: Rating B
- CDP Water Security Management: Rating B
- Compared to 2022, energy intensity decreased by 6.11%, Scope 1 and 2 GHG emissions decreased by 14.09%, water withdrawal decreased by 17.24%, and waste reduced by 0.92%.



Social

- Taichung City Happy Workplace - Five-Star Award
- Taichung City Friendly Senior Excellence Enterprise - Excellence Award
- Sports Administration Sports Enterprise Certification
- Health Promotion Administration Outstanding Healthy Workplace - Healthy Senior Award
- Assisted in Establishing the Nation's First "Hearing-Friendly Love Library"

Message from the Chairman



In 2023, the world faced a multitude of challenges. The unstable global political and economic landscape was accompanied by the hottest year ever recorded, with July 3 marking the hottest day in history. Natural disasters were becoming more frequent, creating a sense of urgency for companies to focus on sustainability. MERRY recognized the importance of sustainability as a key to corporate survival and adopted four main strategies to achieve market recognition: “Focus on Profitability, Customer Optimization, Risk Diversification, and Net-Zero Sustainability.”

MERRY adjusted its vision to “Creating Wonderful Sensory Experiences for a Healthy and Sustainable Life” and incorporated sustainability goals into its core values. The company continuously communicates with stakeholders to create positive, sustainable impacts, making sustainability no longer just a

slogan but everyone’s responsibility.

Merry took climate initiatives proactively, advancing its RE100 target to 2040, joining the Science-Based Targets initiative (SBTi), and implementing natural and biodiversity management. The company aims for zero-carbon headphones, collaborating with suppliers to develop sustainable materials and implementing circular design, seeking solutions to protect the environment through core technologies.

The company upheld the belief in giving back to society and invested over ten million to address hearing issues among disadvantaged groups and actively advocating for minimal hearing loss. MERRY established the Sustainability Development and Nomination Committee, strengthening the link between senior management’s sustainability performance and compensation, driving ESG accountability management.

On the 75th anniversary of the Universal Dec-

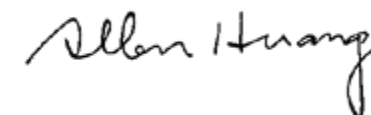
laration of Human Rights, MERRY began conducting human rights due diligence, identifying risks and taking mitigation and remediation actions. The company also launched the Group MERRY SDGs competition, encouraging employees to focus on local issues and exert their influence to create a better world.

Looking forward, MERRY is committed to achieving its sustainability goals through innovative steps and implementing medium- and long-term plans. Talent development, diversity and equality, resilient supply chains, low-carbon innovative products, and net-zero sustainability are among the goals that the company seeks to achieve. The company aims to create a vibrant, inclusive, and respectful corporate platform for all stakeholders. MERRY extends its appreciation to all colleagues, suppliers, and partners for their cooperation in promoting sustainable development, and looks forward to future collaborations to create a better tomorrow together.

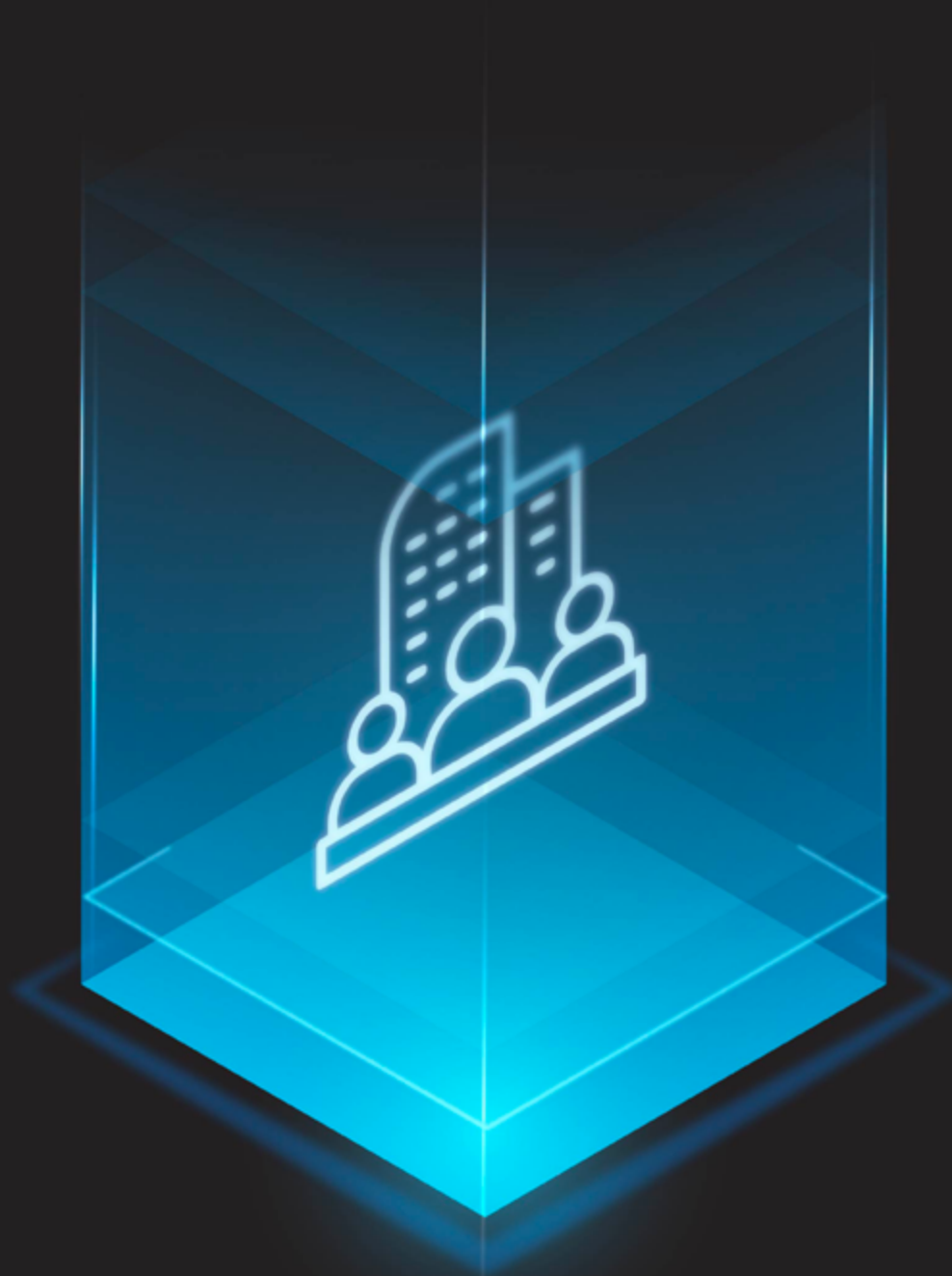
Chairman



President



Sustainable Material Issue Management



Established the Sustainable
Development and
Nomination Committee

Referenced IFRS and GRI
applying the principle of
"Double Materiality"



1-1 Sustainable Policy and Operations

In 2023, MERRY introduced a new vision: "Creating Wonderful Sensory Experiences for a Healthy and Sustainable Future." This expands from professional electroacoustic fields to integrated audio-visual sensory manufacturing, collaborating with upstream and downstream partners. MERRY is dedicated to ESG sustainable development, aiming to become a world-class provider of audio-visual sensory solutions. With core values, short-, medium-, and long-term goals are set, establishing six core sustainability pillars to enhance corporate sustainability, improve ESG information disclosure, and create shared prosperity for stakeholders including shareholders, customers, employees, suppliers, governments, society, and the environment.

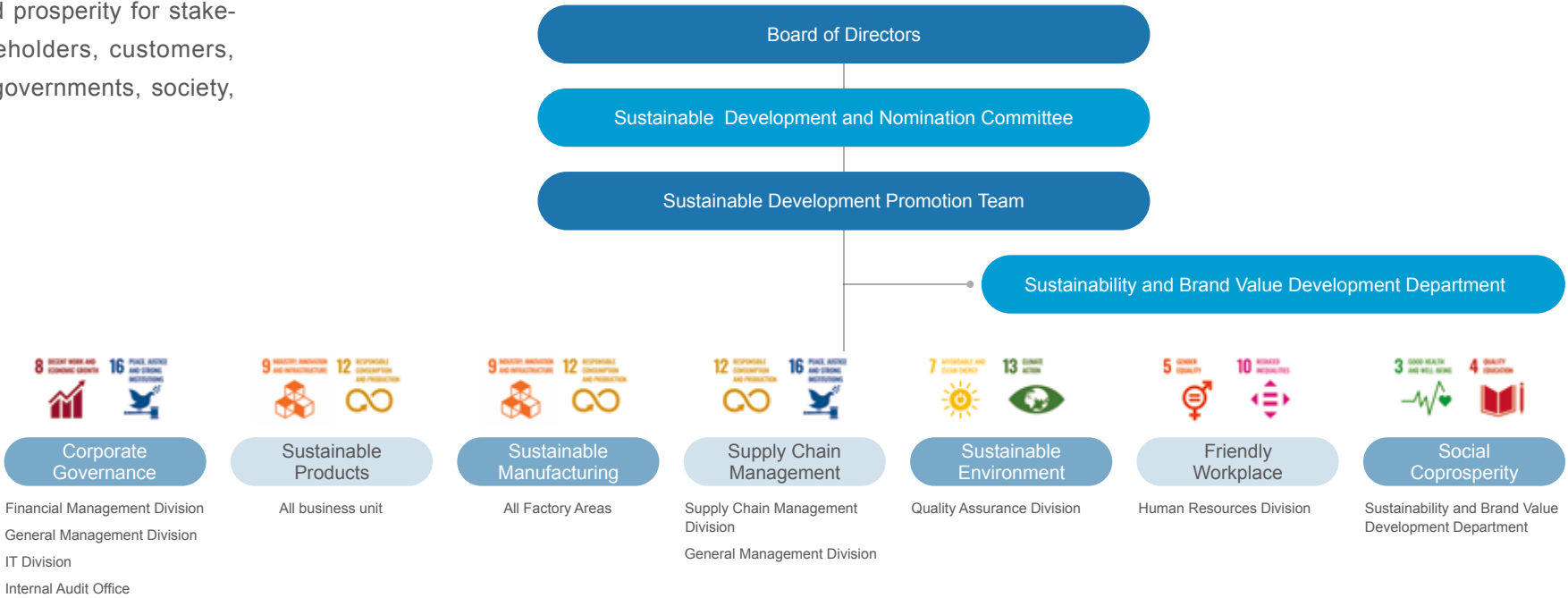
Sustainable Development and Nomination Committee

MERRY has established the Sustainable Development and Nomination Committee under the Board of Directors, chaired by Independent Director Wu Hui-Huang. This committee oversees four sub-teams, including the Sustainable Development Promotion Team, led by President Huang Chao-Feng, who also serves as the Chief Sustainability Officer. The Sustainable Development and Brand Value Development acts as the executive secretary, with seven functional units under it. These units

integrate corporate sustainability policies, systems, management guidelines, and specific action plans, ensuring continuous communication and interaction with stakeholders. They report regularly to the Board and the Sustainable Development and Nomination Committee.

The Sustainable Development and Nomination Committee supervises the formulation of short, medium, and long-term sustainability strategies, goals, implementation plans, and

achievements. When necessary, they propose review and improvement plans, which the Sustainable Development Promotion Team then reports to the Board to implement sustainability principles and goals. The most recent report to the Board was on December 28, 2023, covering the 2023 achievements and the 2024 implementation plan, including project plans and ESG performance indicators. Execution status is also reported periodically.



Six Core Sustainability Pillars :

To be a global leading solution provider in sensory technology
Creating sensory experiences to enhance well-being and sustainability

Essence

Core
ValuesEmpowerment and
Accountability

The growth of every employee comes from full empowerment and a culture of taking on responsibilities. We believe in the innate potential of each individual and expect everyone to be inspired and maximize their talents at Merry.

Pursuing Progress and
Innovation

We do not dwell on past successes; instead, we focus on the future, adapting as needed, encouraging experimentation, and allowing for failures without giving up easily. We believe there's always a better way to do things, continuously innovating and embracing manageable risks.

Trustworthy
Relationships of Integrity

We deliver on our promises, never exaggerating, while strictly adhering to legal and ethical standards. We act with integrity and honesty, aiming to be the most trustworthy partner for both our colleagues and customers.

Creating Positive
Environmental Impact

We believe that all employees and supplier partners, regardless of gender, ethnicity, or seniority, should be treated with kindness, equality, and respect. Merry values the sound development of society and the environment, and aspires to be a role model, creating a positive and sustainable business model.

Trust and Open
Communication

When facing important issues, we base our approach on shared goals, trust in each other's expertise, and timely and open communication. This also guides us in building long-term, trustworthy relationships with our partners and customers.

Proactively Thinking for
Others

Collaborating with partners, colleagues, and shareholders, working across departments and units, we continuously explore future trends, proactively providing customers with better recommendations and solutions, working hand in hand to serve customers and create success for them.

Sustainability
Description

The Board of Directors fully authorizes and empowers responsible units to jointly implement corporate sustainability governance and improve sustainability risk management.

Innovation is a key driver of the company's future success and ability to generate a competitive advantage. We continue to invest in innovation resources and implement sustainable product design.

Ethical operation is the key to the smooth operation of a business. As the most reliable partner of suppliers and customers, Merry grows together with them.

Value positive environmental development, support international initiatives, formulate long-term carbon reduction plans, strengthen green production, and implement environmental sustainability.

Value diversity, equality, and inclusion, and commit to creating a safe, equal, and open work environment.

Continuously explore future trends, anticipate customer needs and societal demands, and provide optimal solutions integrated with our core business

Commitment

Sustainability Governance
Risk Management

Innovative Technologies
Sustainable Products

Sustainable Supply Chain
Ethical Operation

Environmental Protection
Active Carbon Reduction

Friendly and Safe Workplace
Diversity and Inclusion

Minimal Hearing Loss Advocacy
Cultivating Acoustic Education

SDGs



Operation Method:



1-2Stakeholder Engagement



MERRY maintains effective communication with stakeholders through practical and stable methods during its operations and participates in various public associations to be a sustainable partner and corporate citizen. The company website features an external communication mailbox to establish transparent and diverse communication channels with all stakeholders. To identify key stakeholders significantly related to operations, the Sustainable Development Promotion Team uses the AA1000 Stakeholder Engagement Standard (AA1000 SES) developed by Accountability, focusing on dependency, influence, interest, responsibility, and diverse perspectives.

In 2023, MERRY distributed questionnaires to company executives and received 30 valid responses, identifying 9 main stakeholder categories and 5 key stakeholder groups: investors, employees, suppliers, customers, and government agencies. Corresponding and effective communication channels and platforms are established based on the attributes and needs of each stakeholder group. The results of stakeholder engagement and major issue impact assessments are reviewed by the president and reported to the board along with the sustainability report.



Stakeholder Communication Status

Stakeholder	Significance to MERRY	Three Main Communication Channels (Frequency)	Response Strategies	Communication Outcomes	Five Key Concerns	Response Sections or Public Information
 Investors	<p>Their approval and support are the backbone of MERRY's sustainable operations.</p>	<p>Shareholders' Meeting/Annual Report (annually)</p> <p>Institutional Investor Conference/ Overseas Investor Forum (quarterly)</p> <p>Monthly Revenue Information (monthly)</p>	<ul style="list-style-type: none"> Regularly disclose financial and business information on the public information observatory and the company's external website. Regularly disclose major board decisions and significant company information. Appoint a spokesperson and deputy spokesperson to promptly respond to investor concerns. Regularly hold meetings to explain operational performance and address concerns raised by investors. 	<ul style="list-style-type: none"> 12 revenue announcements 4 corporate briefings 5 participations in domestic and international investor forums 1 annual shareholders' meeting 	<ul style="list-style-type: none"> Quality Management Economic Impact Product Responsibility Climate Strategy Integrity Management 	<p>2.5 Financial Performance</p> <p>3.2 Integrity and Legal Compliance</p> <p>5.2 Green Product Management</p> <p>5.3 Quality Management and Customer Service Optimization</p> <p>6.1 Environmental Policies and Commitments</p>
 Employees	<p>Employees are MERRY's most important asset and the source of its competitiveness.</p>	<p>Employee Performance Reviews (semi-annually),</p> <p>New Employee Seminars (as needed)</p> <p>Employee Feedback Channels (real-time)</p>	<ul style="list-style-type: none"> Adhere to principles of fairness and non-discrimination, providing equal employment opportunities for all employees. Establish a comprehensive compensation and benefits system, offering reasonable remuneration and rewards to employees. Provide various training courses to refine professional skills. Ensure employee safety and health by following the guidelines of "protecting employees, caring for health, preventing harm, and reducing work injuries." 	<ul style="list-style-type: none"> 2 performance reviews for current employees 2 orientation sessions for new employees 64 employee feedback responses 	<ul style="list-style-type: none"> Talent Attraction and Retention Human Capital Development Diversity and Inclusion Economic Impact Innovation Management 	<p>2.5 Financial Performance,</p> <p>4.1 Sustainable Design and Innovation Management</p> <p>7.1 Attracting and Retaining Talent</p> <p>7.2 Remuneration and Benefits</p> <p>7.3 Talent Development</p>

Stakeholder	Significance to MERRY	Three Main Communication Channels (Frequency)	Response Strategies	Communication Outcomes	Five Key Concerns	Response Sections or Public Information
 Suppliers	Long-term and stable collaboration with suppliers ensures mutual growth and attention to environmental and social responsibilities.	Supplier Audits (annually) Supplier Evaluations (monthly) Supplier Assistance (real-time)	<ul style="list-style-type: none">Continuously promote the green supply chain by requiring and assisting suppliers in obtaining quality management system certifications, controlling the use of raw materials, and ensuring that their products and materials comply with MERRY's green product standards.Establish communication platforms and promote ESG-related seminars to actively explain the importance of sustainable cooperation to suppliers.Excluding customer-designated suppliers (who also meet recognized ESG evaluation standards), the signing rate of commitment letters by new suppliers has reached 100%.	<ul style="list-style-type: none">96% of new suppliers signed social and environmental commitmentsMonthly supplier evaluationsAudited 34 key suppliersAt least 230 on-site supplier guidance sessions	<ul style="list-style-type: none">Quality ManagementInnovation ManagementIntegrity ManagementSocial ImpactInformation Security	3.2 Integrity and Legal Compliance 3.4 Information Security Management 4.1 Sustainable Design and Innovation Management 5.3 Quality Management and Customer Service Optimization 8 Proactively Thinking for Others
 Customers	Their recognition and trust drive MERRY's quality and technological improvements, promoting sustainable development.	Quarterly Business Reviews (quarterly) Customer Satisfaction Surveys/Score Cards (quarterly) Quality Meetings (monthly)	<ul style="list-style-type: none">Continuously enhance technical capabilities, implement carbon reduction from product design based on sustainable design frameworks, realize the RE100 initiative's renewable energy usage path, and actively promote carbon reduction measures to jointly achieve carbon-reduced products with customers.Continuously meet customer requirements and improve satisfaction through quality management systems and problem-solving capabilities.Manage relevant raw materials through the green management system to meet customer product specifications and regulatory requirements	<ul style="list-style-type: none">Major clients affirmed technical capabilities and overall service, with an average satisfaction score of 83.21.All suggestions or issues raised by clients during QBR meetings have been fully addressed or incorporated into management by MERRY.	<ul style="list-style-type: none">Quality ManagementSustainable Supply ChainInformation SecurityInnovation ManagementProduct Responsibility	3.4 Information Security Management 4.1 Sustainable Design and Innovation Management 5.1 Sustainable Supply Chain 5.2 Green Product Management 5.3 Quality Management and Customer Service Optimization

Stakeholder	Significance to MERRY	Three Main Communication Channels (Frequency)	Response Strategies	Communication Outcomes	Five Key Concerns	Response Sections or Public Information
<div>Government Agencies</div>	<p>All operational activities of the company are subject to the review and supervision of local government regulations, adhere to government policies, and gain the trust and cooperation opportunities from the government.</p>	<p>Annual evaluations by government agencies</p> <p>Regular updates of public information (in a timely manner)</p> <p>Official documents (as needed)</p>	<ul style="list-style-type: none"> Continuously strengthen corporate governance quality to meet government policy requirements, align with international standards, and enhance international image. Follow the 2050 net-zero carbon emission pathway proposed by regulatory authorities and establish a corporate carbon reduction roadmap to comply with policy regulations. 	<ul style="list-style-type: none"> Corporate governance evaluation:5% 68 information releases on the Market Observation Post System 	<ul style="list-style-type: none"> Information Security Climate Strategy Occupational Health and Safety Integrity Management Tax Management 	<p>2.6 Tax Management</p> <p>3.2 Integrity and Legal Compliance</p> <p>3.4 Information Security Management</p> <p>6.1 Environmental Policies and Commitments</p> <p>7.4 Safe Workplace</p>

Stakeholder Communication Channels

In addition to maintaining interaction with stakeholders through various forms in daily operations, relevant contact points are also established on external websites.

Investor Relations

investor@merry.com.tw
 04-23590811#116229
Ms. Chien

Employee/
Recruitment Related

merry_resume_db@mery.com.tw
 04-23590811 Ms. Kuo

Media Related

merry_pr@merry.com.tw
 04-23590811#116409
Ms. Chen

Community -
Environmental Health and
Safety (EHS) Related

imerry_esh@merry.com.tw
 04-23590811#111277
Ms. Su

ESG Related

merry_pr@merry.com.tw
 04-23590811#116420
Mr. Siao

1-3 Analysis and Identification of Material Issues

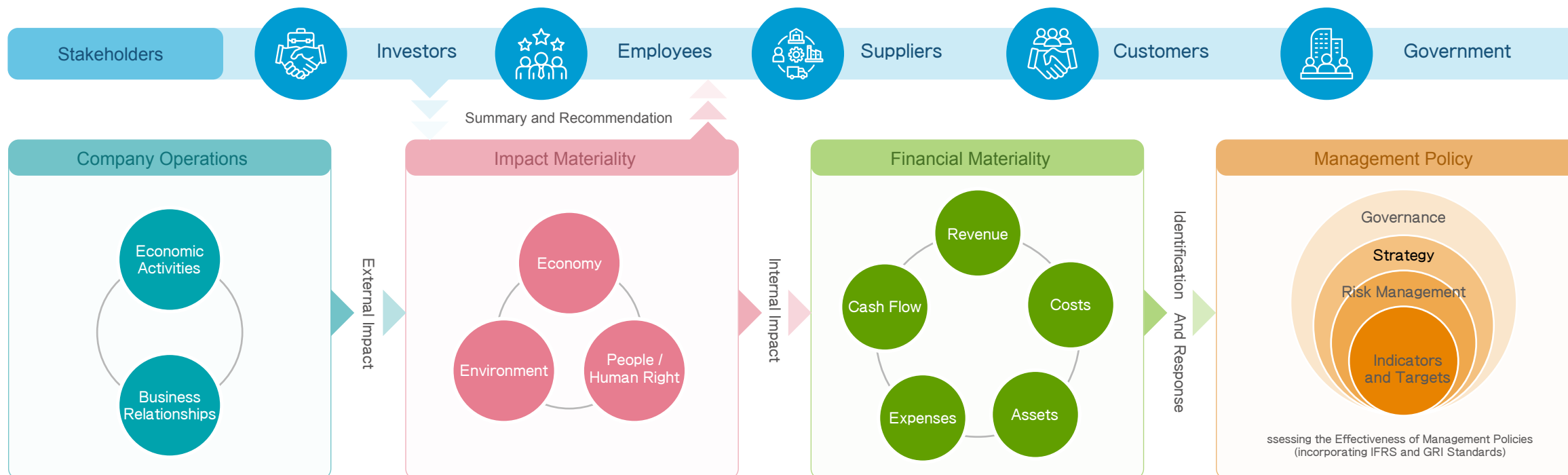
MERRY conducts regular sustainability impact assessments each year to review and evaluate high-impact issues, formulate sustainability promotion strategies, and action plans, and set short, medium, and long-term goals for key items. In 2023, with the official release of the IFRS Sustainability Disclosure Standards and the European Sustainability Reporting Standards (ESRS), MERRY adopted "GRI 3: Material Topics 2021" as the foundation. Simultaneously, it also referenced IFRS and ESRS guidelines on sustainability impacts, applying

the principle of "Double Materiality" to incorporate sustainability impacts into Impact Materiality and Financial Materiality. This involves a five-stage identification process to assess the impact of MERRY's operational activities on social, environmental, people, and human rights sustainability aspects (external impacts) and the financial impacts on MERRY due to the need to manage these external impacts (internal impacts). By balancing these internal and external impacts, the sustainability impact analysis results are produced, determining the

key sustainability issues to be prioritized for reporting.

Based on MERRY's operational activities, business relationships, and stakeholder profiles, relevant sustainability issues are collected with reference to global sustainability reporting standards (GRI, SASB, and TCFD) and international sustainability evaluation indicators. The Sustainable Development and Nomination Committee, the Sustainable Development Promotion Team, and relevant core

executives analyze the degree of actual or potential positive or negative impacts each issue has on the economy, environment, and people (including human rights) within the company's operational activities and business relationships. They quantify the impact on their own operations and further discuss the importance of each issue, ranking them accordingly. Finally, the Sustainable Development & Nomination Committee discusses and confirms the key sustainability issues, prioritizing the disclosure of related goals and management outcomes.



Explanation of Sustainable Impact Assessment

1

Understanding Organizational Context

- Identify Key Issues and Potential Impacts for Five Major Stakeholders
- Analyze Potential Impacts of Economic Activities and Supply Chain Relationships
- Map Potential Impacts to 20 Sustainability Issues

5

Determination of Material Sustainability Issues

- Based on the identified material topics, align them with GRI themes to generate disclosure topics and indicators, and incorporate SASB industry-specific disclosure indicators in the preparation procedure for the sustainability report.
- GRI Themes: Align with 10 GRI theme standards, totaling 27 indicators.
- SASB Industry-Specific Disclosure Indicators: Technology and Communications sector, Hardware industry.

2

Identification of External Impacts

- **Consideration of Comprehensive Information for Ongoing Stakeholder Engagement:** Each issue's responsible department evaluates the impacts from various perspectives, including actual or potential, positive or negative. Under the current management intensity, the significance of the impact on the upstream and downstream supply chain, environment, and social aspects (external to the organization) on the 20 sustainability issues is identified.
- **Impact Significance Identification Method:**

Negative Impact Significance

$$\begin{array}{|c|} \hline \text{Severity} \\ \hline \text{(scale, scope, irremediability)} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Likelihood} \\ \hline \end{array}$$

Positive Impact Significance

$$\begin{array}{|c|} \hline \text{Severity} \\ \hline \text{(scale, scope)} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Likelihood} \\ \hline \end{array}$$

3

Identification of Internal Impacts

- **Financial Materiality** : Based on the significance of the impact on the 21 sustainability issues, each issue's responsible department further evaluates the short-, medium-, and long-term financial impacts on operational activities (external to internal). The impact degree is measured by referring to the financial statement materiality standards. Various financial indicators' relevance to MERRY's value is analyzed, using the 2022 after-tax net profit as the benchmark for assessing the impact degree of financial materiality. Financial impacts include information related to revenue, costs, expenses, cash flow, and financing activities.

- **Financial Materiality Identification Method:**

Financial Materiality

$$\begin{array}{|c|} \hline \text{Operational Impact} \\ \hline \text{Degree} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Likelihood} \\ \hline \end{array}$$

4

Management Guidelines Proposal

- Summary of Impact Significance and Financial Materiality Identification Results: Impact and Financial Materiality Ranking: Compile the results of impact significance and financial materiality identification for each issue.
- Rank the issues based on their positive/negative impacts and financial materiality separately. Collaborate with the Strategic Planning Department to confirm the final materiality assessment results based on MERRY's future operational plans.
- Policy and Action Plans: Responsible departments will develop policies, promotion plans, and set targets for each issue based on the assessment results.
- Double Materiality Principle: Refer to the ESRS (European Sustainability Reporting Standards) double materiality principle, considering both impact significance and financial materiality of each issue.
- After discussions among relevant departments and reporting to the President, confirm that the major issues to be disclosed in the sustainability report will total 8 topics. Sustainable Development & Nomination Committee
- In response to the establishment of the Sustainable Development & Nomination Committee in 2023, the results of the sustainability impact analysis will be included in the committee's discussion items starting in 2024. These items will then be approved by the Board of Directors.

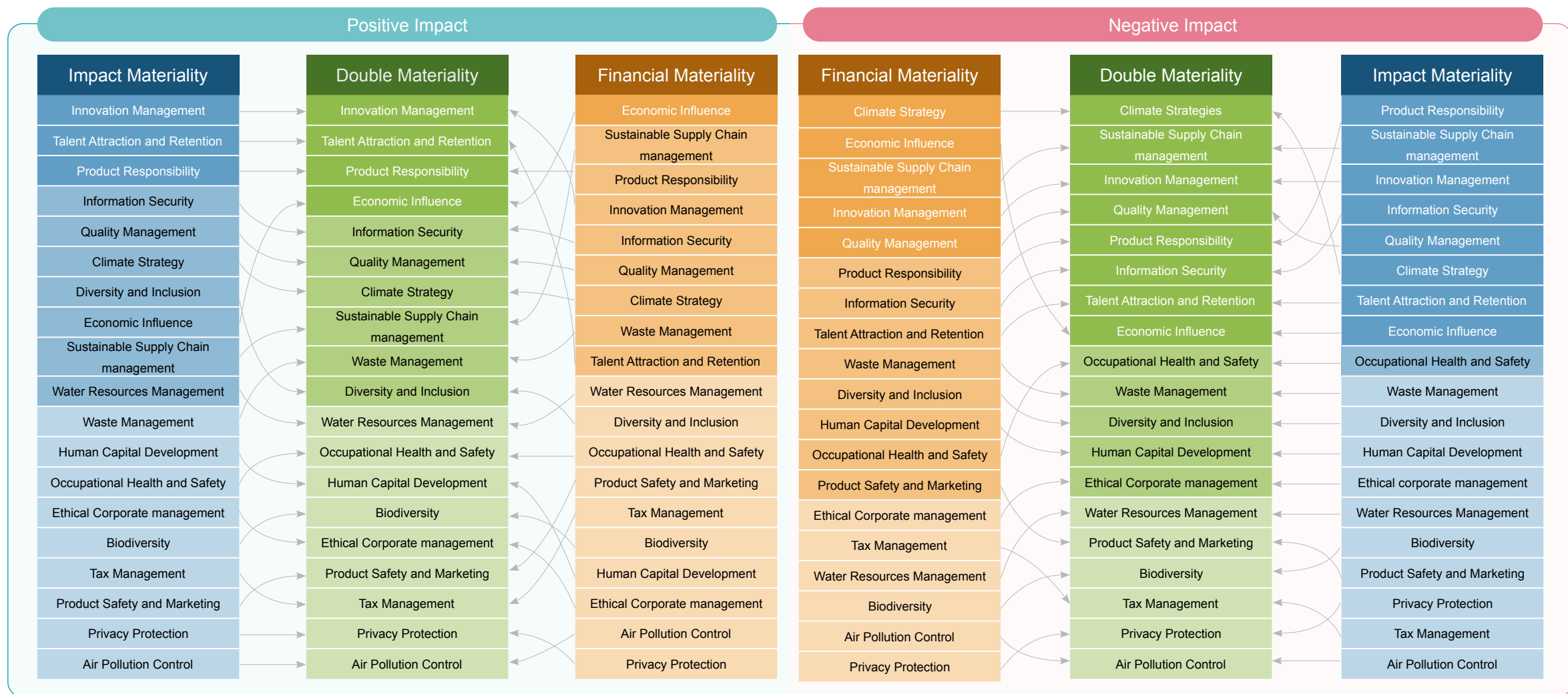
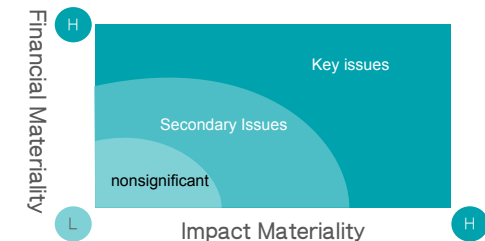
Identification of Priority Key Issues for Disclosure

Based on the results of the sustainability impact analysis, using the double materiality assessment method, MERRY has identified a total of 8 key issues: 8 negative and 4 positives. Additionally, there are 7 secondary issues that are categorized for continuous monitoring. After final confirmation

by the President, the management policies and promotion outcomes of the 8 key issues are prioritized for reporting in this report.

Since this year marks the first use of the double materiality assessment method, there are differ-

ences compared to the previous year's analysis approach. Specifically, the "Energy Management" issue identified in previous years has been merged into the "Climate Strategy" for a comprehensive assessment in 2023.











Material Sustainability Issues and Corresponding Standards

We reviewed the 31 topic standards of the GRI Sustainability Reporting Standards and matched them with our material issues. We selected 9 relevant GRI topic standards and 2 customized topics. Additionally, we aligned with the SASB Hardware Industry Standards to ensure the comprehensiveness and compliance of the report. This initiated the preparation process for this report.

Material Issues		Economic Influence		Innovation Management		Quality Management		Sustainable Supply Chain management		Product Responsibility		Talent Attraction and Retention		Information Security		Climate Strategy	
Impact		+	-	+	-	-		-		+	-	+	-	-		-	
Impact Dimension	Economic	●	●	●	●	●		●		●	●	●	●	●	●		
	Environment	●		●	●	●		●	●	●	●					●	
	Society			●						●	●	●	●				
	Human Rights							●				●	●				
Value Chain Impact Scope	Upstream Suppliers							●								●	
	Tier 1 Suppliers	●	●	●	●			●						●		●	
	MERRY	●	●	●	●			●		●	●	●	●	●		●	
	Customers	●	●	●	●			●		●	●			●			
	End Customers			●	●					●	●						
Corresponding GRI Topic Standards or SASB Indicators		• GRI 201: Economic Performance 2016 • GRI 204: Procurement Practices 2016 • Customized Topics				• GRI 308: Supplier Environmental Assessment 2016 • GRI 414: Supplier Social Assessment 2016 • GRI 416: Customer Health and Safety 2016 • TC-HW-410a.1: Product Lifecycle Management • Customized Topics				• GRI 202: Market Presence 2016 • GRI 401: Employment 2016 • GRI 405: Diversity and Equal Opportunity 2016				• Customized Topic: Information Security Incidents		• GRI 302: Energy 2016 • GRI 305: Emissions 2016	
Disclosure Sections		2.3 Product Introduction 2.5 Financial Performance 4.1 Sustainable Design and Innovation Management 5.1 Sustainable Supply Chain				4.1 Sustainable Design and Innovation Management 5.1 Sustainable Supply Chain 5.3 Quality Management and Customer Service Optimization				7.1 Attracting and Retaining Talent 7.2 Remuneration and Benefits				3.4 Information Security Management		4.1 Sustainable Design and Innovation Management 6.1 Environmental Policy and Commitment 6.2 Climate-related Financial Disclosures (TCFD) 6.3 Climate Action and Energy Management	

Timeframe of Impact for Material Sustainability Topics

Material Disclosure Topics	 Economic Influence		 Innovation Management		 Quality Management	 Sustainable Supply Chain management
	Negative	Positive	Negative	Positive	Negative	Negative
Explanation of External Sustainability Impacts	<p>The relocation of manufacturing plants in response to customer transfers has impacted employees and the supply chain.</p> <p>Increasing revenue through clean technology can improve the overall carbon reduction results of the industry and support the promotion of green finance. Additionally, advocating for sustainable materials and high-energy-efficiency products can drive supply chain recognition of sustainable design development and material demand.</p>		<p>The rising demand for low-energy products and low-impact environmental materials underscores the importance of keeping pace with competitors in terms of development progress and future-oriented product design capabilities. Failure to do so may impact order acquisition and revenue generation if the products do not meet customer needs.</p> <p>MERRY has initiated plans for sustainable product design. If it can outperform competitors in terms of implementation schedule or early deployment to meet customer demand, it can potentially increase market share.</p>		<p>Some suppliers occasionally provide materials that do not meet quality standards, resulting in sporadic customer complaints and return incidents.</p>	<p>The increasing environmental and social requirements from strategic partner customers, such as sustainable materials, recyclable materials, zero landfill waste, and human rights due diligence, lead to rising direct costs.</p>
Explanation of Internal Financial Impacts	<p>The volatility of manufacturing plants has led to increased capital expenditures, changes in funding arrangements or investment structures, and short-term cost increases for MERRY and suppliers due to reduced yield rates at new plants, as well as additional recruitment and training costs for employees.</p> <p>Accelerating the development and mass production of sustainable materials and high-energy-efficiency products helps meet customer demand, increase market share, and improve gross margins.</p>		<p>If there is a lag in product development due to sustainable design, it may result in insufficient order acquisition capability for newly introduced sustainable products, leading to a decline in revenue. Additionally, existing product profit margins may be lower, impacting the pre-tax profit and loss.</p> <p>Responding to the introduction of new materials may require increased investment in research and development expenses. Additionally, capital expenditures may increase due to the addition of new production line equipment for new products. However, mass production of new products can lead to higher operating income.</p>		<p>Customer complaint incidents may lead to increased return costs or replenishment expenses, and may even result in additional compensation fees.</p>	<p>The limited choice of suppliers restricts the bargaining power of suppliers, leading to the risk of increased raw material costs.</p>
Timeframe of Impact	Already Occurred		Already Occurred	Already Occurred	Already Occurred	Already Occurred

Material Disclosure Topics	 <div>Product Responsibility</div>		 <div>Talent Attraction and Retention</div>		 <div>Information Security</div>	 <div>Climate Strategy</div>
	Negative	Positive	Negative	Positive	Negative	Negative
Explanation of External Sustainability Impacts	<p>As international regulations on substance management become increasingly stringent, failure to complete improvements before the effective deadline may result in operational disruptions, such as the inability to ship goods to customers.</p>	<p>MERRY has utilized the GPMS (Green Product Management System) platform to manage upstream raw materials, enabling rapid identification of future restrictions on hazardous chemicals to comply with regulations or early customer requests.</p>	<p>In recent years, the semiconductor industry has exerted significant force in talent acquisition. For MERRY , which has been focusing on the audio field for nearly 50 years, the competition for top talent poses a challenge as it seeks to compete in the future of audio and sensory products. This could potentially result in a shortage of talent.</p>	<p>MERRY benchmarks its salary and benefits against companies in central Taiwan to provide employee benefits that exceed regulatory requirements. Additionally, it has implemented an employee stock trust system in hopes of attracting top talent to join MERRY and retaining existing high-performing employees.</p>	<p>While MERRY continues to improve and strengthen its existing information security deployments, the ever-evolving threats in information security pose risks such as data breaches or loss, leading to financial losses or ransom demands.</p>	<p>Strategic partner customers have been increasing MERRY' requirements for carbon reduction and energy efficiency performance year by year. The continued intensity of carbon reduction and energy-saving requirements in both products and operations may lead to situations where technology does not meet customer needs or where order amounts decrease due to processes being unable to meet customers' energy-saving goals.</p>
Explanation of Internal Financial Impacts	<p>Suppliers may potentially reduce the number of providers in the same material industry in the future due to their inability to provide materials that comply with substance management regulations. This reduction in supply may lead to cost increases due to decreased supply.</p>	<p>Through systematic management, it's possible to quickly identify affected materials and engage with suppliers early to ensure access to compliant materials before regulatory or customer-requested deadlines. This proactive approach enables the early introduction of alternative materials to meet customer demands, ultimately increasing order volume.</p>	<p>In response to the current expectations of job seekers for fixed salaries, there may be an increase in employee recruitment costs. Additionally, related human resource costs such as research and development expenses, operating expenses, and management expenses are likely to continue growing to cope with the dual impact of intense competition for electronics and electrical engineering talent and declining birth rates.</p>	<p>To create a competitive workplace environment, MERRY enhances its employee care measures from the aspects of work, life, and health. Additionally, it provides an employee stock trust system and increases related expenses for salary and benefits. Through the recruitment and retention of top talent, there is an opportunity to accelerate the development schedule of new technologies or products, enabling early mass production to increase operating income.</p>	<p>Continual improvements are made to systems and network equipment, involving capital expenditures for equipment procurement and operating expenses for services provided by cybersecurity consultants. Interruptions in operations and resulting downtime losses may occur due to system disruptions or data loss. Additionally, additional expenses may arise from ransom demands if data is stolen.</p>	<p>To enhance MERRY' competitive advantage in both product and technology aspects, increasing research and development manpower and investing in related research and development expenses will be undertaken for technology development and product testing. Additionally, on the process side, in response to customer demands for increased green energy usage and energy efficiency, both direct costs will rise through the purchase of green energy (or renewable energy certificates) and capital expenditures will be made to improve equipment efficiency.</p>
Timeframe of Impact	Already Occurred	Already Occurred	1-2 Years	Already Occurred	Already Occurred	Already Occurred

1-4Management Approach of Material Issues

Economic Influence and Innovation Management



Global political and economic shifts and geopolitical relocations of supply chain development zones have impacted the job market for direct labor. Merry Electronics has established a factory in Vietnam and expanded its factory in Thailand to balance the setup and production of product lines across multiple countries. In recent years, customer demand for sustainable products has increased, and regulatory authorities and financial institutions are gradually raising requirements for corporate green revenue. Merry needs to quickly invest in the research and development of new materials, enhance sustainable design capabilities, advocate for sustainable materials and high-efficiency products, and proactively evaluate and test low-impact alternative materials to demonstrate performance and capabilities in sustainable design.

Responsibilities

Management Division / Technology Division | Electroacoustic Product Business group. | Microphone Product Business Unit
Power application system Business Group | Hearing Aid Product Business Division

Polices

- 2023 Operational Guidelines: Focus on Profitability, Customer Optimization, Risk Diversification, Net-Zero Sustainability
- Continue Investing in the Use of Recycled Materials:Increase the proportion of new products incorporating recycled materials.
- Implement Product Structure Optimization and Low-Impact Design:Reduce production losses.
- Introduce Circular Design DNA Plan:Incorporate principles of circular design into product development.

Commitment

- Introduce 10 Key Themes of Sustainable Product Design: Incorporate Evaluation from R&D to Shipment:Ensure all new product development processes include sustainability assessments.
- Increase Production of Sustainable Design Products: Meet customer demands by enhancing the output of sustainably designed products.
- Increase the Use of Renewable Energy: Achieve the RE100 target by 2040.



Economic Influence and Innovation Management

Action plan adopted

Product design and development follow a sustainable design framework to assist customers in producing more advanced and efficient products. We continuously enhance production modularization and product design capabilities. Additionally, we actively participate in external research projects and innovation investments to increase opportunities and the number of open innovations for products.

Action plan follow-up

- Monthly progress reports and reviews are presented at the Group's General Rules Meeting, with updates submitted to the Sustainable Development Promotion Team.
- Bi-annual reports and reviews are conducted with the Sustainable Development Promotion Team.
- Annual reports are presented to the Board of Directors.

Stakeholder Engagement

Internal: Strengthen the ability of internal personnel in sustainable innovation through a series of courses such as ESG trends introduction, green products and materials, circular design x design thinking.

External: Customers can directly contact the sales team and the company's sustainability contact for related inquiries. Investors can check related information on the Market Observation Post System or the company's official website.

Objectives and Targets, Performance Measurement as detailed in 'Goals and Progress'

Quality Management, Sustainable Supply Chain, Product Responsibility



International clients and investment institutions are increasingly emphasizing supply chain management, including environmental requirements for low carbon, recyclability, and reworkable manufacturing and design. Merry has established a green materials supplier database through its sustainable supply chain policy, using audits to understand whether suppliers meet social and environmental requirements, enhancing quality management to reduce complaint rates, and complying with environmental regulations and customer demands.

Responsibilities

Technology Division | Electroacoustic Product Business group. | Microphone Product Business Unit
Power application system Business GroupHearing Aid Product Business Division | Supply Chain Management Division

Polices

To provide customers with satisfactory products, quality, and services in a timely manner through source flow management, optimize supplier capabilities, manage risks, conduct audits and exchanges, and localize suppliers. All products comply with European and American regulations on the restriction of hazardous substances, and product packaging labels meet customer requirements.

Commitment

Based on domestic and international environmental regulations and standards, Merry further ensures that the environmentally friendly materials, processes, energy used, and products provided all meet low-carbon, environmentally friendly, and sustainable product criteria. This ensures that the materials, processes, and products used by Merry fully comply with relevant environmental regulations and standards.



Economic Influence and Innovation Management

Action plan adopted

- Adhere to the "Three-Six-Three-Seven Principle" to prevent production line stoppages due to untimely handling of abnormalities.
- Continuously improve items that do not meet quality standards each month and propose preventive measures.
- Require suppliers to sign a Social and Environmental Responsibility Commitment and a Conflict-Free Minerals Declaration.
- Conduct CSR audits on key suppliers.
- Increase the proportion of local supply chain procurement.

Action plan follow-up

- Conduct quality management and customer satisfaction reports and reviews during the monthly general planning meetings.
- Use the Global Product Management System (GPMS) to control materials at the source, ensuring that restricted substances in products comply with international regulations and customer requirements.
- According to the company's supplier management guidelines, new suppliers must pass evaluations and sign relevant commitment documents. Suppliers who have not completed all necessary documentation must obtain approval from the plant's general manager for special procurement transactions.
- Perform monthly reports and reviews on supplier management KPI results.

Stakeholder Engagement

Internal: Strengthen internal staff's understanding and implementation of sustainable supply chain development strategies through a series of courses introducing ESG trends.

External: Customers can directly contact the business and the company's sustainability window to inquire about related needs. Upstream suppliers can use the supplier communication platform and attend ESG-related promotion briefings.

Talents Attraction and Retention



Employees are key partners in Merry's sustainable development. We are committed to creating an equal, diverse, and healthy work environment, and we provide a compensation and benefits system that is both competitive and fair internally.

Responsibilities

Human Resources Division

Polices

We adhere to the principles of fairness and non-discrimination, providing equal employment and development opportunities. By benchmarking industry compensation levels and benefits systems, we offer competitive salary strategies and diverse benefit measures.

Commitment

We attract talented individuals, foster employee cohesion, and enhance employee identification with the company to improve retention rates.

Action plan adopted

- We provide employee benefits that exceed regulatory requirements
- Conduct an employee engagement survey every two years.

Action plan follow-up

- Monthly general meeting of the Group
- Merry Data Intelligent

Stakeholder Engagement

Internal: Employees can provide feedback through various communication channels to collaboratively create a friendly workplace.
External:Attract talented individuals by managing employer brand image through diverse social recruitment channels.

Information Security



Information operations security and the protection of confidential and sensitive data are critical to the company's competitiveness and reflect Merry's commitment to customers, shareholders, and employees. Merry has established an Information Security Promotion Team that will continue to develop and

enhance the group's information security management system to ensure the integrity, availability, and confidentiality of the group's information assets.

Responsibilities

Information Division

Polices

Merry Electronics Information Security Management Policy

Commitment

Through the ISO 27001:2013 Information Security Management System, we establish a secure and reliable information environment, ensuring the safety of data, systems, equipment, and networks. This protection shields against external threats and improper management or usage by internal personnel, preventing risks such as tampering, disclosure, destruction, or loss, thereby ensuring the continuity of business operations.

Action plan adopted

- Employee Information Security Awareness Training
- Information Security Account Control Operations
- Social Engineering Drill Training
- Endpoint Operation Protection and Control
- Network Management Defense Control

Action plan follow-up

- Bi-weekly Information Security Meetings
- Monthly Information Department Meetings
- Quarterly Headquarters Information Security Team Meetings
- Quarterly Group Information Security Promotion Team Meetings
- Annual Report by the Information Security Promotion Team to the Sustainable Development and Nomination Committee and the Board of Directors

Stakeholder Engagement

Internal: Based on annual education and training and various information security drills, report any related risk concerns to the Information Department.

External:External: Regularly commission external information security professionals to perform vulnerability scans on external service servers. If there are any related impacts, communication or complaints can be made through the "Contact Us" section on the company website.

Climate Strategies



The impact of climate change has become an undeniable issue for enterprises. The acquisition and use of energy and resources will increase operational costs and the risk of operational interruptions for Merry Electronics in the future. Therefore, implementing proper response and management measures at this stage is fundamental to strengthening the company's resilience.

Responsibilities | Technology Division-Quality Assurance Division

Polices

Environmental Protection Policy, Water Resources Policy, Biodiversity and No Deforestation Policy

Action plan adopted

Implement a greenhouse gas inventory system to improve the efficiency of inventory operations and enhance data integration. Focus on improving energy efficiency and reducing carbon emissions through the actual use of renewable energy. For any shortfall, purchase renewable energy certificates to meet the group's renewable energy targets.

Commitment

The group aims to achieve carbon neutrality in its operations by 2040 and will join the Science Based Targets initiative (SBTi) in 2024.

To accomplish this, we will enhance energy efficiency, increase the use of renewable energy, and continuously reduce greenhouse gas emissions by improving energy efficiency.

Action plan follow-up

- Establish energy systems at the facilities to monitor abnormal electricity usage in real-time.
- Set annual energy-saving and carbon reduction measures, and regularly track the execution and carbon reduction status of these measures.
- Report and review the greenhouse gas emission results in the monthly general planning meeting.

Stakeholder Engagement

Internal: Enhance the awareness and management capabilities of relevant departments through a series of courses on ESG trends, organizational greenhouse gas inventory according to ISO14064-1:2018, and other related topics.

External:If there are any related impacts, they can be communicated or appealed through the "Contact Us" section on the company's website.

Audio Perception Product Experts



Record Revenue
36.69 billion

start up Brand
Revitalization Project

Mass production
of E.V. audio



2-1About MERRY



MERRY is a globally renowned electroacoustic product manufacturer, boasting a reputation for integrity and reliability, expertise in audio perception technology and software/hardware integration, and strong R&D capabilities. We are not just an OEM or ODM provider, but also the preferred development partner for international brands seeking innovative products. Each year, we develop and manufacture a wide range of electroacoustic and audio-visual products for globally recognized partners, with over a hundred new product development or model extension projects annually. We tailor our products to meet the diverse electroacoustic and environmental needs of our clients, earning us the favor of many internationally renowned brands.

Merry Electronics Co., LTD

No. 22, 23rd Road, Industrial Zone, Nantun District, Taichung City, Taiwan

49 year
1975.12.24

Stock Code 2439
Stock Listing 2000

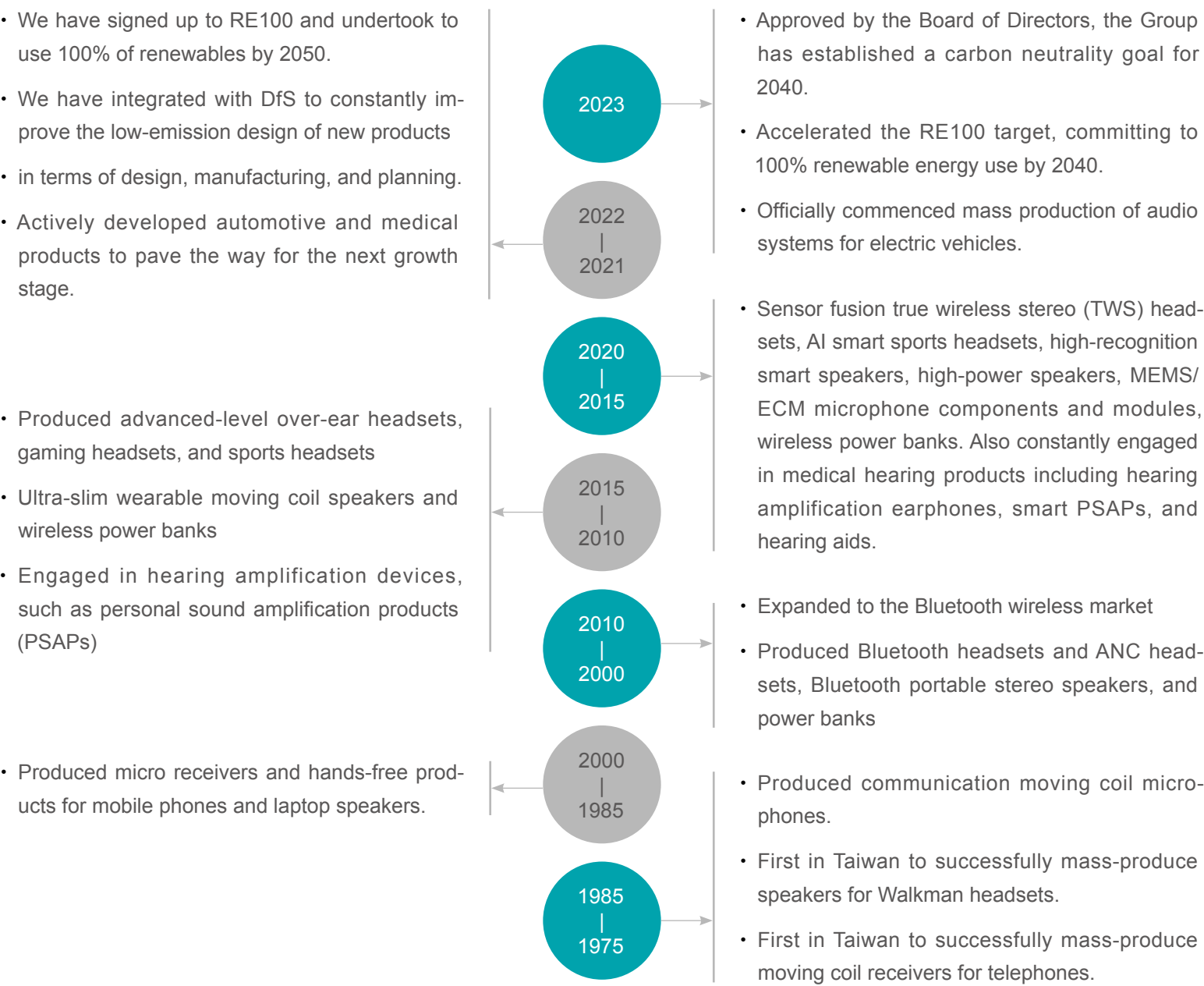
Number of Employees
5,963
(as of December 31, 2023)

Group Consolidated Revenue
366.9 billion
(2023)

Headsets, speaker components, micro-
phone components, battery products, and
hearing healthcare products. Collaborates
with international major clients to develop
products primarily for export to Asia, Eu-
rope, and the Americas.

18 other locations.
Taiwan (Taichung, Taipei, Hsinchu), China (Shenzhen, Suzhou,
Huizhou, Hong Kong, Xiamen), Thailand, Vietnam, USA (East
and West), Canada, Norway, Singapore, Malaysia.

Milestone

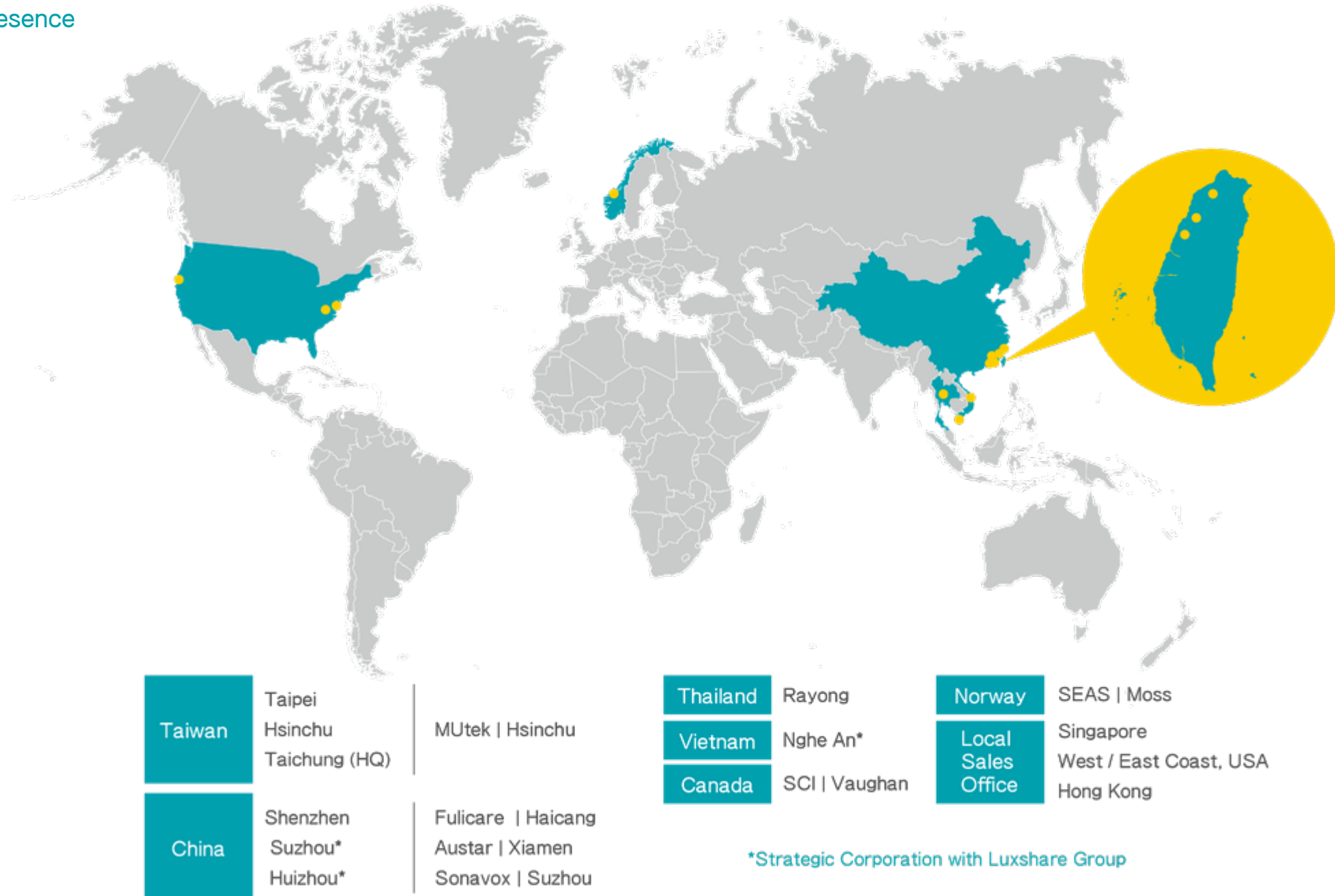


Membership of Associations

In addition to actively communicating and engaging with stakeholders, MERRY also participates in important sustainability and technology industry associations. Through these associations, MERRY collaborates and exchanges information on key issues, continuously promoting the sustainable development of the electroacoustic industry

Association Name	Role
Taiwan Electrical and Electronic Manufacturers' Association	Director
Electroacoustic Technology Development and Verification Alliance (EATD)	General Member
International Institute of Acoustics and Vibration (IIAV)	General Member
Micro Sensors and Actuators Technology Consortium, uSAT	General Member
Taiwan Automation Intelligence and Robotics Association	General Member
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	General Member
Taichung Industrial Park Manufacturers' Association	General Member
Taiwan Battery Association (TBA)	General Member
Taiwan Institute of Directors	General Member
CommonWealth Sustainability League	General Member
Subsidiary Austar - Xiamen Haicang District Federation of Industry and Commerce (General Chamber of Commerce)	General Member

Global Presence



2-2Core Value

Vison and Mission

Vision

To be a global leading solution provider in sensory technology.

Mission

Creating sensory experiences to enhance well-being and sustainability.

The founding of MERRY stems from an initial intention to contribute to humanity and society. Each step we take is not only in pursuit of commercial success but also to advance technological progress, enhance human and societal well-being, and promote sustainability. From the core of electroacoustic technology to the integration of audio-visual and perceptual technologies, MERRY continuously explores healthier, more comfortable, and richer sensory experiences. At the same time, we fulfill our corporate responsibilities, genuinely caring for people, society, and the environment, creating a positive and sustainable cycle.

Business Philosophy

Since initiating the MERRY brand revitalization project in 2022, we have distilled 48 years of operational expertise. In 2023, we introduced a new mission: "To become a world-

class provider of audio-visual perception solutions," and a brand proposition: "Creating sensory experiences to enhance well-being and sustainability." This new brand direction

integrates six core values to deepen our corporate culture and bring our vision to reality. Moving forward, we will continue to emphasize both innovation and foundational stability, ensuring sustainable and steady development.

Future-focused and Results-driven

By collaborating across departments and units, and with partners, colleagues, and shareholders, we continuously explore future trends. We proactively offer better advice and solutions to our customers, working together to ensure their success.

Open Communication and Mutual Trust

When facing important issues, we rely on shared goals, trust in each other's expertise, and timely, open communication. This approach helps us build long-term, trustworthy relationships with partners and customers.

Caring for People and the Planet

We believe that all colleagues and supplier partners, regardless of gender, ethnicity, or tenure, should be treated with friendliness, equality, and respect. MERRY values the healthy development of society and the environment, striving to set an example of good corporate governance and environmental sustainability.



Integrity and Reliability

We always fulfill our commitments without exaggeration, strictly adhering to legal and ethical standards. We conduct ourselves with integrity and correctness, making us the most reliable partners for each other and our customers.

Empowerment and Responsibility

At MERRY, each individual's growth comes from a culture of empowerment and taking responsibility. We believe in everyone's innate potential and strive to inspire and help every employee excel in their roles.

Striving to Be Better

Not resting on past successes, we focus on the future, adjusting as needed, encouraging experimentation, and allowing for failures without giving up easily. We believe there is always a better way and continuously innovate while embracing manageable risks.

2-3Product Introduction

Main Products and Applications

MERRY excels in four key core technologies: electroacoustics, wireless, software, and batteries. We provide brand clients with comprehensive electroacoustic solutions from product development to design and manufacturing. Our electroacoustic products prioritize music listening and call quality, while also integrating special functions such as active noise cancellation, waterproofing, and personal assistants. These products are primarily exported to Asia, Europe, and the Americas, developed in collaboration with leading global companies.

In response to international political and economic situations and geopolitical risks, MERRY continues to diversify its capacity planning, offering customers a variety of production base options. This enhances production scheduling flexibility and manufacturing efficiency. Additionally, we are actively expanding into various fields by integrating electroacoustic technology applications into automotive, video conferencing equipment, and medical sectors. This diversification aims to increase product variety and expand new core businesses. In 2023, MERRY did not sell any products or services that are banned in specific markets.

Electroacoustic Products

Headset Products
Hearing Health Products
Smart Speakers
Automotive Audio Systems
Video Conferencing Equipment

- Audio headset, True Wireless Stereo (TWS) earbuds, gaming headsets, commercial headset
- Hearing health products including assistive listening devices/hearing aids
- Home Audio smart speakers or speaker units (for soundbars) \ Provide full car audio speakers for electric vehicle manufacturers \ Various meeting room systems including portable conference systems (USB plug and play type), fixed conference systems (video bar)
- Personal conference systems (web cameras)

Electroacoustic Components

Microphone Components
Speaker Components

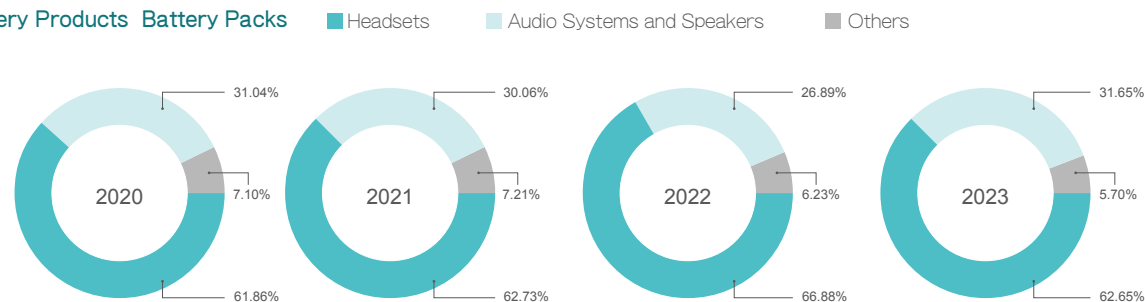
Used in ICT products such as smartphones, laptops, conference systems, automotive systems, or in speakers for headset, wearable devices, and smart speakers, including Micro-Electro-Mechanical Systems (MEMS) microphones or Electret Condenser Microphones (ECM).

Battery Products

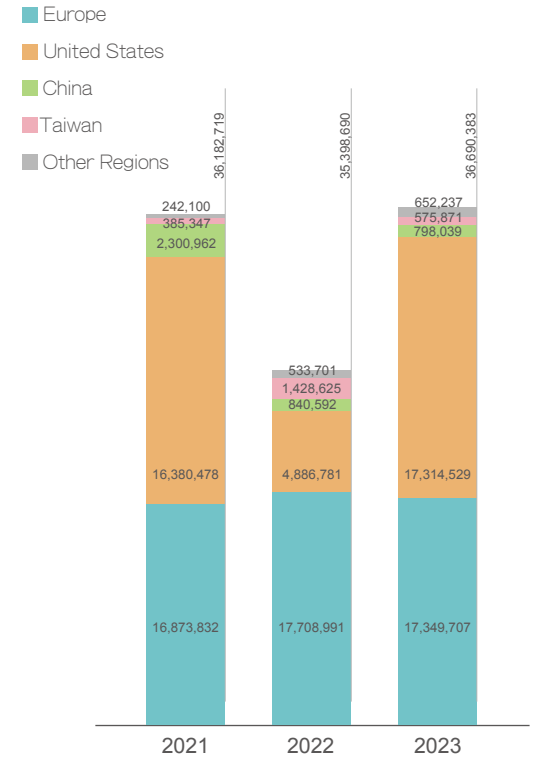
Battery Packs
Power Banks

Battery packs used in 3C, industrial applications, IoT devices, e-bike pedal-assist bicycles/LEV light electric vehicles, power banks, wireless charging, and energy storage products.

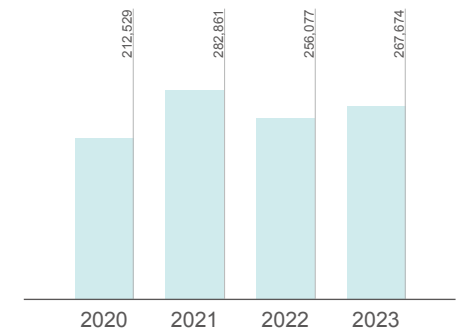
Battery Products Battery Packs



Historical Revenue by Region (Unit: NT\$ Thousand)



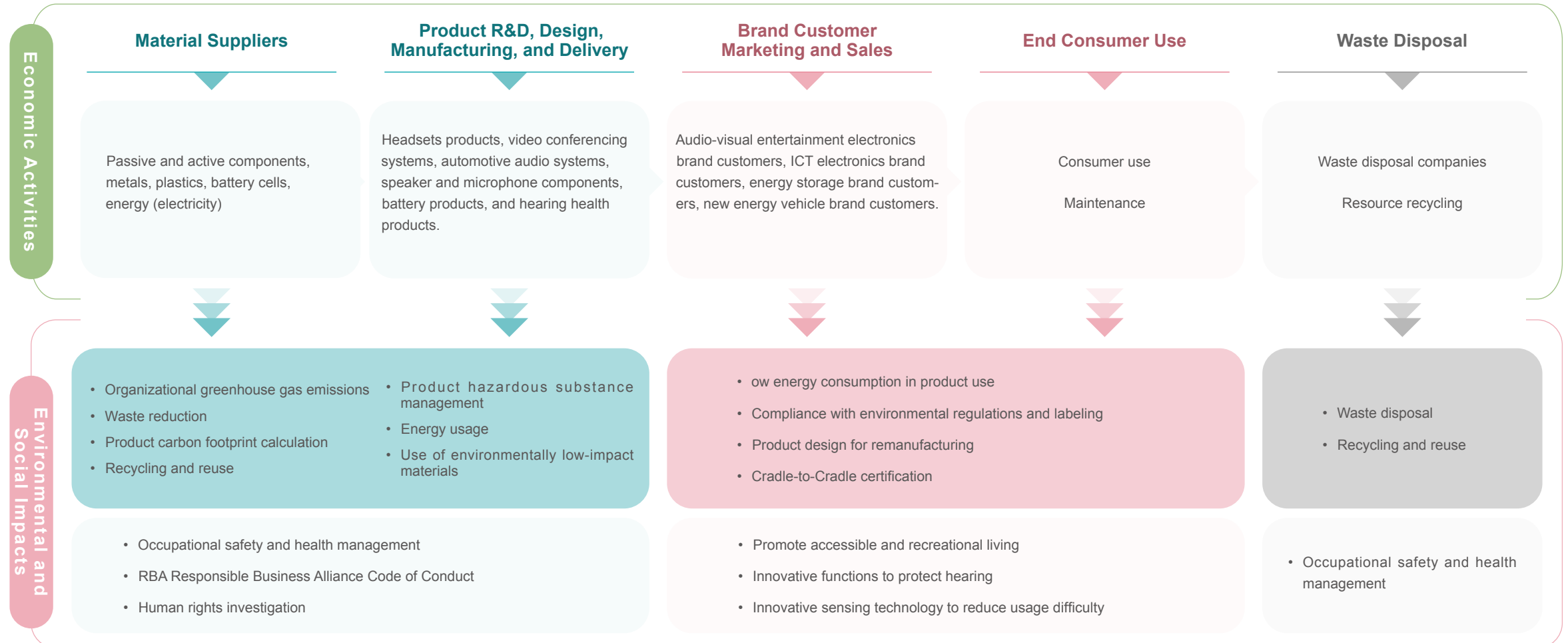
Historical Sales Volume (Unit: NT\$ Thousand)



2-4 Value Creation Process

MERRY provides customers with insights into problems and trends, proactively proposing product concepts. Throughout the collaborative development process, we act as experts by our customers' side, actively offering forward-looking solutions and strategies to achieve product innovation together. By integrating technologies from cross-disciplinary partners, we create the possibility for breakthroughs beyond existing technologies, advancing human sensory experiences along-

side our customers. MERRY is renowned not only for "electroacoustics" but also for actively enhancing its capabilities in technologies and products beyond sound to meet new business goals. Through the introduction of new technologies and products, we demonstrate breakthroughs in audio-visual and sensory technologies to the industry, entering new markets.



Upstream/downstream supply chain

For nearly 50 years, MERRY has focused on the electroacoustic field, mastering advanced technologies and new market trends. By combining our accumulated expertise in electroacoustic technology, materials, manufacturing processes, and software, MERRY offers customers advanced integrated audio-visual perception technology services. From the initial design stage of a product, we propose ten key sustainability design aspects, providing customers with innovative and sustainable solutions. Using simulation software-assisted design, mold development, and process estimation, paired with advanced equipment and processes, and comprehensive information systems to manage operational data in real-time, we provide quick and efficient comprehensive services from R&D to mass production. Additionally, we work closely with supplier partners to manage material quality

at the source, ensure compliance with international environmental regulations, and continuously meet customer demands for product performance, specifications, and green products.

MERRY's main business includes the development, design, and manufacturing of headsets products, video conferencing systems, automotive audio systems, speaker and microphone components, battery products, and hearing health products. The primary materials used include electronics, metals, and plastics, with downstream customers primarily being leading international consumer electronics companies. For the environmental and social impacts resulting from economic activities, as well as related management strategies and mitigation measures, please refer to the relevant disclosed sections.

Capital Input and Output

MERRY is committed to creating value for all stakeholders through six major capital investments in its operations, striving to enhance the quality of life for everyone involved.

Financial Capital

- Capital: NTD 2.193 billion
- Total assets: NTD 32.611 billion

Manufacturing Capital

- 18 global locations

Intellectual Capital

- R&D expenses: NTD 1,964,625 thousand, 6% of revenue

Human Capital

- Group employees: 5,963
- Education and training expenses: NTD 5.26 million, an increase of NTD 0.84 million from the previous year

Natural Capital

- Energy consumption: 115,249.86 GJ
- Total water withdrawal: 303.36 ML

Social Capital

- External donations: NTD 16.9498 million
- Group volunteer hours: 6,669 hours

2023 Operational Guidelines: Focus on Profitability, Customer Optimization, Risk Diversification, and Net-Zero Sustainability

Focus on Profitability

In 2023, with the global economic recession and a challenging business environment, the core electroacoustic business will enhance competitiveness through right sizing and compact resources, focusing on profit optimization. The company will continue to strive for cost reduction, expense control, personnel management, and capacity reduction to improve overall profitability.

Customer Optimization

Good profitability comes from the company's enhancement of customer value. In addition to continuously strengthening MERRY's existing core competencies (R&D, quality, service, flexibility), increasing the proportion of new high-quality customers is crucial. The company will focus on the values that customers prioritize, developing corresponding core competencies to increase the proportion of new high-quality customers.

Risk Diversification

In response to the impact of international political and economic situations and geopolitical risks, we will continue to diversify our capacity plans, providing customers with a variety of production base options to enhance production scheduling flexibility and manufacturing efficiency. Additionally, in the development of diverse businesses, we are actively integrating electroacoustic technology applications into automotive, video conferencing equipment, and medical fields to increase product diversity and expand new core businesses.

Net-Zero Sustainability

The environmental impacts of climate change affect the sustainable development of the global economy, making net-zero emissions the ultimate goal for enterprises. While pursuing operational growth, MERRY remains committed to global sustainability efforts. We actively increase the proportion of sustainable products, establish a DfS (Design for Sustainability) product framework, and invest in green building and green energy factory management. By continuously implementing our corporate sustainability development concepts, we aim to embrace a new lifestyle of circular sustainability, striving for a vision of environmental coexistence, corporate prosperity, and societal well-being—a sustainable win-win-win scenario.

Environmental performance

- GHS (Scope 1 & 2) emissions: 18,261.38 tons CO₂e, a reduction of 14.09% compared to last year
- Energy use intensity: 3.06 GJ per million NTD, a reduction of 6.11% compared to last year
- Water discharge: 303.36 million liters
- Waste: 717.47 metric tons

Social performance

- Total training hours: 233,619.06 hours, with an average of 39.18 training hours per person
- Minimal hearing loss advocacy reached 43,275 people, achieved 77,746 exposures, and had 5,245 interactions
- As of 2023, 93 people have received the electroacoustic thesis award

Economic performance

- Revenue: NTD 36.69 billion, an increase of 3.65% compared to last year
- Net profit before tax: NTD 1.885 billion, a decrease of 7.98% compared to last year
- Number of new product and derivative model developments: 64
- Total number of patents: 343 items

2-5 Financial Performance

In 2023, the consolidated operating revenue was NT\$36.69 billion, an increase of NT\$1.292 billion (or 3.65%) compared to 2022. The consolidated net profit before tax was NT\$1.885 billion, a decrease of NT\$1.64 billion (or 7.98%) compared to 2022.

The increase in revenue for 2023 was primarily due to the mass production and sales of new products and the acceleration of inventory reduction by customers, which led to higher sales revenue compared to 2022. The increase in operating expenses in 2023 was mainly due to the rise in R&D expenditures driven by the development of new customer products. The decrease in non-operating income (expenses) in 2023 compared to 2022 was attributed to fluctuations in the USD exchange rate, resulting in lower exchange gains and financial product profits.



Historical Revenue and Profit or Loss

Unit: NT \$ Thousand

	2019	2020	2021	2022	2023
Revenue	36,397,793	34,444,819	36,182,719	35,398,690	36,690,383
Operating Costs	31,357,874	30,126,271	31,807,621	30,846,138	31,948,416
Gross Profit	5,039,919	4,318,548	4,375,098	4,552,552	4,741,967
Operating Expenses	2,804,567	3,177,806	3,276,541	3,479,432	3,604,044
Marketing Expenses	397,602	345,767	424,928	454,456	453,177
Administrative Expenses	1,101,580	1,127,403	1,152,137	1,224,246	1,186,242
R&D Expenses	1,305,385	1,704,636	1,699,476	1,800,730	1,964,625
Operating Profit	2,235,352	1,140,742	1,098,557	1,073,120	1,137,923
Non-Operating Income (Expenses)	1,010,845	561,963	483,616	975,906	747,572
Net Profit Before Tax	3,246,197	1,702,705	1,582,173	2,049,026	1,885,495
Income Tax Expenses	715,051	383,305	291,083	427,970	467,598
Net Profit for the Period	2,531,146	1,319,400	1,291,090	1,621,056	1,417,897
Other Comprehensive Income Before Tax	926,128	-936,960	-919,953	38,221	-169,990
Total Comprehensive Income	3,457,274	382,440	371,137	1,659,277	1,247,907
Earnings Per Share	12.51	6.39	5.40	6.81	6.16

Expenditure items of disclosure specified by GRI

Employee Salaries and Benefits	2,729,703	3,306,368	3,364,588	3,342,556	3,527,116
Government grants	173,967	188,780	312,065	327,336	217,375
Direct/Indirect Political Donation	0	0	0	0	0
Public Donation expenditure	2,013	1,649	1,598	1,628	3,291

Note:

- For detailed operational status and financial performance, including liabilities, equity assets, retained earnings, company dividend policy and execution status, and employee and director remuneration, please refer to MERRY's 2023 Annual Report disclosed on the company's website at www.MERRY.com.tw.
- The cash dividend for 2023 is expected to be NT\$4.70 per share, subject to the announcement after the resolution of the 2024 shareholders' meeting. °

2-6 Tax Management

MERRY has established a dedicated tax management unit to ensure compliance with the tax regulations of the countries where our business operations are located. This unit regularly reports tax management results to the management, continuously creating profits and fulfilling our tax obligations.

Tax Management Policy

- Operate in compliance with tax regulations and the legislative spirit, filing and paying taxes on time to fulfill tax obligations.
- Conduct transactions between affiliated companies based on the arm’s length principle and follow the Transfer Pricing Guidelines published by the Organization for Economic Co-operation and Development (OECD).
- Utilize legal and transparent tax incentive policies and avoid tax mitigation methods that violate the spirit of the law.
- Disclose tax information to stakeholders through open channels to enhance information transparency.
- When formulating and implementing tax decisions, assess and consider related risks and adopt appropriate strategies.
- Maintain open, honest, and positive communication with tax authorities to help improve the tax environment and system.

Tax Governance and Risk Control Mechanism

The Board of Directors serves as the decision-making and supervisory unit for tax administration, while the Group HQ Financial Division acts as the tax management unit. This structure ensures honest tax filing and payment, information transparency, mutual trust, and careful assessment of tax risks and impacts.

Summary of Income Tax Payments for 2022 and 2023

Unit: NT\$ Thousand				
By Region	2022		2023	
Region	Amount	Ratio	Amount	Ratio
Asia	192,724	99.04%	298,000	99.41%
Europe	1,871	0.96%	1,708	0.57%
America	0	0	68	0.02%
Total Payment Amount	194,595	100%	299,776	100%

Income Tax Related Information

Unit: NT\$ Thousand		
	2022	2023
Net profit before tax	2,049,026	1,885,495
Income tax expenses	427,970	467,598
Account entry effective tax rate	20.89%	24.80%
Income tax paid	194,595	299,776
Cash effective cash rate	9.50%	15.90%

The actual income taxes paid in 2023 was approximately NT\$300 million. However, the 2023 cash effective tax rate differed from the accounting effective tax rate due to the impact of actual investment tax credits in various locations, and changes in tax incentives over time.

Income Tax Related Information

		Unit: NT\$ Thousand	
		2022	2023
Asia	Net Profit Before Tax	2,162,418	1,963,488
	Income Tax Expenses	439,444	478,170
	Account entry effective tax rate	20.32%	24.35%
America	Net Profit Before Tax	-98,696	-111,864
	Income Tax Expenses	-12,837	-10,675
	Account entry effective tax rate	0	0
Europe	Net Profit Before Tax	4,831	-1,128
	Income Tax Expenses	1,363	103
	Account entry effective tax rate	28.21%	-9.13%
Others	Net Profit Before Tax	-19,527	34,999
	Income Tax Expenses	0	0
	Account entry effective tax rate	0	0

Empowerment and Accountability



Established the
Sustainable
Development
and Nomination
Committee

Taiwan HQ,
MERRY Shenzhen,
MERRY Vietnam
Obtained ISO 27001
Certification

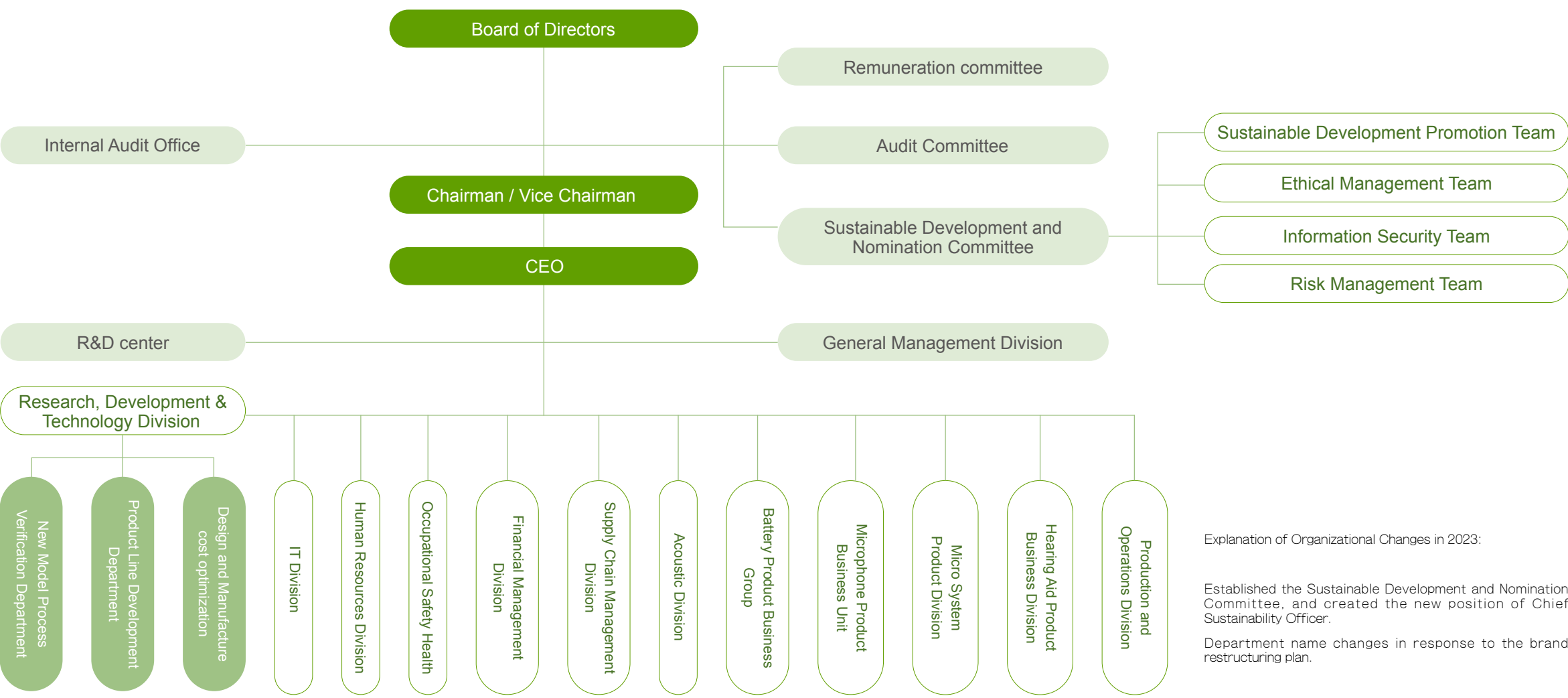
Established the
Sustainable
Development and
Nomination
Committee



3-1 Governance Structure

Organizational Structure

According to the company's operational management, three functional committees have been established under the Board of Directors, which report to the Board. In 2023, the Sustainable Development and Nomination Committee was established, incorporating four existing functional groups for management and execution.



Explanation of Organizational Changes in 2023:

Established the Sustainable Development and Nomination Committee, and created the new position of Chief Sustainability Officer.

Department name changes in response to the brand restructuring plan.

Board Composition and Operations

The highest governance body is the Board of Directors, which currently consists of nine members: six directors and three independent directors. All members are outstanding professionals with extensive industry experience and were elected at the shareholders' meeting on June 15, 2022, for a three-year term. The Board's operations follow the "Board Meeting Rules," and meetings are held at least once every quarter. In 2023, a total of five Board meetings were held. Board members adhere to strict self-discipline, and when an agenda item involves individual interests, they follow the conflict-of-interest avoidance system outlined in MERRY's "Board Meeting Rules" and abstain from voting. On average, directors participated in 7.7 hours of training related to corporate governance and corporate sustainability governance, continually enhancing

their professional knowledge through diverse courses to fully exercise their decision-making and supervisory functions.

Additional details about the Board's operations, including meeting minutes, attendance, conflict of interest avoidance, training participation, cross-shareholdings with stakeholders, the existence of controlling shareholders, related party transactions, background information of members, education, concurrent positions in other companies, independence of independent directors, and the operation of each functional committee, are disclosed in the company's annual report and on the company website. This information can also be found on the Market Observation Post System and the company's website for annual reports and related information.

Management of Impact from Sustainability Issues

To effectively fulfill the functions of the Board of Directors and enhance the quality of Board decisions, relevant procedures are established to regularly or occasionally report various key issues encountered during the opera-

tion process to the Board. A summary of some related management regulations is provided in the table below. For more details, please refer to the company website.



Various proposals, in accordance with relevant regulations or internal procedures, must be approved by the Board of Directors as "discussion proposals." Those that do not require Board approval are presented as "reporting proposals." Relevant proposals are submitted via a "Board Proposal Form," signed by senior management, and included in the agenda of the next Board meeting by the Stock Affairs Unit. The Board makes decisions on discussion proposals and provides feedback or suggestions on reporting proposals.

Since 2022, greenhouse gas inventory (GHS) has been a regular item reported to the Board, and the Task Force on Climate-related Financial Disclosures (TCFD) project has been included in the Risk Management Team's reports to the Board. In 2023, the scope of significant impacts of existing procedures was reviewed, assessing the types and degrees of impacts of current sustainability issues. Major environmental and social impacts were included in the Board's supervision items. There was a total of 24 key significant events in 2023, including 5 environmental, 16 governance, 2 social, and 1 topic encompassing all three aspects. In 2023, MERRY voluntarily established the Sustainable Development and Nomination Committee to strengthen the corporate sustainability governance mechanism.

All significant resolutions of the Board in 2023 have been published on the company's website. It is planned that in 2024, the results of the sustainability report preparation will

be presented to the Board as a discussion proposal to enhance the Board's oversight of MERRY's sustainability reporting.

A total of 24 key significant events in 2023

	Discussion Proposal	Report Proposal
2023.02.23	<ul style="list-style-type: none">• Revision of Certain Articles of the Company's "Corporate Governance Best Practice Principles" (Governance)	<ul style="list-style-type: none">• Report on the Planning of Greenhouse Gas Inventory and Verification Schedule (Environment)
2023.04.27	<ul style="list-style-type: none">• Formulation of the Company's "Sustainable Development Committee Organizational Rules" (Governance)• Appointment of the First Members of the Company's Sustainable Development Committee (Governance)• Formulation of the Company's "Sustainability Report Preparation and Verification Procedure" (Governance)	<ul style="list-style-type: none">• Report on the Planning of Greenhouse Gas Inventory and Verification Schedule (Environment)
2023.07.27	<ul style="list-style-type: none">• Revision of the Company's "Ethical Corporate Management Operating Procedures" (Governance)• Revision of the Company's "Risk Management Procedures" (Governance)• Revision of the Company's "Information Security Management Manual" (Governance)• Revision of the Company's "Corporate Sustainability Best Practice Principles" (Governance)	<ul style="list-style-type: none">• Report on the Planning of Greenhouse Gas Inventory and Verification Schedule (Environment)
2023.10.26	<ul style="list-style-type: none">• Application for Adjustment of Sponsorship Items for Related Party Donations in 2023 (Social)• Revision of the Company's "Board Performance Evaluation Method" (Governance)	<ul style="list-style-type: none">• Report on the Planning of Greenhouse Gas Inventory and Verification Schedule (Environment)
2023.12.28	<ul style="list-style-type: none">• Appointment of the Company's Chief Sustainability Officer (Governance)• Revision of the "Sustainable Development Committee Organizational Rules" to "Sustainable Development and Nomination Committee Organizational Rules" (Governance)• Revision of the Company's "Ethical Corporate Management Operating Procedures" (Governance)• Revision of the Company's "Risk Management Procedures" (Governance)• Formulation of the Company's Sustainable Development Policy, Report on 2023 Sustainability Achievements, and Setting of 2024 Goals (Governance, Environment, Social)• 2024 Donations to Related Parties Totaling NTD 1.53 million (Social)	<ul style="list-style-type: none">• 2023 Annual Risk Management Report and 2024 Work Plan (Environment)• 2023 Annual Intellectual Property Management Plan Execution Report and 2024 Work Plan (Governance)• 2023 Annual Information Security Achievements and 2024 Work Plan (Governance)• 2023 Annual Integrity Management Implementation Status and 2024 Work Plan (Governance)

Implementation of Board Member Diversity

Director	Titles	Gender	Nationality	Professional Knowledge and Skills					Age		
				Management	Leadership Decision Making	Industry Knowledge	Financial Accounting	Marketing	Under 55 years old	55-65 years old	Over 66 years old
Liao, Lu-Lee	Chairman / Corporate Representative Director	Male	Taiwan	●	●	●		●			●
Wei, Wen-Chieh	Vice Chairman	Male		●	●	●		●			●
Huang, Chao-Li	Corporate Representative Director	Male		●	●	●	●	●	●		
Lin, Shih-Chieh	Director	Male		●	●	●		●		●	
Liao, Keng-Pin	Corporate Representative Director	Male		●	●	●	●	●		●	
Soh, Yong-Seng	Director	Male	Singapore	●	●	●		●		●	
Sher, Jih-Hsin	Independent Director	Male	Taiwan	●	●	●	●	●		●	
Wu, Hui-Huang	Independent Director	Male		●	●	●	●				●
I, Chang-Yun	Independent Director	Male				●	●		●		

Functional Committee

Audit Committee

Responsibilities

- Proper expression of the company's financial statements
- Selection and dismissal of auditors and assessment of their independence
- Effective implementation of internal controls
- Compliance with relevant laws and regulations
- Management of existing or potential risks

Operation

- Audit Committee established since 2019
- Comprising 3 independent directors (Sher, Jih-Hsin, Wu Hui-huang, and I, Chang-Yun), with Sher, Jih-Hsin serving as the convener
- Held 5 meetings in 2023 with a 100% attendance rate. For detailed execution, please refer to the annual report or company website.

Sustainable Development and Nomination Committee

Responsibilities

- Formulating sustainable development, integrity management, risk management, and information security policies, and supervising the related operational mechanisms.
- Identifying suitable candidates for directors and CEO positions, and presenting candidate lists to the board of directors.
- Handling other matters as decided by the board of directors to be managed by this committee.

Operation

- Established the Sustainable Development, and Nomination Committee in 2023.
- Comprising 2 independent directors and 1 director (Wu Hui-huang, Sher, Jih-Hsin, and Huang, Chao-Li), with Wu Hui-huang serving as the convener.
- Held 2 meetings in 2023 with a 100% attendance rate. For detailed execution, please refer to the annual report or company website.

Remuneration Committee

Responsibilities

- Assist the board in implementing and evaluating overall compensation and benefits policies for the company, as well as the remuneration for directors and executives.

- Annual Total Compensation Ratio for 2023:

Annual Total Compensation
Ratio 13.12_{times}

Annual Total Compensation
Change Ratio 1.77_{times}

Remarks:

The denominator statistics exclude the annual compensation of all overseas employees and part-time employees in Taiwan.

Annual Total Compensation Ratio = Annual total compensation of the highest-paid individual / Median annual total compensation of all employees (excluding the highest-paid individual).

Annual Total Compensation Change Ratio = Percentage increase in annual total compensation of the highest-paid individual / Percentage increase in median annual total compensation of all employees (excluding the highest-paid individual).

Operation

- Established the Compensation Committee in 2011.
- Comprised of three independent directors (Sher, Jih-Hsin, Wu Hui-Huang, and I, Chang-Yun), with Wu Hui-Huang as the convener.
- Held three meetings in 2023, with a 100% attendance rate.
- The remuneration policies for directors and executives of Merry are handled according to the "Regulations Governing the Remuneration of Directors and Executives," reviewed by the Compensation Committee, and approved by the board of directors. For detailed execution, please refer to the annual report or the company website.
- Since 2022, the CEO's performance indicators have been linked to sustainability indicators

Directors Nomination and Election

The nomination and election of directors (including independent directors) follow the "Director Nomination Procedure," which adopts a candidate nomination system and cumulative voting system. The Sustainable Development and Nomination Committee identifies suitable candidates for directors (including independent directors), considering the overall composition of the board of directors to ensure diversity and the necessary knowledge, skills, and qualities for executing duties. This includes operational judgment, account-

ing and financial analysis capabilities, managerial skills, crisis management abilities, industry knowledge, international market insights, leadership, and decision-making abilities, among others, to make impartial judgments on the company's operational strategies. Independent director candidates are evaluated for their independence, and after careful assessment, a list of candidates is proposed and voted on by the shareholders' meeting, following Article 192-1 of the Company Law, for the selection of directors from the candidate list.



Board and Functional Committee Performance Evaluation

The "MERRY Industries Co., Ltd. Board Performance Evaluation Procedure" is established to conduct an annual performance evaluation of the board of directors at the end of each year, with an external professional independent organization or team of external experts and scholars conducting evaluations at least once every three years. The evaluation covers the overall board of directors (functional committees) and the individual performance of board members.

In 2023, the self-assessment of the directors achieved a performance rate between 98% and 100%, resulting in an excellent or above rating. The self-assessment results were reported during

the board meeting held on February 22, 2024. Additionally, an external evaluation of the board's performance was commissioned to the Taiwan Investor Relations Association, which was completed on February 7, 2023. The evaluation covered the board of directors, individual directors, the remuneration committee, and the audit committee. The evaluation results were reported during the board meeting held on April 27, 2023.

For further details on the implementation, please refer to the company's website.

Internal Audit

MERRY has an audit unit in place, which conducts routine audits according to the annual audit plan approved by the board of directors. Additionally, it conducts special audits as needed to minimize potential deficiencies in the internal control system and to provide improvement recommendations. Furthermore, the audit unit supervises the self-assessment of internal controls conducted by various units to evaluate their reasonableness and effectiveness. After completing the audit operations, the audit unit issues audit reports. In 2023, there were no significant deficiencies identified. Reports are submitted monthly to the chairman and quarterly to the board of directors to ensure the spirit of corporate governance is upheld.

3-2 Integrity and Legal Compliance

Ethical Management Team

To ensure sound management of business integrity, Merry has established a Ethical Management Team. The team's plans and achievements are regularly reported to the Board of Directors. The team is equipped with sufficient resources and qualified personnel, responsible for promoting and formulating relevant preventive measures and their implementation. Relevant business integrity codes and regulations are disclosed on MERRY's corporate website and employee portal. Furthermore, the Audit Department supervises and audits the team's performance to ensure the effectiveness of business integrity promotion.

Achievements in Promoting Business Integrity

All directors, senior management, supervisors, and employees at Taiwan HQ, Shenzhen branch, and Suzhou facility are required to sign the "Merry Business Conduct and Professional Ethics Code." Additionally, new employees at these locations, as well as Merry Vietnam, undergo on-site training related to business integrity upon joining, ensuring their understanding of Merry' commitment to promoting integrity and preventing dishonest behavior. This serves as a firm commitment to upholding the highest standards of legal and ethical conduct.

New employees at Merry are required to participate in basic legal training courses related to business integrity, ensuring they fully understand the company's commitment to ethical prac-

Integrity Management Education and Training



All
directors

External
courses,
email

100%
9 Persons



All
employees
(all levels; including
new hires, excluding
expatriates)

Internal
training
courses

100%
792 Persons



All
employees

Within RBA
training series

99%
3,305 Persons



All
employees

Within RBA
training series

100%
1,328 Persons

* Total number of trainees/participants
** Training/participation percentage

tices, policies, and prevention of dishonest behavior. In 2023, six training sessions related to business integrity issues were held for directors and employees at the Taiwan headquarters. These sessions covered topics such as intellectual property protection, contract signing authorization, insider trading, trade secrets, anti-corruption advocacy, and professional ethics. In addition, relevant departments and corporate governance units regularly disseminate information related to business integrity to all employees and directors via email. For detailed annual performance of the Ethical Management Team, please refer to the company's website.

Specific Measures and Prevention of Unethical Conduct in Implementing the Integrity Management Policy for 2023:

- **Reporting to the Board:** Ethical Management Team reports the implementation results to the Board of Directors at the end of each year, with the latest report dated 2023/12/28, and the results are supervised by the Audit Department.
- **Business Conduct and Professional Ethics:** The "MERRY Business Conduct and Professional Ethics Code" clearly outlines the policy for preventing conflicts of interest and provides appropriate reporting channels. In 2023, all new employees at Taiwan HQ, MERRY Shenzhen, and Suzhou MERRY Sound have signed this code 100%.
- **Supplier Social Responsibility Commitment:** Suppliers are required to sign a social responsibility commitment letter, which includes clauses on integrity management and fair trade. Regular audits of suppliers are conducted, and suppliers are required to audit and ensure their subcontractors' integrity behaviors.
- **Integrity Management Training:** Conducted themed retraining sessions, including two courses on protecting intellectual property and contract signing authorization, totaling 37 minutes.
- **Promoting and Implementing Integrity Management Policies:** Established a corporate culture of integrity management among employees through internal messaging to promote asset protection and transparent gift reporting. Conducted in-person training at company-wide meetings, covering trade secrets, insider trading, anti-corruption policies, and case studies.

These measures aim to build a culture of integrity and transparency within the company, ensuring all employees adhere to high standards of ethical conduct.

Zero Tolerance for Corruption

The Ethical Management Team has long been advocating for anti-corruption and anti-bribery measures within the company. In 2023, the Board of Directors approved the MERRY Anti-Corruption, Anti-Bribery, and Anti-Money Laundering Policy, establishing corporate governance standards and risk management mechanisms. This policy formally declares MERRY's zero-tolerance stance against corruption and bribery.

In response to the increasing international emphasis on anti-money laundering, the policy also aims to prevent money laundering, tax evasion, and sanctions violations. This protects MERRY from potential losses associated with money laundering activities and safeguards against harm to society and livelihoods. The Anti-Money Laundering Policy demonstrates MERRY's determination to combat financial crimes, upholding its core values of sustainable operation and fulfilling its responsibilities as a global corporate citizen.

Reporting and Protection Mechanisms

To address unethical or illegal conduct, Merry has established relevant measures in its "Business Integrity Operation Procedures." These procedures clearly define policies against bribery, corruption, and facilitation payments, and provide reporting channels for whistleblowing on unethical or improper behavior. Members of the BEthical Management Team are responsible for receiving reports from stakeholders, and a written commitment is made to protect whistleblowers from any retaliation. As of the end of 2023, Merry received a total of one report through its independent reporting platform, internal website mailbox, and hotline. After investigation by relevant departments, the reported content was not found to be a violation of business integrity, and therefore no reports of unethical conduct were received.

Channels for Reporting Unethical Behavior

**Independent Whistleblower Platform :**

<https://besign.merry.com.tw/whistleblowing/>

**Email :**

integrity@merry.com.tw

**Phone :**

04-2359-0811#118000

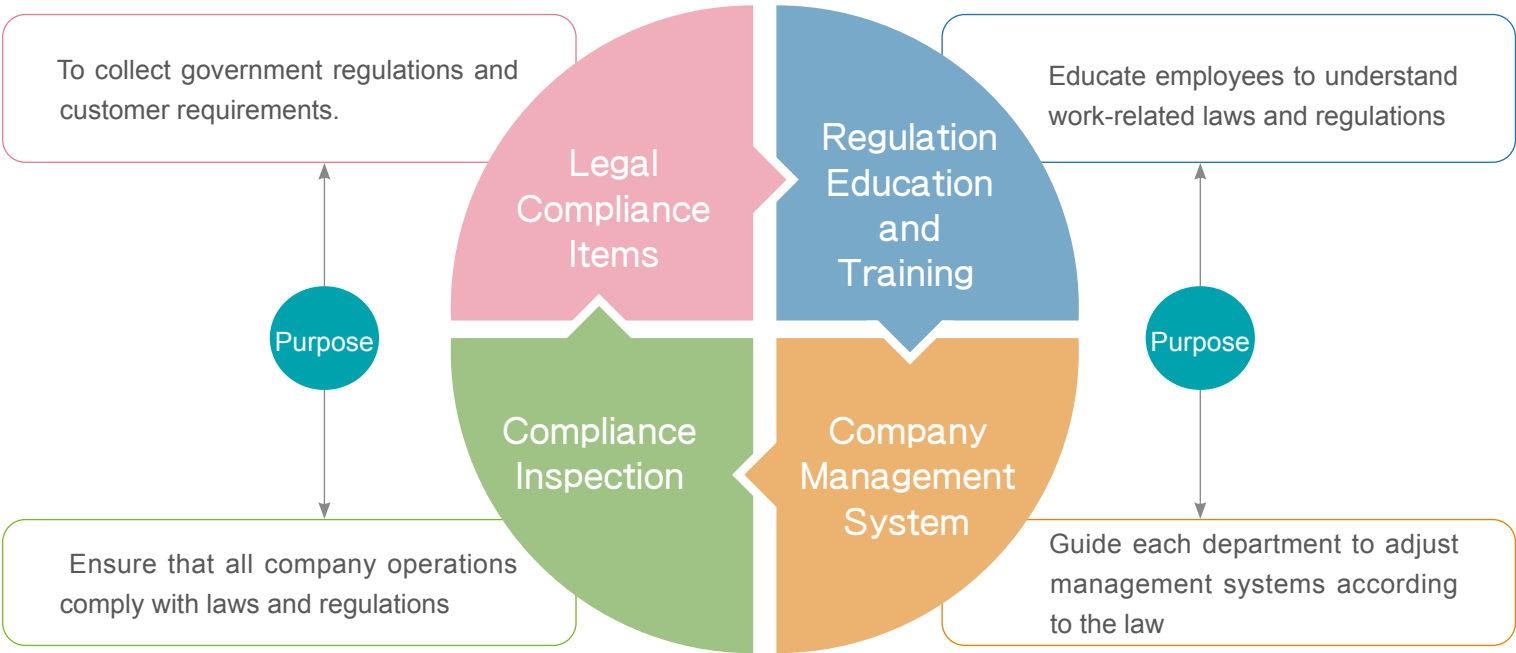
Legal Compliance

To ensure compliance with the laws and regulations of the countries where it operates, as well as all customer requirements, MERRY has established a legal compliance management system referencing ISO 19600:2014 Compliance Management Systems. The Legal and Patent Department is responsible for collecting, evaluating, implementing, and monitoring compliance matters. These matters include occupational safety and health, labor/social responsibility, information security, energy, environ-

ment, medical devices, commercial/anti-bribery, finance and taxation, intellectual property, fair trade/antitrust, and products, encompassing a total of 282 regulations across 11 major categories. Department heads are tasked with confirming that their department's operating procedures align with relevant laws and regulations. In 2023, there were no significant violations of related laws resulting in penalties.

The definition of significant events is based on the "Taiwan Stock Exchange Corporation Procedures for Verification and Public Disclosure of Material Information of Companies with Listed Securities." Any incident deemed a significant event resulting in penalties will be disclosed according to regulations on the Market Observation Post System (MOPS).

Legal Compliance Management System



3-3 Risk Management

MERRY actively manages potential risks in its operations. The Risk Management Team has established related risk management procedures according to ISO 31000:2018. These procedures include regularly assessing and monitoring risk-bearing capacity, the status of assumed risks, deciding on risk response strategies, and ensuring compliance with risk management processes. The team reports the operational results to the Board of Directors annually (the most recent report was on December 28, 2023, covering the year's execution status and the plan for the following year).

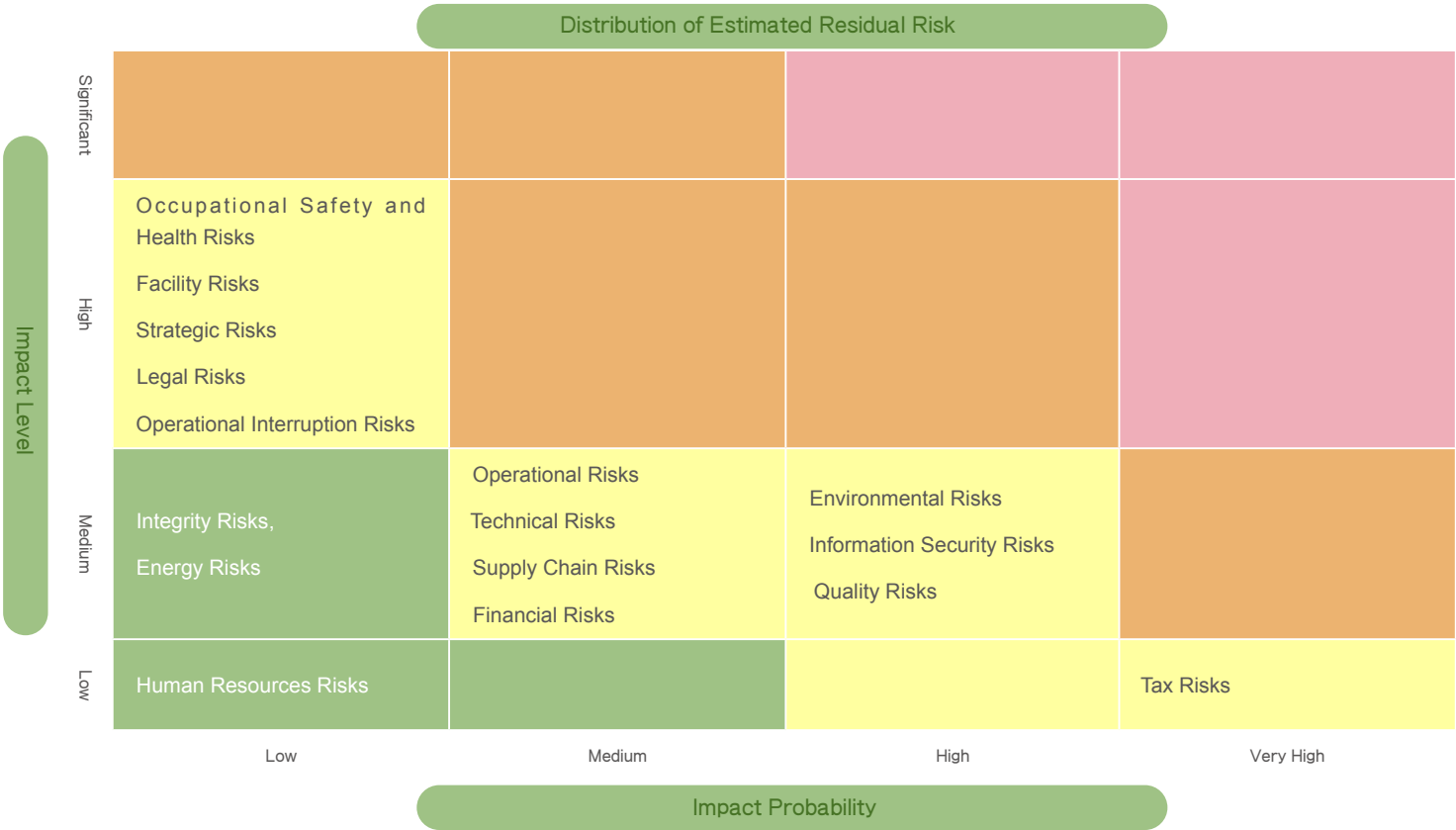
Currently, the scope of risk management covers 16 types of risks: "Operational," "Quality," "Energy," "Environmental," "Technical," "Supply Chain," "Financial," "Tax," "Information Security," "Human Resources," "Facilities," "Occupational Safety and Health," "Strategic," "Legal," "Ethical Management," and "Business Interruption." Using risk assessment tools in procedural documents, risks are categorized into four levels. The responsible units discuss whether further control measures are needed for the listed risks, resulting in a risk matrix analysis.

Furthermore, this risk operation is integrated with management systems such as ISO 9001, ISO 22301, ISO 27001, ISO 45001, ISO 50001, TIPS, and GB/T 29490. Annual internal and external audits of these systems ensure the effectiveness of risk management control measures. Additionally, to ensure the company's stable growth and sustainable business objectives, the Risk Management Team continuously conducts risk management training courses and promotes the already imple-

mented climate-related financial disclosures (TCFD) risk items to subsidiaries. In the future, the team will follow the Business Continuity Management (BCM) ISO 22301 standard to continue practicing the business continuity plan (BCP) established based on business impact analysis results and organizational status. °

2023 Risk Management Execution Status

The following matrix analysis illustrates the distribution of residual risks after the implementation of control measures at MERRY



Estimated Residual Risk Distribution

Unit Name	Risk Category		Key Risk Items	Control Mechanism
Electroacoustic Products Group	Operational Risk	High customer concentration		<ul style="list-style-type: none"> Develop new customers and regularly review revenue share
				<ul style="list-style-type: none"> Develop new products (e.g., video conferencing equipment)
Battery Products Division	Operational Risk		-	-
Microphone Products Division	Operational Risk	High customer concentration, inability to match production capacity with market demand, quality issues with outsourced packaging, specific suppliers controlling key materials/technology, declining customer credit, semiconductor supply chain capacity constraints, talent loss, geopolitical tensions affecting customer orders		<ul style="list-style-type: none"> Introduce potential customers through agents Require advance payment for initial transactions. Adjust wafer solutions and product blueprints as needed. Outsource new product quality testi
Technology HQ Risk Management Team	Environmental Risk		-	-
Technology Division	Quality Risk		-	-
	Energy Risk		-	-
	Technical Risk		-	-
Supply Chain Division	Supply Chain Risk		-	-
Group Financial Division	Financial Risk		-	-
	Tax Risk		-	-
Information Security Division	Information Security Risk	Specific systems outsourced / insufficient backup operations, managed informa- tion service systems not updated with patches, abnormal network connections with outsourced services, supplier platform management program errors		<ul style="list-style-type: none"> Regular software updates/scanning Regular implementation of information security training and performance evaluations
Information HQ Risk Management Team	Operational Interruption Risk		-	-
Human Resources Division	Human Resources Risk		-	-
	Facility Risk		-	-
Occupational Safety and Health Section	Occupational Safety and Health Risk		-	-
Ethical Corporate Management Promotion Team	Integrity Management Risk		-	-
General Administration Division	Strategic Risk		-	-
	Legal Risk	High penalties for breach of confidentiality in specific contracts		<ul style="list-style-type: none"> Continuously audit the trade secret classification management system. Reasonably transfer risks to third parties who may have to maintain confidentiality

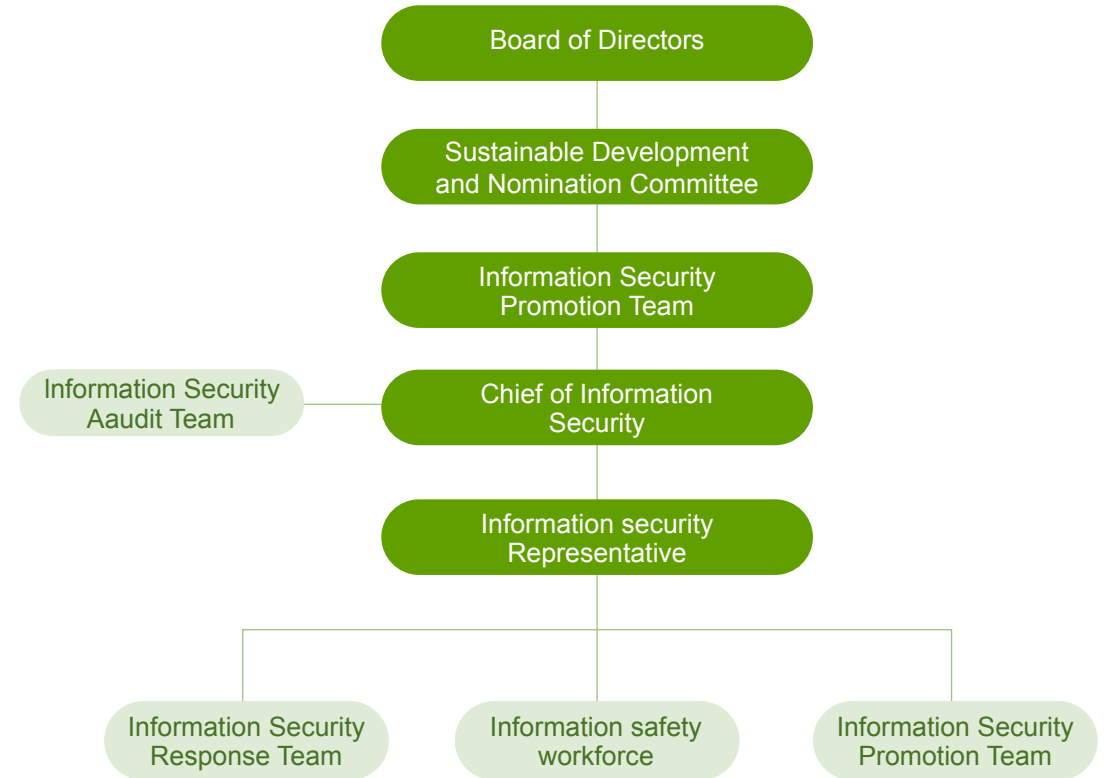
3-4 Information Security Management

To enhance the group's information security and company competitiveness, MERRY established the "Information Security Promotion Team" in 2021. This team is subordinated to the Sustainable Development Committee under the Board of Directors and is chaired by the Chief Information Officer (CIO), who holds the position of Vice President and also serves as the Chief Information Security Officer (CISO). The team comprises information security experts from across the group and is responsible for reviewing and establishing information security objectives and policies to prevent infringements affecting the group's information systems. With a focus on information security and the protection of sensitive data, which is the company's competitive edge, this commitment extends to MERRY's customers, shareholders, and employees. The team regularly reports its operational achievements to the Board and the Sustainable Development and Nomination Committee (the most recent report

was on December 28, 2023, covering the annual execution achievements and the plan for the following year). No major information security incidents occurred in 2023.

The Taiwan HQ obtained the ISO 27001 Information Security Management System (ISMS) certification in 2021. After setting resource targets in 2022 and launching short, medium, and long-term information security plans, MERRY Shenzhen and MERRY Vietnam respectively obtained the ISO 27001 ISMS certification in 2022 and 2023. Subsequent efforts will progressively implement information security management mechanisms across all plants, actively promote information security optimization, establish an information security system, and obtain information security certification to address the increasing trend of external information security risks, thereby realizing the philosophy of "enhancing information security to ensure sustainable operation."

Structure of Information Security Promotion Team



Focus of Information Security Management

The procedures for information security management and security protection technology apply to all information operations. During the processes of information collection, processing, transmission, storage, and circulation, we ensure the confidentiality, integrity, and availability of information assets. We establish operational procedures to enhance the response capability to information security incidents, aiming to reduce or eliminate the damage caused by such incidents and to prevent potential future security events.

We emphasize the strengthening of proactive information security protection and the transformation to digital information

security. This approach aims to protect the data of the company, customers, suppliers, and personal information. Regular awareness campaigns are conducted to enhance the information security awareness of all personnel, reducing human-induced information security risks.

Under the operation of the information security management system, MERRY has also established and implemented information security audits and assessments. Each year, we perform operational impact and risk assessments, internal audits, and business continuity drills to ensure the continuous operation of the information security risk management system.

Focus of the duty of the Information Security Promotion Team

- Control information security risks
- Audit and follow up information security anomalies
- Reinforce Big Data integration and digital transformation
- Targets and implementation plan of information security
- Arrange internal and external audits and business continuity drills
- Handle anomaly reports

Enhancing employee information security awareness



New employee

Sign the “MERRY Code of Business Conduct and Professional Ethics” to understand our confidentiality principles and duties.

Information security education and training for new employees of Taiwan HQ.

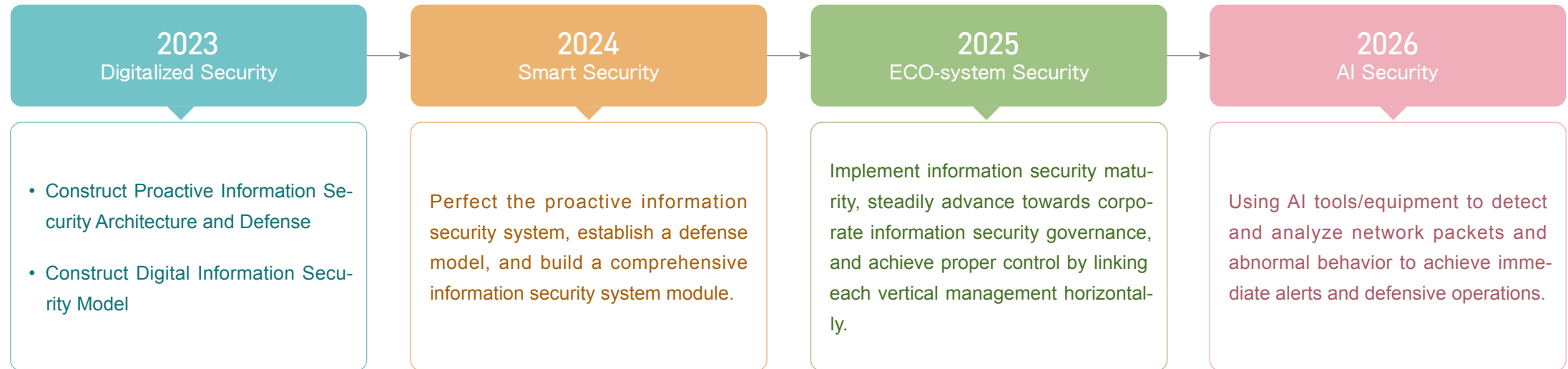


All employee

Taiwan HQ regularly implements information security promotion each month and regularly organizes social engineering drills (phishing mail) and tests to ensure their enhancement and awareness of the latest information related to information security. Education and training courses related to information security will be constantly planned for other business locations.

Category	Training Content	Annual Training Hours/ Times	2023 Execution Status	
			Required Participants	Comple-tion Rate
Information Security Specialists	Professional Information Security Course Training	12 hours or more	1	100%
Information Security Team Members	Information Security Competency Training	3 hours	79	72%
All Employees at Taiwan HQ	Information Security Education Promotion (InfoSec Warriors)	12 times	730	100%
	Information Security Education Course	20 minutes	730	84%
MERRY Shenzhen	Information Security Education Training	1 hour	1690	100%
MERRY Vietnam	ISO 27001 Information Security Seed Knowledge Training	1 hour	14	100%

Information Security Milestones



Pursuing Progress and Innovation



Sustainable materials used has reached 32.4%

Power consumption optimized by 26%

Volume of the paper boxes has been reduced by 50%

Total of 343 valid patents

A-level certification of the TIPS

Composite sensor was recognized



Pursuit of Progress and Innovation

Innovative technology is one of the key driving factors for the company to maintain its leading edge in the future. Merry has long focused on investing in R&D capabilities and grasping new industrial opportunities. Regarding product innovation, process innovation, and open innovation, Merry integrates trends in sustainable design and low-carbon transformation, combining the concept of the product life cycle with circular economy principles. Starting from the product design stage, Merry aims to minimize the impact on society and create sustainable value through goals such as miniaturization, automation of equipment, smart electroacoustic platforms, and battery integration.

Merry integrates the spirit of innovative management with the ten aspects of sustainable design to assist customers

in producing advanced and efficient products. It continues to enhance modular production and product design capabilities, save manufacturing materials, use recycled materials, design environmentally friendly packaging, and reduce energy consumption during the usage stage. This approach realizes green manufacturing commitments from the inside out and implements sustainable values for both the environment and society. Meanwhile, Merry has established management measures for important global environmental issues, such as the management of hazardous chemicals in products and water risks, continuously incorporating internationally concerned environmental issues into the process of product development, production, and design.



4-1 Sustainable Design and Innovation Management

Product Design Incorporates Circular Economy Concepts

Since 2020, Merry has been implementing a sustainable design framework project. When developing new generation products, it aims to reduce the negative environmental impacts throughout the product life cycle while improving performance. This includes selecting raw materials, designing products, producing, using, handling, and recycling, to ensure the product maximizes its benefits and minimizes environmental impacts. The proportion of sustainable materials used has been increasing yearly, and Merry continuously seeks new materials. In 2023, Merry introduced "pineapple leather" made from pineapple leaf fibers in the ear cushion materials to replace artificial leather made from petrochemical materials, reducing environmental impact and addressing Taiwan's agricultural waste. Merry continues to integrate sustainability and circular concepts into new product development, demonstrating to customers its commitment to sustainable development and promoting the competitiveness of resource-circulating products.

Integrating Circular Design into Product Development Process

To ensure the R&D team continues to implement sustainable design when developing new models, Merry organized basic and advanced workshops on cradle-to-cradle design at the end of 2023. These workshops established foundational knowledge and insights into product development and business model opportunities, embedding the DNA of circular design—such as safe and circular material selection and evaluation, modular design, product life extension, dematerialization, and somatization—into Merry's product development. By the end of 2023, 22% of Merry's R&D personnel had completed basic workshop training, and 13% had completed advanced workshop training. In 2024, Merry will continue related education and training and has already begun designing a "Circular Design Scorecard," expected to be completed in the fourth quarter of 2024. This scorecard will help R&D personnel self-assess whether the developed models meet circular design criteria, implementing the product life cycle concept in product development Management forms.



2023 Achievement

Sustainable Materials



32.4% of the ratio,
carbon reduction of 30.9 t-CO₂e

We have introduced the use of sustainable materials, enhancing the adoption of these materials in our customers' new products. This includes the use of Post-Consumer Recycled (PCR) plastic materials. The proportion of sustainable materials used in our overall material composition has reached 32.4%, which translates to an annual reduction of approximately 30.9 tons of CO₂e. We continue to expand Merry's influence on green products.

Low-impact Packaging



Reduced
size by 50%

We continue to promote and develop environmentally friendly packaging designs based on the principles of environmental protection and reducing the use of natural resources. Our design efforts include reducing packaging materials and ink, and minimizing the use of plastic by switching to recyclable or degradable packaging materials. Additionally, we print product manuals on the inside of the box lids. After overall optimization, the volume of the paper boxes has been reduced by 50%, significantly lowering their impact on and damage to the environment.

Low Energy Consumption



Power consumption
optimized by 26%
saving up to 126.5 Mwh

By adopting low-power IC design, the power consumption of gaming headset products has been optimized by 26% for the same usage time. Based on the product's lifespan and the estimated 2023 shipment volume, this result in a total energy saving of approximately 126,500 kWh.

Energy Efficient



75% up to 85%

By improving the conversion efficiency of battery charging and discharging, and reducing energy loss during these processes, the use of external battery charging IC design has been adopted. This has increased the charging efficiency of gaming headset batteries from 75% to 85% in 2023.

Efficient Distribution



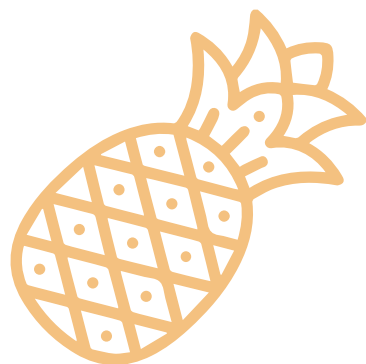
Increase carrying
capacity by 150%
reduce number of trips
by 30%

Under the conditions of meeting product protection and customer requirements, the size of the packaging box is reduced to improve storage space and transportation efficiency. For example, in the case of entertainment headsets, the number of products that can be loaded onto a single pallet increases by 150%, reducing the number of transport containers and storage space needed. With the same shipment volume, the number of product deliveries can be reduced by approximately 30%, saving transportation energy consumption and reducing carbon emissions.

Open Innovation

Plant-Based Leather - Pineapple Leaf Fiber

Merry, in response to climate change risks, is actively developing "natural fibers" to replace petrochemical and animal fiber materials. While replacing these materials, we also consider the end user's wearing experience to ensure long-term comfort. Testing results have shown that pineapple leather, compared to other natural fiber leathers, is softer and more skin-friendly, thereby enhancing user experience.



Practical Benefits of Using Pineapple Leather

Taiwan produces 490,000 tons of pineapples annually, and pineapple leaves are often treated as agricultural waste, either burned or left to decompose in the fields, causing environmental and agricultural issues. In recent years, Taiwan has focused on converting these waste pineapple leaves into fibers for fabric production, achieving agricultural waste reutilization and reducing dependence on petrochemical materials. Merry sources fibers from local suppliers in Taiwan who use pineapple leaves and encourages manufacturers to continue developing sustainable materials and processes.

- **Purely plant-based, non-animal leather, ensuring food safety, non-toxicity, and sustainability:** Pineapple leather is made from plant-based materials, ensuring it is non-toxic and sustainable, without compromising food security.
- **Partially biodegradable:** The leather is partially biodegradable, contributing to less environmental waste.
- **Lower carbon emissions compared to traditional synthetic leather:** Compared to traditional synthetic leather, pineapple leather has a lower carbon footprint, reducing greenhouse gas emissions.
- **Local procurement reduces transportation costs:** Local procurement of pineapple leaves reduces transportation costs and supports local agriculture.

Future Plans

- **Expanding Market :** Promote pineapple leather products to a broader range of applications, collaborating with clients to launch new product lines for various types of wearable devices. This will expand the market for pineapple leather and increase its usage in diverse products.
- **Enhancing Depth :** Besides pineapple leaves, other agricultural waste can also be potential leather materials. Future collaborations with related industries can help expand the variety of materials used, achieving deeper sustainability. Additionally, exploring other eco-friendly materials, such as easily recyclable or degradable materials, can further reduce the overall environmental impact. Integrating these environmentally friendly materials into product packaging can enhance innovation and competitiveness.

Startup Company IPO Plan

Merry is investing in Taiwan's first electric vehicle company's initial public offering on the Innovation Board. By investing in the electric vehicle industry chain, Merry aims to achieve positive cooperation within the value chain and empower the company's industrial transformation. The total investment amounts to **20** million NTD.

Product Innovation

Microphone Composite Sensor

- Composite Sensor Series: Integrates sensors such as barometric pressure sensors and microphones into the same IC package, enabling the product to offer voice communication, intelligent audio control, and detection of pressure/altitude/floor levels within a relatively small semiconductor IC area and height. This integration allows smart wearable devices to be thinner, more compact, and have better waterproof performance. Composite sensors can be used in various wearable devices, AR, VR, drones, robots, and smart home systems.
- Product Award: The composite sensor was recognized as the Best Sensor of the Year at the EE Awards Asia 2023.



Video Conference System

- Wide-Angle Camera Integration: Using multiple camera stitching technology, the horizontal field of view is increased from 120 degrees to 180 degrees, ensuring complete coverage of all participants in the conference room.
- Bidirectional Audio Reception: Prevents interruptions during simultaneous speaking by both remote and local participants, thereby improving meeting efficiency.
- AI Facial Recognition and Voice Localization (DOA): Clearly identifies the speaker during the meeting, assisting remote participants in recognizing who is currently speaking.
- Eco-Friendly Design: Reduces the use of plastic materials, resulting in a 70% reduction in weight.



Headsets

To meet the long-term wearing needs of headset users for ear cup heat dissipation, we have introduced thermally conductive materials and heat storage materials into the ear cup leather and earcup foam. The incorporation of these materials helps to effectively manage heat transfer and storage, thereby improving the heat dissipation performance of the earcups.

Additionally, we have equipped temperature sensors to monitor the internal temperature changes of the earcups. Based on the sensor data, we can dynamically adjust the ratio of thermally conductive and heat storage materials to achieve optimal heat dissipation.

With the redesigned earcup, compared to the original product, the time it takes for the temperature to rise from the initial 31° C to the uncomfortable 35° C has significantly increased. Specifically, this time has been extended from 20 minutes to 60 minutes, thus tripling the comfortable wearing time.

This improvement greatly enhances the comfort of using headsets for extended periods, meeting the higher demands of users for earcup heat dissipation performance.

Low-Impact Packaging

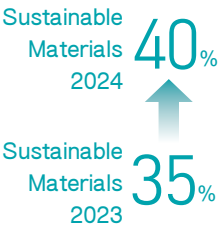
Low-impact packaging means considering the environment in the product packaging design process. By choosing sustainable materials and implementing innovative packaging designs (such as reduction design and optimized loading ratios), the demand for natural resources is reduced, and the negative impact on the environment is minimized. This approach further contributes to our efforts in addressing climate change.



Sustainable Material Selection

By adopting recyclable and biodegradable packaging materials (e.g., using FSC-certified paper instead of traditional plastic materials), we reduce the use of plastic materials, helping to minimize plastic waste and decrease reliance on petrochemical fuels. This approach also aims to reduce the carbon footprint generated during the product's logistics process (including storage, transportation, packaging, and distribution).

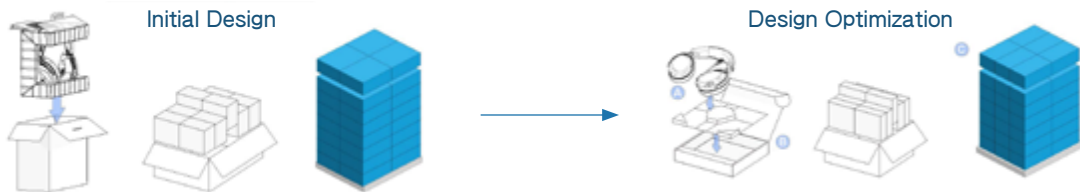
At the same time, we continuously evaluate new sustainable materials and encourage customers to incorporate them during the product development phase. Currently, the usage rate of sustainable materials in the packaging of over-ear headsets has reached 35%, and we aim to achieve 40% by 2024.



Innovative Packaging Design

Designing with the concepts of environmental protection and resource waste reduction in mind, we use paper structures to replace plastic blister packs, thereby reducing the use of plastic materials. We also implement digital manuals to replace traditional paper versions, and switch from multi-color printing to single-color printing to reduce ink usage.

Additionally, by optimizing loading rates, we enhance the utilization ratio of product packaging and pallets. This optimization meets the functional requirements of product protection, convenience, and sales, while increasing packaging efficiency. For instance, we increase the number of products a single pallet can carry, reduce the number of shipping containers needed, and decrease storage space requirements.



A. Reduction

By adjusting the placement of the headsets inside the packaging box (turning the earcups and laying them flat to reduce overall height), and changing the internal fixing structure from plastic blister packs to paperboard dividers, the overall packaging size is reduced by 62%.



B. Plastic Reduction

- The internal structure is changed from plastic blister packs to paperboard dividers.
- The plastic film on the color box is replaced with spray coating surface treatment.
- All protective films for the products are changed to paper specifications.

C. Increased Loading Efficiency

Based on the same pallet, the number of products that can be carried increases by 150%, significantly improving pallet loading efficiency and reducing the number of shipping containers and storage space required. With the same shipping volume, this saves transportation energy and reduces carbon emissions.



4-2 IP Rights Management

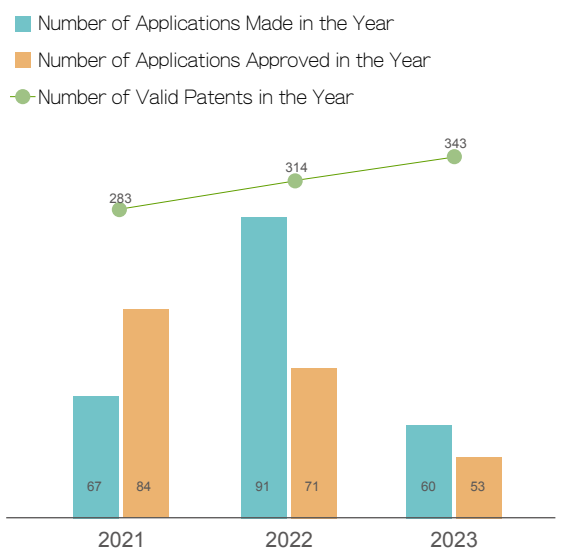
To protect the company’ s R&D outcomes and enhance its competitiveness, we set management targets through intellectual property (IP) management policies, which include the acquisition, protection, maintenance, and utilization of IP, along with measures to avoid infringement and protect rights. To continuously strengthen the awareness and capabilities in IP management, MERRY obtained the A-level certification of the Taiwan Intellectual Property Management System (TIPS) 2016 version in 2019 and successfully passed the recertification in 2022. Additionally, MERRY Shenzhen obtained the GB/T 29490-2013 enterprise IP management certification in 2018 and has maintained its validity through annual audits.

According to these standards, the Legal and Patent Department regularly submits assessment reports on necessary management process adjustments to the top management for approval. For new product and technology trends, the department regularly updates the patent map for reference by various R&D units. Furthermore, the Legal and Patent Department, along with relevant units of subsidiaries, collects and compiles IP regulations and industry information quarterly, sending IP reports to R&D and business unit managers. They promptly inform R&D units about potential risks in patent applications during product development. If the IP investigation report indicates any legal risks or concerns, the proposing unit and the Legal and Patent Department will collaboratively develop and

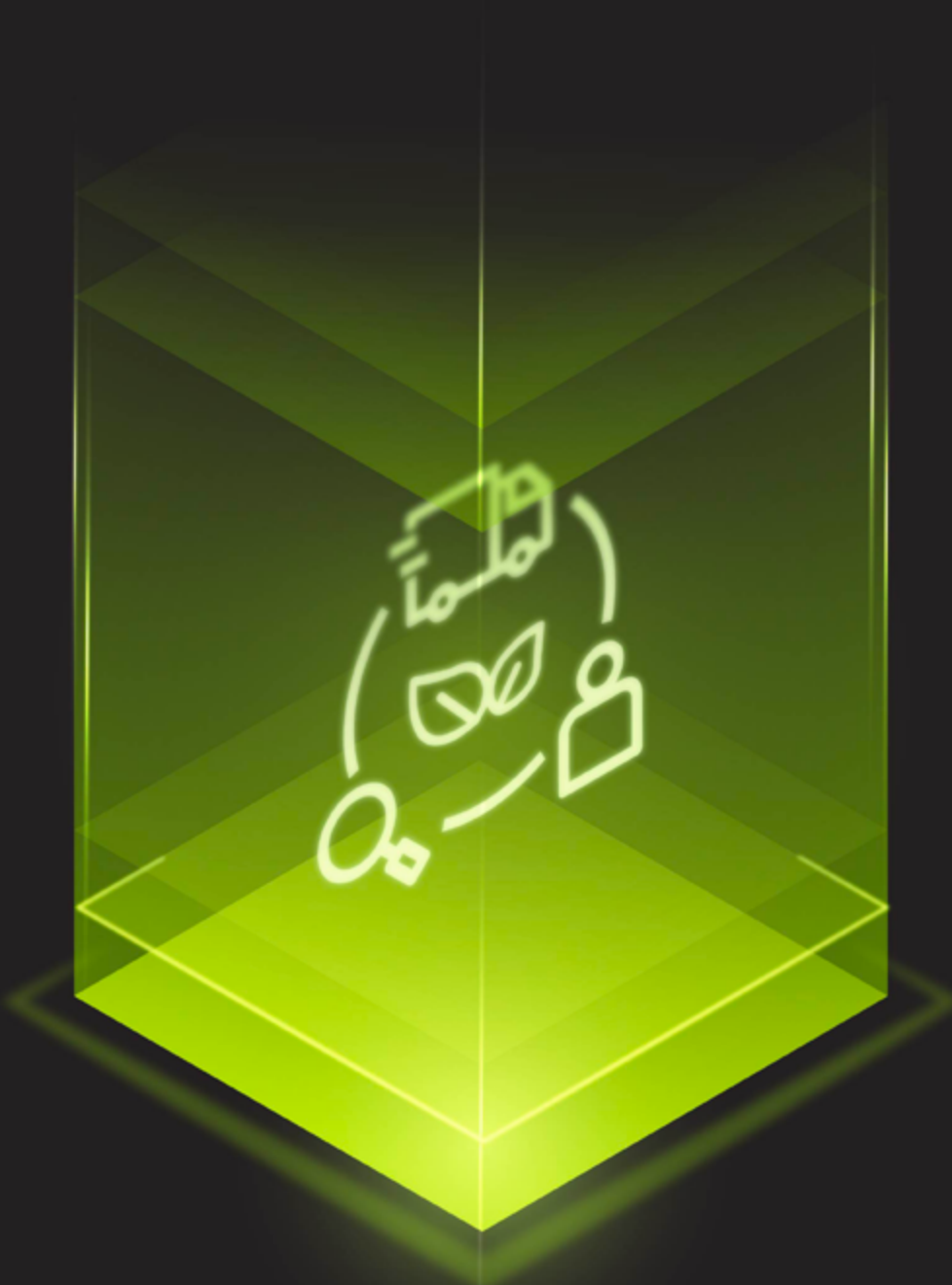
implement risk response strategies and avoidance plans.

Moreover, the execution of the aforementioned IP management tasks is reported to the Board annually (most recently on December 28, 2023) and the next year's execution plan is proposed. These details are also disclosed on the company's official website. Finally, regarding patent acquisition results, as shown in the chart below, MERRY filed 60 patent applications and received approval for 53 patents in 2023, with a total of 343 valid patents currently in existence. Additionally, considering the group as a whole, MERRY has registered 148 trademarks and has 4 pending applications.

Historical Patent Application and Approval Information



Trustworthy Relationships of Integrity



Customer Satisfaction 83.21	100% Products Complied with International Environmental Regulations	100% CSR Audits for Key Suppliers 100% Conflict-free Minerals
Announced Merry's Supplier Code of Conduct	Manufacturers Completing CSR Audits Totals 233 Accounting for 78% of the Procurement Amount	2 Supplier Strategy Meetings 3 Green Management Training Sessions



5-1 Sustainable Supply Chain

2023 Achievement

1. Announced Merry Electronics' Supplier Code of Conduct
2. The signing rate of the Social and Environmental Responsibility Commitment (Supplier Operational and Environmental Sustainability Commitment) reached 97%
3. The cumulative number of manufacturers completing CSR audits totals 233, accounting for 78% of the manufacturer's procurement amount
4. CSR audits for key suppliers: 100% completion
5. Local procurement ratio of non-electronic materials: 98% (China plant), 14% (other plants)
6. Completion of conflict minerals due diligence: 142 suppliers, achieving 100% conflict-free minerals
7. Supplier engagement: 2 supplier strategy meetings and 3 green management training sessions
8. Sharing of key green supply chain success stories

As a globally renowned leader in communication and entertainment electroacoustic products, Merry is committed to promoting sustainable supply chain management, viewing suppliers as important partners. Through stable and close cooperation with suppliers, we aim to create economic value while also expecting our supplier partners to jointly adhere to the RBA Code of Conduct and emphasize social and environmental responsibility, thereby creating a sustainable and mutually beneficial supply chain together.

Sustainable supply chain management Strategy

MERRY encourages and urges suppliers to adhere to ethical business practices, respect labor rights, provide a favorable working environment, comply with regulations on conflict

minerals, and abide by national or local environmental laws. Based on cooperation, we aim to establish a comprehensive management system to enhance the resilience of our suppliers.

Sustainable supply chain management blueprint

Source Management

- Develop a supplier code of conduct
- GPMS
- No use of conflict metals
- Social Responsibility Commitment
- Annual supplier audit

Risk Management

- Company policy
- Graded warnings of supplies and management measures at all stages
- Financial questionnaire survey
- Information security questionnaire survey

Supplier Localization

- Local procurement
- Supply chain diversification

Supplier Exchange Channels

- Supplier strategy meeting
- Green Management Training Seminar
- Improvement of green manufacturing suppliers
- Circular use of environmental materials

Source management

The Group regularly convenes internal management team meetings to examine the status of the green supply chain and continuously improve sustainable supply chain management.

Supplier Code of Conduct

MERRY has established a Supplier Code of Conduct, referencing the RBA Code of Conduct, which includes regulations on labor, health and safety, environment, and business ethics. Suppliers are required not only to comply with these standards but also to adhere to the laws and regulations of the countries and regions where they operate. MERRY also encourages suppliers to require their upstream suppliers to adopt this code of conduct.

Conflict Minerals Investigation

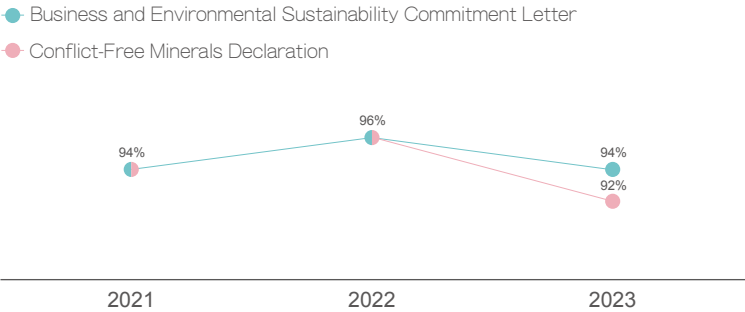
MERRY declares and commits to not accepting metals sourced from conflict zones. Suppliers are required to sign the "Conflict-Free Minerals Declaration" and conduct CMRT investigations through the GPMS system. Each year, suppliers must accurately and fully disclose whether the metals in their product materials are sourced from certified conflict-free zones. In 2023, MERRY completed investigations of 142 suppliers whose products contain gold (Au), tantalum (Ta), tin (Sn), and tungsten (W), ensuring that 100% of these materials can be traced back to certified conflict-free smelters.

Signing of Social and Environmental Responsibility Commitment

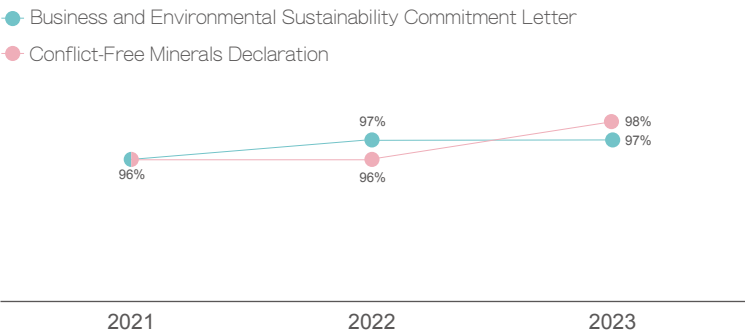
When selecting new suppliers, an evaluation team consisting of procurement, quality, R&D, and engineering units is formed. The review items include company basic information, quality systems, intellectual property rights, chemical substances management systems, and social and environmental responsibilities. After evaluation and confirmation of the review results, suppliers are included in the qualified suppliers list.

To fulfill the commitment to social and environmental protection responsibilities, MERRY promotes the "Supplier Operational and Environmental Sustainability Commitment." This commitment covers three aspects: labor conditions, ethical standards, and environmental protection. Suppliers are required to adhere to related social responsibility standards and prioritize environmental protection (energy management, water resource management, etc.), working together with MERRY to promote a green supply chain.

Sustainability declaration Signing - New Suppliers



Sustainability declaration Signing - All Suppliers



Note: Suppliers who have not signed the Business and Environmental Sustainability Commitment Letter and the Conflict-Free Minerals Declaration are all customer-designated suppliers.

Supplier Audit

Regular performance monitoring and evaluation of suppliers are conducted through a system of price, quality, delivery, and service assessments. The performance ratings are categorized into three levels: A, B, and C. Suppliers who receive an overall failing score or whose incoming materials are found to contain non-compliant hazardous substances are subjected to an improvement plan, and their progress and effectiveness are tracked accordingly.

Additionally, MERRY conducts annual supplier CSR audits and revisions based on the latest

RBA standards. Suppliers rated as grade C must undergo guidance and improvement before being integrated, while those rated as grade D are deemed non-compliant and terminated from the partnership.

As of 2023, a cumulative total of 233 suppliers have undergone CSR audits, accounting for 78% of the total supplier procurement value. Among the suppliers identified as having negative social or environmental impacts, only one (less than 1%) required improvement, which has been completed, resulting in a 100% improvement agreement rate.



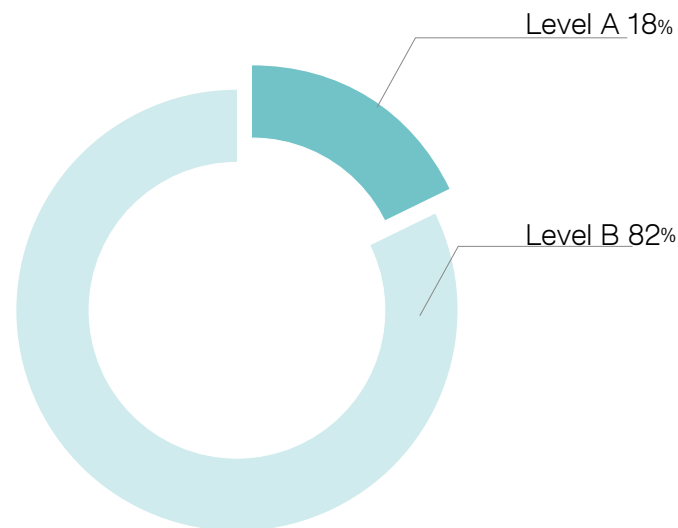
Key Supplier Audit

In 2023, MERRY identified a total of 44 key suppliers based on criteria such as procurement amount and high-risk materials. Excluding 10 suppliers who scored above 80 points in the 2022 audit, the remaining 34 suppliers underwent 100% on-site/online audits, with a 100% pass rate (all rated B or above), and an average score of 84.4 points. These 44 key suppliers accounted for 22% of the Group's self-controlled (excluding customer-designated) supplier procurement amount.

Systematic Management of Chemical Substances and Conflict Minerals

To ensure that suppliers provide materials in compliance with green product regulations, MERRY has implemented the GPMS (Green Product Management System) for many years. This systematic approach requires suppliers to obtain material approvals and commit to prohibiting the use of metals sourced from conflict mineral areas in their raw materials.

Key Supplier CSR Audit Rating Distribution



Notes:

1. Key Supplier Selection Criteria:

Key Suppliers: Manufacturers (excluding traders and agents) who supplied over 500 batches and had transaction amounts exceeding 2 million in the previous year.

High-Risk Material Suppliers: Producers of battery cells, PCBs, metal surface treatments, color boxes, leather goods, cables, plastic/rubber with printed coatings, hazardous chemicals, etc.

2. Material suppliers with an on-site audit score above 80 points and whose audit deficiencies have been closed in the previous year are exempt from the current year's audit.

3. Audit ratings are divided into four levels: A to D, with scores as follows: A \geq 90, B \geq 70, C \geq 60, D < 60.

Risk Management

MERRY regularly evaluates supply stability and operational resilience using four major risk assessment methods (including key materials, procurement amount, customer requirements, etc.) and five management steps:

「Supply Grading Alert」 : In 2023, supply met customer demands with no abnormalities reported.

「Financial Questionnaire」 : In 2023, 23 suppliers were selected and all passed based on comprehensive risk assessment results.

「Information Security Evaluation」 : The company's Information Security Promotion Team sets evaluation standards based on five major axes (information security policies, network architecture, access management, virus and vulnerability protection, and basic security protection) according to ISO 27001 specifications. In 2023, assessments were conducted for risks related to access to organizational assets, and 18 suppliers showed no abnormalities.

Supply Grading Alert

- Material Preparation Review
- Supply Emergency Response Plan
- Reporting Mechanism

Company Policies

- Supplementary Signing of ESG Documents
- Supplementary Signing of NDA Documents

Financial Risk

- Asset Turnover Ratio
- Inventory Turnover Days
- Debt-to-Equity Ratio
- Quick Ratio

Information Security

- Information Security Policies
- Network Architecture
- Access Management
- Virus and Vulnerability Protection
- Basic Information Security Protection

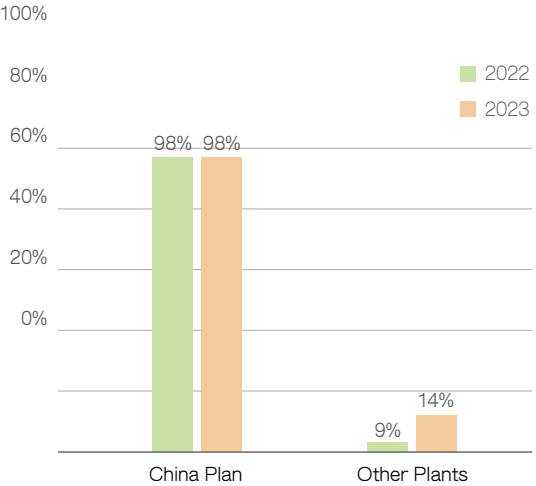


Localization

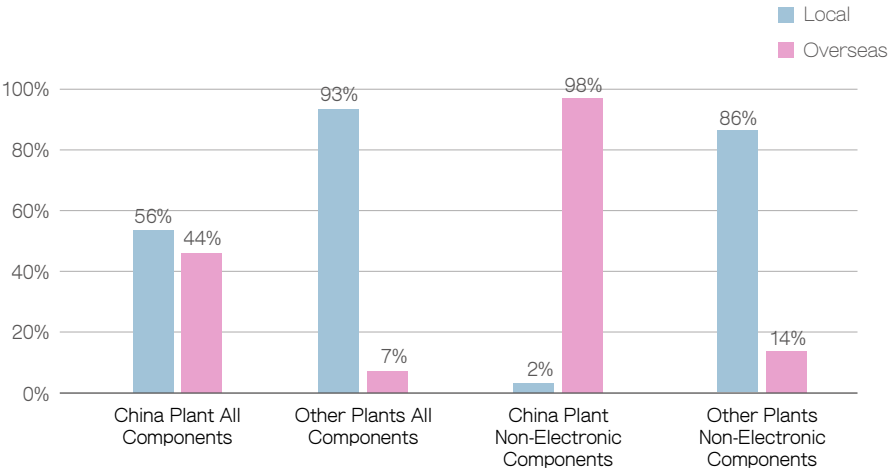
MERRY continues to develop and enhance local procurement and supply chain diversity to increase flexibility. To accelerate the flow of materials and communication efficiency and reduce carbon emissions from transporting raw materials, priority is given to suppliers located near production sites. This approach also helps suppliers improve their supply quality, thereby strengthening their core capabilities. Additionally, MERRY continuously monitors whether suppliers' regions are likely to be affected by climate change or unforeseen natural disasters, ensuring stable supply through short-chain supply/local services.

In 2023, MERRY adopted a risk diversification strategy, with production support not only from China but also from plants in Thailand and Vietnam. The local procurement amount for China plants was 44%, with non-electronic components reaching 98%. For non-China plants, the local procurement amount was about 7%, and non-electronic components were 14% (major electronic materials are procured from well-known manufacturers as designated by customers, such as semiconductor components).

Local Procurement Ratio of Non-Electronic Components



2023 Local Procurement Ratio



Collaborative Growth

During the product project development phase, MERRY collaborates with R&D units, procurement units, customers, and suppliers to discuss issues and share technologies, addressing bottlenecks at each stage and assisting suppliers in optimizing their processes and quality.

Additionally, to jointly promote sustainability issues, MERRY engages in two-way communication and interaction with supplier partners through supplier conferences, green management training sessions, and the SCM supplier platform. This enhances mutual cooperation and consensus, continuously advancing towards sustainable development.

Supplier Strategy Meeting

In the second half of 2023, MERRY utilized the Group's Supplier Strategy Meeting to communicate its business direction and outlook (including suppliers' carbon reduction progress and information security protection). This meeting aimed to strengthen key elements of core suppliers, engage in interactive discussions with suppliers, exchange market trends, and enhance mutual cooperation and consensus.



Green Management Training Sessions

Three online Green Management Training Sessions were held, with participation from 54 key suppliers. These sessions covered green product regulations, international ESG development trends, and environmental laws. The goal was to promote and advocate ESG management concepts to key suppliers, thereby advancing MERRY's sustainable business direction and green supply chain management policies.



Key Green Supply Chain Success Cases

In recent years, carbon reduction and green environmental protection have garnered significant attention. MERRY has actively partnered with core suppliers to work together for a greener planet. For example, in collaboration with TungPo Group, a leading company in plastic molding and injection, MERRY has co-developed green materials such as recycled resin and water-based paint processes, enhancing the sustainability of end customers' products.



5-2 Green Product Management

To ensure the health and safety of end-users and to minimize the potential environmental impact of products, MERRY has established a company substance management policy based on the latest international hazardous substance management regulations and customer requirements. This policy clearly stipulates the content of environmental management substances in all product materials and creates a list of controlled hazard-

Following International Regulations

- EU RoHS
- EU RoHS 2.0
- EU REACH (SVHC)
- EU Battery Directive
- EU PPWD Packaging and Packaging Waste Directive
- EU WEEE II Waste Electrical and Electronic Equipment Directive
- IEC 62474
- CMRT Conflict Minerals Policy
- California Proposition 65
- China RoHS
- China VOCs
- Phthalate-free
- Lead, Nickel, Beryllium, Antimony, and Antimony Oxide-free
- PVC-free

ous substances. Through internal promotion and educational training, MERRY enforces these standards to provide products that meet or exceed standards, reducing the external impact on the environment and ecosystems.

When developing and manufacturing various electroacoustic products for customers, MERRY integrates green thinking into product design, raw material procurement, product manufacturing, and marketing and services. This comprehensive process from suppliers to customers ensures that products meet green requirements. MERRY continuously monitors the latest international regulations and customer demands, proactively reducing substances that are not yet controlled but are harmful to humans or the environment.

Material management is implemented through an integrated mechanism that includes the Green Product Management System (GPMS), Product Lifecycle Management System (PLM), and Enterprise Resource Planning System (SAP). These systems manage materials from the creation of part numbers to prevent the misuse of unapproved materials. The management process monitors products to meet the requirements of the EU Waste Electrical and Electronic Equipment Directive (WEEE), increasing reuse and recycling rates (such as using recyclable plastic materials like ABS and PC, and actively developing and incorporating recyclable metal materials like recycled aluminum and recycled steel). This approach aims to reduce carbon emissions and mitigate the overall environmental impact of the product lifecycle.

Environmental Substance Control Management Process

Product Design



During product design, materials are selected based on international environmental laws, regulations, and customer requirements

Procurement



Suppliers are informed about environmental regulations and the knowledge related to hazardous substances. Suppliers are required to upload necessary green part approval data for the materials.

Incoming Inspection

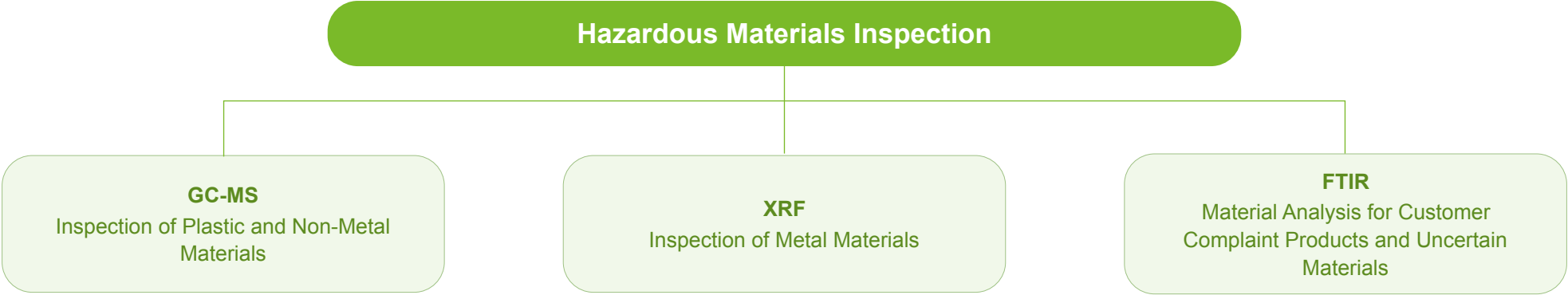


Random batch sampling is conducted according to the sampling rules for incoming materials. This is to monitor that incoming products do not contain hazardous substances. If non-conforming products are identified, they are handled by returning the goods and requesting the supplier to propose corrective and preventive measures.

Production



Production and inspection are carried out according to the Group's quality management procedures to ensure that the products comply with the regulations.



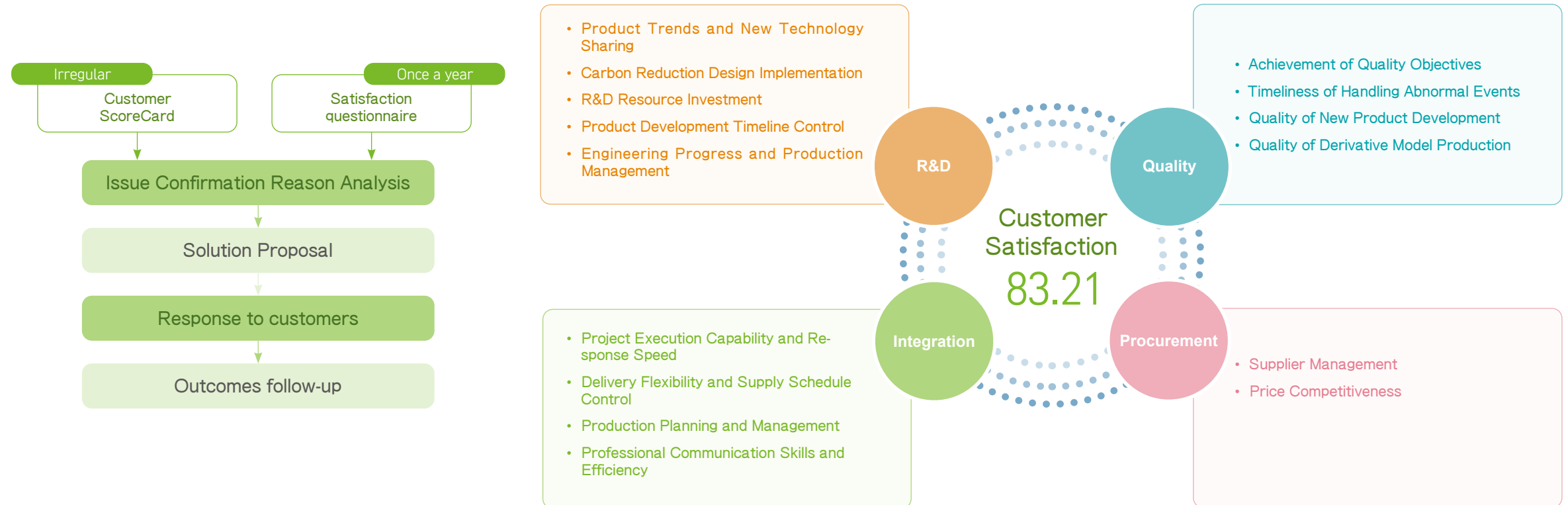
According to MERRY's "Supplier Management Procedures," new suppliers undergo an introduction audit before becoming qualified MERRY suppliers. Once qualified, they follow the relevant operational processes of the GPMS system.

- Suppliers upload the necessary green part approval data (such as green declarations, material certificates, and test reports) to the GPMS system according to the "Environmental Substance Control Management Procedures." MERRY reviews these supporting documents through the system to ensure that all parts comply with international environmental regulations, directives, and customer requirements. In 2023, 100% of MERRY's products complied with international environmental regulations.
 - Suppliers are required to have knowledge of international regulations and the hazardous substances listed in the appendix. They must investigate and control whether their products contain Substances of Very High Concern (SVHC) according to REACH regulations and other hazardous substances listed in the appendix.
- A hazardous substance inspection system is established for incoming materials. Random batch sampling inspections are conducted using rules for incoming batches. X-ray fluorescence (XRF), gas chromatography-mass spectrometry (GC-MS), and Fourier-transform infrared spectroscopy (FTIR) are used to inspect and confirm that supplier materials do not contain hazardous substances. Any raw materials violating control substance regulations are treated as non-conforming products, and suppliers are required to provide supporting documents immediately. If the final judgment is that the materials are non-conforming, they are returned, and the supplier must propose corrective and preventive measures.
 - MERRY ensures that 100% of its products comply with the labeling specifications set by brand customers and the relevant certifications required for product attributes. Packaging labeling confirmation is completed during the
- design stage to comply with product labeling regulations in different regions. In 2023, there were no incidents of regulatory violations or customer claims due to labeling issues. There were also no incidents of violations of health and safety regulations related to products and services in 2023.

 - In 2023, MERRY held two supplier conferences. One promoted MERRY's CSR, RBA, GP-related regulations, organizational carbon inventory, and ESG trend-related topics. The other promoted EU regulatory-related standards.
 - According to product structure principles, under WEEE directive requirements, products are disassembled by certified laboratories. Based on the B2B operating model, products manufactured in 2023 achieved reuse and recovery rates of 55% and recycling rates of 75%. Final disposal and recycling are executed by the end brand customers.

5-3 Quality Management and Customer Service Optimization

Quality Management



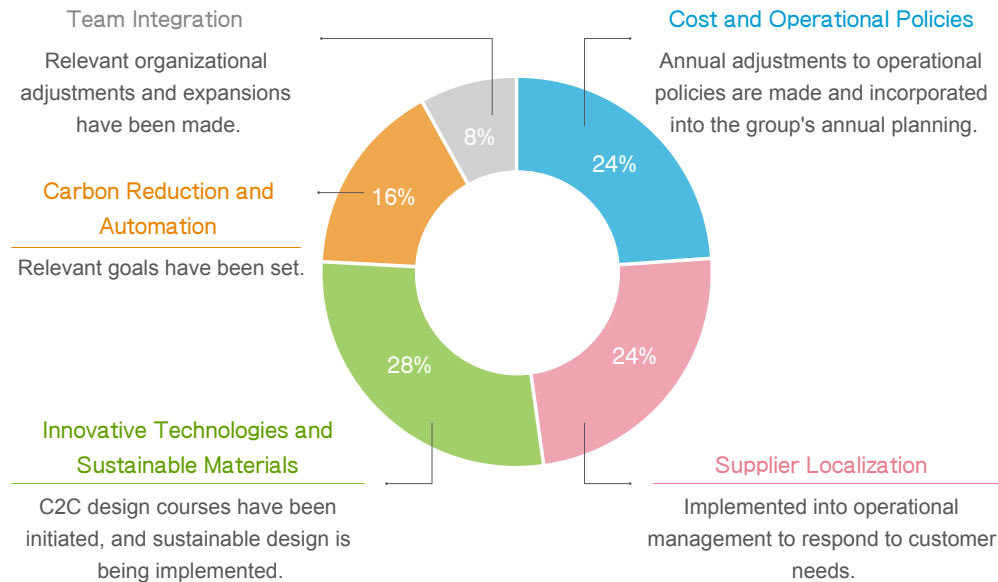
MERRY's customers evaluate MERRY through their scorecard mechanism or by MERRY's proactive annual satisfaction surveys. These methods help understand customers' evaluations, opinions, and needs. The gathered information is analyzed to identify root causes, develop improvement plans, and actively implement and track the results.

The issues from customer scorecards and satisfaction surveys

are consolidated and forwarded to the relevant responsible units for root cause analysis and to propose improvement plans within a set timeframe. These responses are then sent back to the business unit. Besides replying to the customers, the business unit also forwards the information to the audit unit and the overseas plant marketing units for subsequent tracking and improvement.

Both the satisfaction surveys and the scorecard mechanism cover four major aspects: "Quality, R&D, Procurement, and Integration." These aspects serve as important reference indicators for improving subsequent related operations and business performance. The overall customer satisfaction in 2023 was 83.21, approximately equal to the 83.16 in 2022.

Apart from the balancing scorecard system above, qualitative issues responded to by customers in 2023 were majorly divided into the following items.



Quality Management System

MERRY has established a systematic process for product development to ensure that the quality, cost, and delivery time of new products meet customer and market demands within the system framework. This continuous pursuit of process optimization aims to enhance product competitiveness. The quality assurance system involves collaborative execution by cross-functional teams, including R&D personnel, quality management staff, sales, production sites, and supply chain management. Through the cycle of planning, implementing, checking, and improving, MERRY optimizes Quality Management and Customer Service Optimization.

Key Materials Management Procedures

To enhance the efficiency of new project development and customer satisfaction, MERRY has established the "Key Material Definition and Operation Procedures." This defines and evaluates the parts that constitute a product, particularly those that require special control due to their impact on production quality. The goal is to ensure quality and delivery time management at each development stage, as well as the quality of trial production and mass production.

During the RFQ (Request for Quotation) stage of product development

- The parts engineering department defines the "Key Parts List."
- The project management department confirms key material details with the customer.
- The R&D department conducts a risk material assessment.
- The procurement department confirms and provides long-lead-time materials.
- The sales department confirms the material details chosen by the customer.

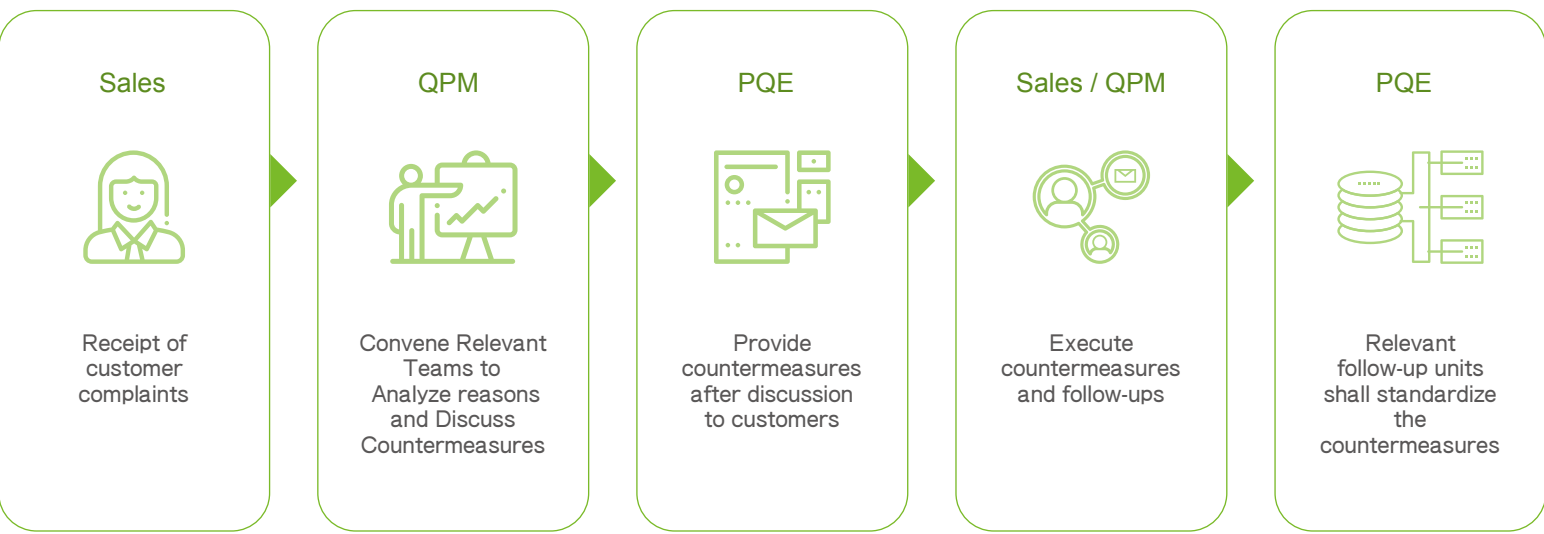
During the DVT (Design Verification Test) stage of product development

- The parts engineering department adjusts the "Key Parts List."
- The project management department provides feedback on key material details to the customer.
- The quality project management department adjusts the material preparation status.
- The procurement department monitors the status of long-lead-time materials.
- The supplier quality management department confirms incoming material issues.

When the product enters the PVT (Production Verification Test) stage

- The quality project management department oversees material quality control.
- The supplier quality management department manages supplier material quality.
- The incoming inspection department controls material yield.
- The procurement department monitors material status at each development stage.
- The project team jointly maintains and supervises the material conditions listed in the control list.

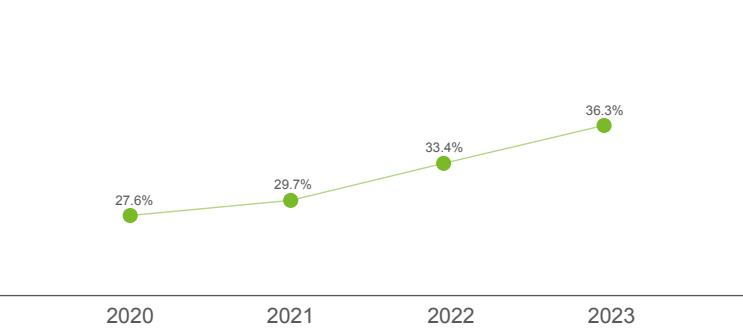
Customer Complaint Handling Procedures



Digital Optimization

All industries face the challenge of delivering information to customers more quickly. Companies must adapt to this highly volatile era by accelerating their comprehensive digital transformation efforts. MERRY initiated its digital transformation in 2021, introducing innovative models such as process robots in production management and global digital supply chain management. Through digital optimization, MERRY also enhances customer relationship management. Given MERRY's high customer concentration, the company implements two-way electronic data exchange based on revenue proportion and transaction frequency to optimize service processes.

Percentage of Revenue Generated Online



Creating Positive Environmental Impact



23.11% of total Electricity Consumption	GHG Inventory Scope Covers 99.9%	Energy Intensity reduction of 6.11%
Utilized a total of 6,978 MWh Renewable	Emissions for Scope 1&2 reduction of 14.09%	Water Intensity 7.65% decrease from the baseline year



As a global leader in electroacoustic manufacturing, Merry actively addresses the environmental and resource issues brought about by climate change. In 2023, the Board of Directors established the Sustainable Development and Nomination Committee to strengthen the highest governance unit's oversight of the group's environmental sustainability management. The committee continues the previous cross-departmental collaboration from the Sustainable Development Promotion Team, encompassing environmental resource management, corporate carbon management, energy management and renewable energy usage, water and waste management, and enhancing environmental awareness. Additionally, the committee has established an internal communication mechanism to promptly convey stakeholder requirements and international regulatory information, ensuring effective management and achieving a low-carbon, healthy environmental strategy.

6-1 Environmental policy and commitment

In 2023, Board of Directors approved the updated Group Environmental Sustainability Policy and Commitments, aiming for the group to achieve carbon neutrality by 2040. The RE100 (renewable energy usage) target is set to be reached by 2040 as well. Additionally, environmental protection policies, water resource policies, chemical policies, and

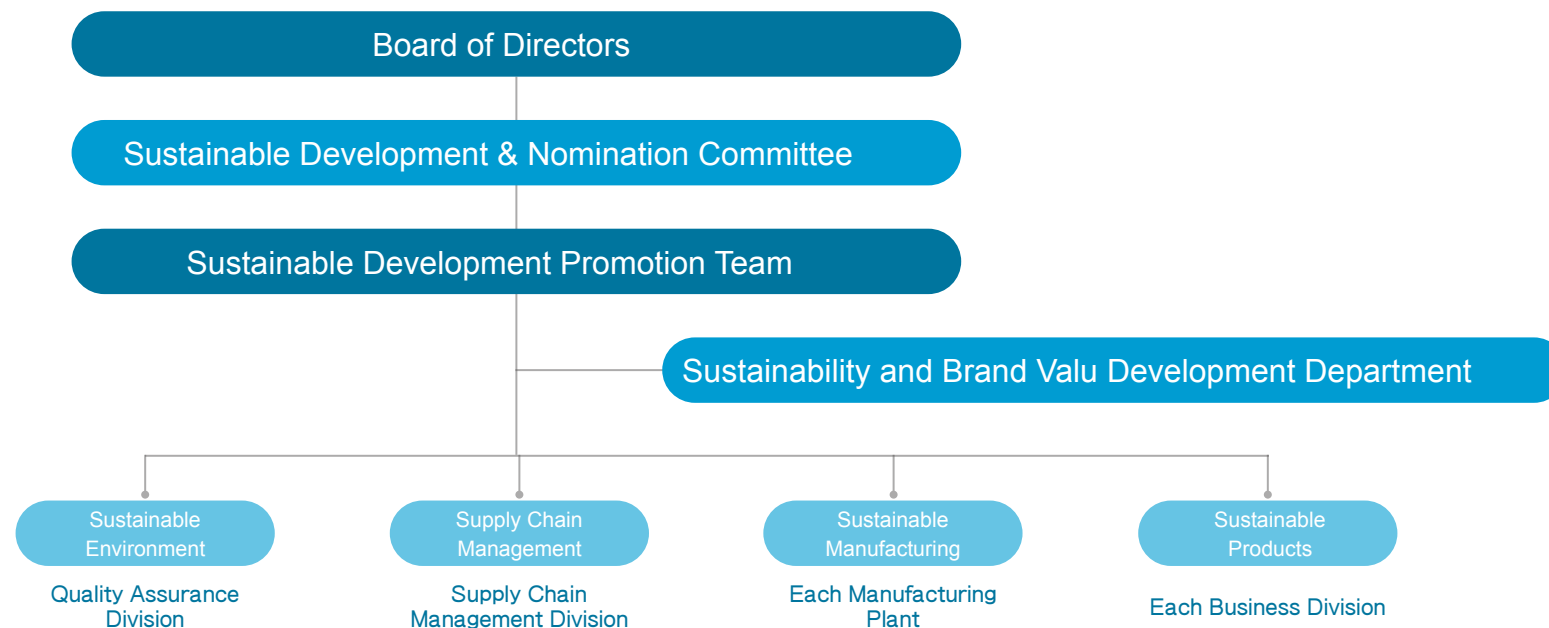
biodiversity and no-deforestation policies have been established to progressively promote the sustainability actions of Merry. We also encourage value chain partners to participate in environmental protection initiatives, thereby raising awareness and achieving sustainable development.

Achieve carbon neutrality across the entire group

Key Goals
2040

Utilize 100% renewable energy for all operations

Merry Carbon Reduction Task Force Structure



Climate Strategy and Achievements

	Strategy	Highlights of 2023 performance	2024 Targets	Medium-term targets and strategies
Carbon Emission Reduction and Carbon Reduction Path (Near-term SBT) Setting	<ul style="list-style-type: none">Implement comprehensive greenhouse gas (GHG) inventory and expand verification scope: Conduct thorough inventory of "other indirect GHG emissions" (Scope 3; categories 3-6) and continuously expand the verification scope to accurately grasp the GHG emission status.Set Science-Based Targets (SBT): Establish carbon reduction targets for the group by controlling temperature rise within 1.5°C for Scope 1 and 2 emissions, and below 2°C for Scope 3 emissions.	<ul style="list-style-type: none">Taiwan HQ, MERRY Shenzhen, MERRY Vietnam, MERRY Singapore, MERRY North America, MERRY Hong Kong, MERRY USA, and MERRY Malaysia, among other overseas offices, conduct organizational GHG inventories in accordance with ISO 14064-1:2018 standards and undergo third-party verification.MERRY Thailand and MERRY Auster conduct internal organizational GHG inventories in accordance with ISO 14064-1:2018 standards.Commit to the Science Based Targets initiative (SBTi), with the goal of submitting targets for review within two years.Implement an online GHG inventory system to digitize the management of carbon emission activities data and certification documents.	<ul style="list-style-type: none">Establish near-term Science-Based Targets (SBT) carbon reduction pathways and obtain official approval by 2025 at the latest.All operational sites included in the consolidated financial statements will conduct GHG inventory activities in accordance with the latest ISO 14064-1 standards.	<ul style="list-style-type: none">Complete official review of Science-Based Targets (SBT), and effectively conduct carbon reduction activities and carbon emission management according to the carbon reduction pathways.All operational sites included in the consolidated financial statements will conduct GHG (greenhouse gas) inventory activities in accordance with the latest ISO 14064-1 standards.
Improving Energy Efficiency	<ul style="list-style-type: none">Energy Monitoring System and Usage Analysis: Improve energy efficiency for energy-consuming equipment.Focus on Corporate Energy-saving Success Stories: Actively learn new technological concepts and experiences through exchange seminars and external energy-saving case studies.	<ul style="list-style-type: none">MERRY Shenzhen: Through improvements to air compression equipment, it is estimated to save 30,948 kWh annually.MERRY Thailand: Installing variable frequency drives on air compression equipment is estimated to save 66,204 kWh annually.MERRY Vietnam: Adding timer control devices to the chiller and air compression units to reduce electricity consumption.Austar: Updating the air conditioning control program and optimizing the cooling system is expected to save 49,500 kWh annually.	<ul style="list-style-type: none">Energy Intensity Reduction: Decreased by 6% (baseline year: 2020).Continuous Improvement: Enhance the energy efficiency of equipment and strengthen energy usage analysis and monitoring systems.	<ul style="list-style-type: none">Continuous Expansion of Energy Management Scope: Implement energy efficiency improvement programs.
Renewable Energy	<ul style="list-style-type: none">Utilization of Renewable Energy: Evaluate the implementation of solar power generation systems and renewable energy transfer schemes.Renewable Energy Certificates: Support local renewable energy development by purchasing renewable energy certificates.	<ul style="list-style-type: none">2023 MERRY RE100 Commitment: Utilized a total of 6,978 MWh of renewable electricity, accounting for 23.11% of total electricity consumption. Of this, 2,213 MWh was directly sourced renewable electricity, representing a 143.99% increase compared to 2022. The remaining 4,765 MWh was supported through the purchase of renewable energy certificates.Solar Power Systems: MERRY Vietnam has activated a rooftop solar system. Rooftop solar systems at Taiwan HQ and MERRY Thailand are under construction, while planning for a rooftop solar system at MERRY Shenzhen is underway.	<ul style="list-style-type: none">2024 Renewable Energy Usage: The proportion of renewable energy usage is projected to account for 35.5% of total energy consumption.	<ul style="list-style-type: none">Consumed 100% renewable energy by 2040.

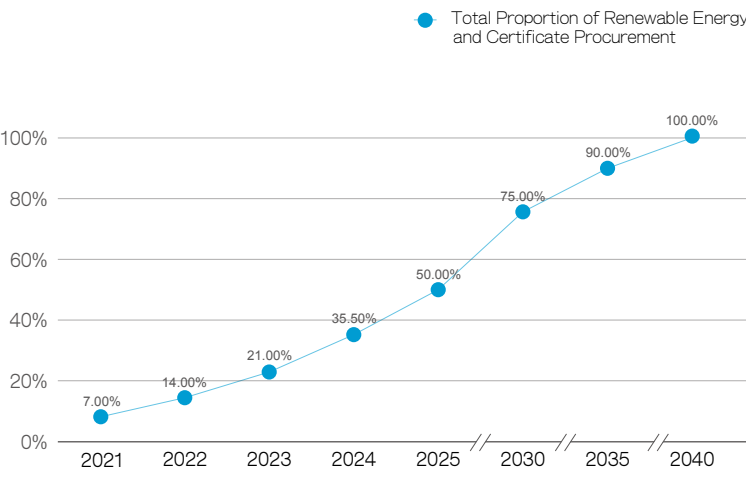
	Strategy	Highlights of 2023 performance	2024 Targets	Medium-term targets and strategies
Internal Carbon Pricing	<ul style="list-style-type: none">Shadow Pricing: Setting internal carbon pricing to assess potential future regulatory and transition risks related to climate change.	<ul style="list-style-type: none">Establishing Internal Carbon Pricing: Completing the process for establishing shadow carbon pricing.Implementing Internal Carbon Pricing Mechanism: Planning the implementation within the group, setting short, medium, and long-term goals, and promoting the schedule.	<ul style="list-style-type: none">Promoting and Implementing Shadow Carbon Pricing.Continuously Optimizing Operational Processes.	<ul style="list-style-type: none">Implementing Internal Carbon Fee Mechanism: Enhancing internal awareness of carbon reduction.
Water Resource Management and Waste Management	<p>Water Resources</p> <ul style="list-style-type: none">MERRY's production process does not require water; therefore, ISO 14001 is used as the basis for factory water resource management. Water-saving measures primarily focus on installing water-saving equipment and raising employee awareness. <p>Waste</p> <ul style="list-style-type: none">Using ISO 14001 as the foundation for factory waste management, regularly track hazardous waste emissions, and promptly analyze and improve any abnormal waste generation.	<p>Water Resources</p> <ul style="list-style-type: none">MERRY Vietnam adjusted water flow in public areas.Ostar set the main control valves to half-open.MERRY Thailand added promotional signs and replaced faucets.. <p>Waste</p> <ul style="list-style-type: none">MERRY Shenzhen optimized the SMT process, reducing hazardous waste by about 24% compared to 2021. Packaging materials, partitions, and pallets are recycled for internal use.Waste disposal complies 100% with local regulatory standards.	<p>Water Resources</p> <ul style="list-style-type: none">Water Intensity: Reduced by 8% compared to the baseline year (2020). <p>Waste</p> <ul style="list-style-type: none">Waste Intensity: Reduced by 8% compared to the baseline year (2020).Continuously promoting the reduction of hazardous waste per unit of production value, implementing resource recycling according to source management.	<p>Water Resources</p> <ul style="list-style-type: none">Strengthen Water Monitoring and Analysis: Continuously improve water use efficiency. <p>Waste</p> <ul style="list-style-type: none">Continuously Promote Waste Reduction: Implement source management and resource recycling.

Responding to the global RE100 renewable energy initiative

In response to the UN Sustainable Development Goal (SDG) 13 on climate action, Merry officially joined the global renewable energy initiative "RE100" led by The Climate Group and the Carbon Disclosure Project (CDP) in 2021. In 2023, the Board of Directors approved the adjustment of the target year to 2040, committing to using 100% renewable electricity for all operations. Merry continues to manage and improve energy efficiency, evaluate the installation of rooftop solar systems, actively seek local renewable energy suppliers to sign power purchase agreements, and purchase international renewable energy certificates to gradually increase the proportion of renewable energy usage.

In 2023, the sites under MERRY's RE100 commitment used a total of 6,978 MWh of renewable energy, accounting for 23.11% of total electricity consumption. Of this, 2,213 MWh was directly renewable energy, representing a 143.99% increase compared to 2022, while the remaining 4,765 MWh was supported through the purchase of renewable energy certificates.

Merry's Renewable Energy Usage Target



Explanation:
The scope of the RE100 commitment includes Merry Taiwan, Merry Shenzhen, Merry Huizhou, Merry Thailand, Merry Vietnam, Merry Hong Kong, Merry Singapore, Merry Suzhou, Full Conn Tech (Xiamen), Austar, and SEAS.



MERRY's Environmental Sustainability Goal—2040 Carbon Neutrality

In response to global climate actions for Net-Zero carbon emissions and in alignment with the government's "2050 Net-Zero Emissions" declaration and actions under the "Climate Change Response Act," MERRY has set "2040 Carbon Neutrality" as a key blueprint for the group's environmental sustainability actions. The primary goals are to reduce energy-related carbon emissions and increase the use of renewable energy. MERRY actively integrates environmental sustainability concepts into all stages of product design, production operations, and logistics to enhance the efficiency of environmental resource use.

MERRY also promotes carbon reduction targets among suppliers by establishing a carbon reduction scoring mechanism and managing through digital systems. This collaborative effort aims to achieve shared carbon reduction goals with suppliers. As a final measure, MERRY will use carbon offset mechanisms to neutralize any remaining carbon emissions.

Renewable Energy Planning and Energy Management

Aim for 100% renewable energy usage by 2040.

- Continuously plan for the procurement of renewable energy and certificates in various regions, and sign contracts in advance to ensure a stable supply of renewable energy in the future.
- Planning for the procurement of renewable energy in various regions, signing long-term power purchase agreements with project sites or renewable energy vendors to ensure stable future renewable energy supply.
- Achievement of targets through the purchase of renewable energy certificates.
- Continuously promote the organization's energy monitoring system to all operational sites to enhance internal energy efficiency within the organization.
- The rooftop solar system at MERRY Vietnam has been activated.
- The construction of rooftop solar systems at MERRY's Taiwan HQ and MERRY's Thailand locations has commenced.
- MERRY Shenzhen is planning to install rooftop solar systems.
- Emphasis on actual use of renewable energy supplemented by renewable energy certificates to achieve renewable energy goals.
- Action plans and goals established based on energy hotspots identified by the energy audit, aligning with the group's energy conservation and carbon reduction objectives in 2023

2040

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20302024
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2025

2023

Greenhouse Gas Management

Achievement of carbon neutrality in operations.

- Develop MERRY's carbon removal strategy, invest in carbon offsetting or other negative emission technologies.
- Continuously implement the internal carbon pricing system, levy internal carbon fees from specific departments to establish a climate action fund, and strengthen the internalization of carbon costs into organizational operations and investment decisions.
- Successfully establish Science Based Targets (SBTs) and pass official audits, creating an effective and achievable decarbonization pathway to annually reduce greenhouse gas emissions.
- Advocate for carbon reduction targets among suppliers, establish a supply chain carbon reduction scoring mechanism, and plan to implement digital system management.
- Continuously optimize internal carbon pricing processes and expand them to a larger organizational scope, ensuring carbon risk assessment and management for energy-related equipment and investments.
- Independently setting emission reduction targets for categories one and two.
- Commitment to the Science Based Targets initiative (SBTi) to establish the primary framework for MERRY's long-term net-zero goals.
- Implementation of an internal carbon pricing system at HQ to assess and manage carbon risks associated with energy-related equipment and investments.
- Introduction of a greenhouse gas inventory system to digitally manage carbon emission activity data and certificate documents.

6-2 Climate-related Financial Disclosures (TCFD)

The governance level of MERRY acknowledges the potential impact of climate change on its operations and long-term development. Since 2020, it has been implementing climate change-related management mechanisms, progressively expanding the scope of assessments regarding climate-related risks and opportunities each year.

Climate governance

Board Oversight	Management responsibilities
<p>The Board of Directors serves as the ultimate decision-making body for climate change risk management at MERRY, overseeing the approval of relevant risk management policies, monitoring the implementation of climate-related risk management, providing guidance on response strategies, and supervising the outcomes and achievement of goals related to these initiatives.</p>	<p>Sustainability Development and Nomination Committee:</p> <ul style="list-style-type: none">• Chaired by Independent Director Wu Huihuang, with CEO Huang Zhaofeng serving as Chief Sustainability Officer, the committee convenes regular meetings to plan, execute, and review sustainability initiatives. Additionally, it serves as the supervisory body for climate risk and opportunity assessments. <p>Risk Management Team :</p> <ul style="list-style-type: none">• The department dedicated to risk management at MERRY leads the establishment of cross-departmental working groups to carry out climate change risk identification and response plan implementation. They coordinate the planning of risk and opportunity identification and response plan processes. Company X's climate change risk assessment operations are structured within the ISO 31000 management system framework, integrated with existing risk management operations, and executed annually. Additionally, the Risk Management Team regularly confirms execution outcomes, integrates climate change risk management reports, and reports the results of climate change risk and opportunity assessments to the Board at least once a year, guiding the execution of climate risk and opportunity management.• From 2023 to the first quarter of 2024, the Risk Management Team held three meetings to assess climate change risks and opportunities at the Shenzhen plant and proposed response plans for key risks. The outcomes are incorporated into relevant operational promotion plans and regularly reported to the Sustainability Promotion Committee and the Board, serving as governance decision references. <p>Climate Change Working Group :</p> <p>Composed of department heads from various departments, this cross-functional team is responsible for driving climate change risk and opportunity management. It convenes relevant unit colleagues to assess risks and opportunities and plan response strategies.</p> <p>Functional/Business Units :</p> <p>These units conduct regular assessments and analyses of climate change risks and opportunities, plan and execute response strategies, and periodically report on execution outcomes and performance.</p>

Climate Scenario

Although MERRY does not belong to industries with high carbon emissions intensity, the effects of global warming resulting from climate change still impact significant stakeholders of MERRY. To promptly respond to market trends and potential customer demands,

MERRY conducts scenario analysis to identify climate change risks and opportunities. The outcomes of this assessment are thoroughly reviewed by business units and functional departments to serve as guidelines for daily operational adjustments. Additionally, regular

progress and outcome reports are provided to the Sustainability Development and Nomination Committee and the Board, serving as reference factors for corporate decision-making.

In consideration of these factors, MERRY selects the SSP5-8.5 scenario for physical risk

assessment and the national target scenario for transition risk assessment. Furthermore, it evaluates external information such as policy changes, physical environment, social factors, and technological advancements as the basis for the annual climate change risk assessment.

Risk Management

According to MERRY’s climate change risk management process, it identifies climate-related risks and opportunities, evaluates response strategy options, and regularly conducts internal and external reporting. Climate-related risk factors have been integrated into Company X's existing risk management mechanisms and are regularly promoted by the Risk Management Team.



Indicators and Targets

MERRY declares its commitment to achieving carbon neutrality for the Group by 2040, in alignment with international trends and the national goal of net-zero emissions by 2050. In response to this commitment, MERRY identifies climate change risks and opportunities and integrates them with existing sustainability objectives. It sets relevant indicators and targets accordingly.

	Indicator	2023 Target and Achievement	2025 Target	2030 Target
Governance	Group Risk Management and Continuous Operation Plan	<ul style="list-style-type: none">Enhance risk management mechanisms, strengthen climate governance, and increase governance participation at all levels.Expand climate risk assessment to include the Shenzhen factory.	<ul style="list-style-type: none">Promote relevant systems in Chinese operating locations.	<ul style="list-style-type: none">Promote relevant systems in all operating locations.
Strategy	Sustainable Product Design Revenue	<ul style="list-style-type: none">Utilize environmentally friendly materials for 30% of headset components.Use environmentally friendly materials for 35% of headset packaging.Implement optimization of PCBs in 20% of designated development projects.Optimize product power consumption by 8%.Increase product charging efficiency by 10%	<ul style="list-style-type: none">Increase the usage of environmentally friendly materials for headset components to 35%.Use environmentally friendly materials for packaging to 45%.Implement optimization of PCB size in 30% of designated development projects.Optimize product power consumption by 20%.Increase product charging efficiency by 18%.Define high carbon emitting materials and products (top 30% in carbon emissions) as sustainable materials.Establish a comprehensive environmental database to calculate product carbon footprints.	<ul style="list-style-type: none">Produce the first carbon-neutral headset.Develop and review the sustainable materials database, and review product life cycles.Conduct product carbon footprint audits and product lifecycle design certifications.
	Renewable Energy Usage Ratio (RE100)	<ul style="list-style-type: none">Commit to achieving the RE100 target by 2040.Utilize 6,978 MWh of renewable energy, accounting for 23.11% of the total electricity.	<ul style="list-style-type: none">Aim to have the group's usage of renewable energy reach 50%.	<ul style="list-style-type: none">Aim to have the group's usage of renewable energy reach 75%.
Risk Management	Carbon Emission Intensity and Energy Intensity (Base Year 2020)	<ul style="list-style-type: none">The Board has approved advancing the target to achieve carbon neutrality by 2040.Reduce carbon emission intensity by 5.06% compared to 2020.Category 1 intensity increased by 100.93% compared to 2020, while Category 2 intensity decreased by 9.61%.Energy intensity increased by 4.21% compared to 2020.Implement greenhouse gas inventory system.	<ul style="list-style-type: none">Implement Science-Based Targets (SBT).Reduce carbon emission intensity by 12% compared to the baseline year.Reduce energy intensity by 7.5% compared to the baseline year.Develop execution plans for the Group's carbon neutrality by 2040.	<ul style="list-style-type: none">Follow Science-Based Targets for carbon reduction.Reduce energy intensity by 15% compared to the baseline year.Develop execution plans for the Group's carbon neutrality by 2040.

Climate Risks and Opportunities

Based on the choice of climate scenarios and the mechanisms of risk management, MERRY systematically promotes climate risk and opportunity assessments annually. This process involves considering political regulations, economic activities, physical environment, social factors, and technological aspects, evaluating both transitional and physical risks as recommended by the TCFD framework. Additionally, MERRY assesses the impact of relevant risk factors across its value chain. In 2023, MERRY expanded its assessment scope to include the Shenzhen factory, enhancing the intensity and breadth of climate risk management. Significant physical and transitional risks are summarized in the table below. Starting from the second quarter of 2024, MERRY plans to delve deeper into quantifying the potential financial impacts of these risks, establishing mechanisms for cost or revenue estimations. The quantified results will be reported to the Sustainability and Nomination Committee.

Taiwan HQ						
● Direct Operations		◆ Upstream Suppliers				
Significant Risk Factors		Time-frame	Sphere of Impact	Potential Financial Impacts	Response Strategies and Plans	Corresponding Opportunities
		Strategies for Mitigating Financial Impacts and Realizing Opportunities				
Physical Risk	Short-Term Physical:	Short Term (1-3 years)	●	Increased Capital Expenditure, Higher Asset Losses	<ul style="list-style-type: none">Enhance Internal Emergency Response CapabilityRegularly Assess Asset PlacementUtilize Insurance to Mitigate Property Losses	<div>Resource Efficiency :</div> <div>Employing more efficient production and distribution processes.</div> <div>Lowering direct costs, reducing indirect costs.</div>
			◆	Increased Indirect Operational Costs	<ul style="list-style-type: none">Continuously Enhance Supplier Management, Utilize Business Insurance to Mitigate Losses	
			●	Increased capital costs.	<ul style="list-style-type: none">Continuously promote ESG-related initiatives, obtain preferential sustainable-linked loans to alleviate the pressure of increased capital costs.	

		Taiwan HQ						
		Significant Risk Factors	Time-frame	Sphere of Impact	Potential Financial Impacts	Response Strategies and Plans	Corresponding Opportunities	Strategies for Mitigating Financial Impacts and Realizing Opportunities
Transition Risk	Technology	Failure in sustainable material development and application.	Short Term (1-3 years)	●	Loss of capital investment, revenue decline due to decreased demand.	<ul style="list-style-type: none">• Develop partnerships with academia and industry.• Continue investing in green material research and development.• Seek collaboration with suppliers.	Product and service : Research and innovation in developing new products and services.	Utilize environmental/sustainable materials to enhance product competitiveness. Continue promoting low-carbon design and utilize better, lighter, and lower-carbon materials. Continuously develop products in line with customer demand, convey information about low-carbon products from MERRY, and seek strategic partnership opportunities. Increase revenue due to increased demand for products and services.
	Market	Consumers opt for lower-carbon goods or services.		●	Revenue decreases due to declining demand	<ul style="list-style-type: none">• Monitor international low-carbon trends, industry dynamics, and customer expectations regularly, with relevant findings reported internally.	Market : Entry into new markets	Continuously promote the development of proprietary brands and expand application areas. Low-carbon designs resulting in light, thin, short, and small products can enable the company to enter existing markets. Increased demand for products and services leads to increased revenue.
Transition Risk			Increased cost of acquiring low-carbon raw materials	Short Term (1-3 years)	●	Direct cost increase	<ul style="list-style-type: none">• Continuously deepen supplier management. Continuous investment in process research and development.	Market : Patent layout

<div> <div>● Direct Operations</div> <div>◆ Upstream Suppliers</div> </div>		MERRY Senzhen					
	Significant Risk Factors	Time-frame	Sphere of Impact	Potential Financial Impacts	Response Strategies and Plans	Corresponding Opportunities	Strategies for Mitigating Financial Impacts and Realizing Opportunities
Physical Risk	<div>Short-Term Physical:</div> <div>Disruption to own operations due to extreme weather events.</div>	Short Term (1-3 years)	●	A decrease in production capacity leads to a reduction in revenue.	<ul style="list-style-type: none"> Continuously strengthen daily disaster preparedness and insurance planning. Implement flexible production scheduling mechanisms to enhance emergency response capabilities. 	Resilience : Sustainable supply chain management, adoption of renewable energy, monitoring carbon trading markets.	<ul style="list-style-type: none"> Short-term: Promote sustainable supply chain management to reduce raw material supply risks and continue developing alternative materials. Medium-term: Gradually increase the proportion of renewable energy use to reduce risks associated with policy regulations (such as power restrictions); this may also potentially reduce production costs (such as electricity bills) in the future. Long-term: Continuously monitor the carbon trading market and participate in carbon quota trading as appropriate. Reduce indirect costs.
	<div>Disruption to supply chain transportation due to extreme weather events.</div>		● ◆	Decreased revenue due to reduced production capacity	<ul style="list-style-type: none"> Continuously deepen supply chain management to avoid reliance on a single supplier. Continuously diversify production facilities to prevent a single operational location from being affected. 		
Transition Risk	<div>Market</div> <div>Increased stringency of customer demands on products or processes.</div>		●	A decrease in demand for products or services leads to a reduction in revenue.	<ul style="list-style-type: none"> Promoting green production involves planning the implementation of relevant equipment and tools. 	Products and Services : Developing and/or increasing low-carbon goods and services.	<ul style="list-style-type: none"> Short-term: Continuously develop low-carbon designs, utilizing materials that are lighter, require less, and are recyclable for product design. Medium to Long-term: Evaluate the promotion of new markets, such as the automotive market. <div>Increasing demand for products and services resulting in increased revenue</div>

6-3 Climate Action and Energy Management

Greenhouse Gas Inventory and Management

Merry is committed to greenhouse gas (GHG) inventory and has continuously expanded the organizational boundaries for GHG inventory in recent years to accurately grasp GHG emission status and set clear carbon reduction targets. Since 2007, the Taiwan headquarters has been conducting organizational GHG inventories in accordance with ISO 14064-1 standards and has passed third-party verification. The GHGs are the seven gases listed in the Kyoto Protocol, and

the organizational boundaries for the inventory have been expanded year by year.

Compared to 2022, six new sites were added to the inventory in 2023 (Merry Singapore, Merry Hong Kong, Austar, Merry USA, Merry North America, and Merry Malaysia). Additionally, three sites were included in the scope of third-party verification in 2023 (Merry Vietnam, Merry Singapore, and Merry Hong Kong). The current baseline year is set to

2020, with Scope 1 and Scope 2 emissions amounting to 17,312.30 t-CO₂e for that year.

According to Merry's GHG inventory advancement and Science-Based Targets (SBT) planning schedule, the company aims to complete the GHG inventory for the entire group for the years 2022 and 2023 by the end of 2024 and will reset the baseline year accordingly.

Greenhouse Gas Inventory (Scope 1 and 2; Categories 1 and 2)

In 2023, the total emissions for Scope 1 and 2 amounted to 18,261.38 t-CO₂e. If we consider the 2022 inventory scope (Taiwan headquarters, Merry Shenzhen, Merry Vietnam, Merry Thailand), the 2023 emissions for Scope 1 and 2 were 17,759.48 t-CO₂e, which is a reduction of 3,495.05 t-CO₂e (-16.44%) compared to 2022. Below are the main changes in emissions for each site:

Taiwan Headquarters

Emissions in 2023

817.85 t-CO₂e

+11.19%

82.28 t-CO₂e

This increase was mainly due to the addition of two new office areas in 2023, leading to higher electricity usage and refrigerant emissions within the inventory boundary.

Merry Shenzhen

Emissions in 2023

11,480.09 t-CO₂e

-12.46%

1,634.42 t-CO₂e

The main reasons for the reduction were the decreased use of shuttle buses within the plant, reducing Scope 1 emissions by 15.40%, the installation of a heat recovery system for air compressors, central air conditioning temperature regulation, and the implementation of energy-saving systems within the plant, which reduced Scope 2 emissions by 12.37% compared to 2022.

Merry Vietnam

Emissions in 2023

2762.44 t-CO₂e

-46.40%

2391.49 t-CO₂e

The primary reason for the reduction was the activation of a rooftop solar power system in June 2023, which, although not owned by the company, provided 1,213,345 kWh of electricity directly, significantly reducing Scope 2 emissions.

Merry Thailand

Emissions in 2023

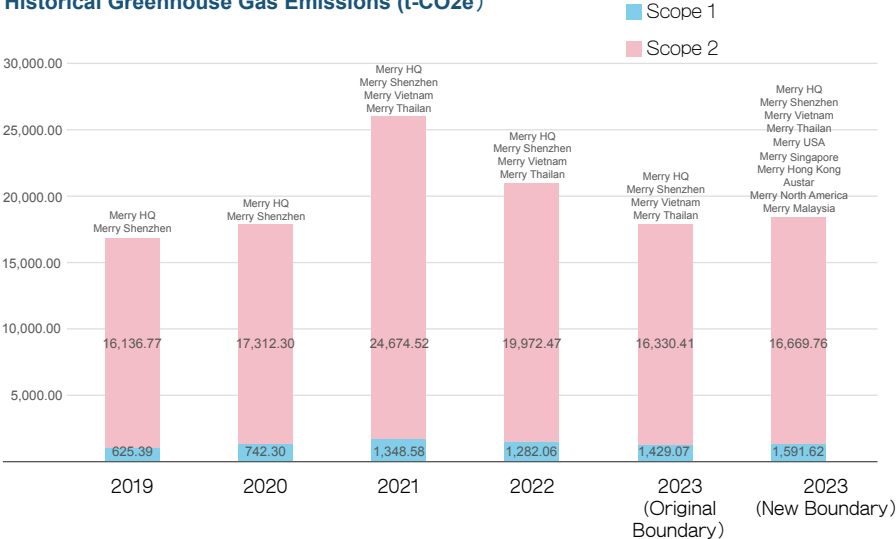
2,699.10 t-CO₂e

+19.88%

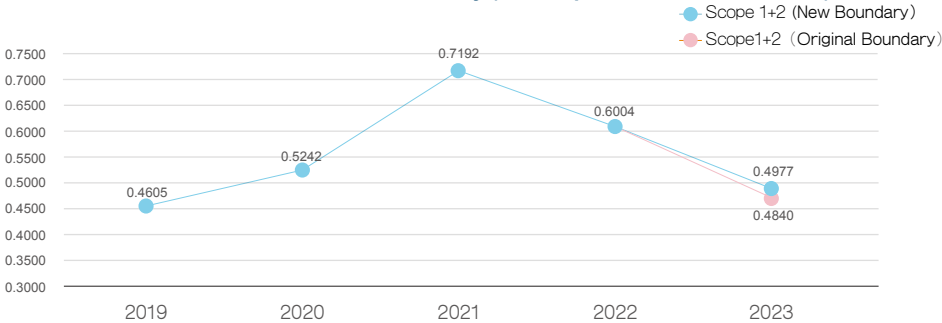
448.58 t-CO₂e

This increase was primarily due to higher production volumes in 2023. Merry Thailand has set reduction plans for fuel usage, such as prioritizing electric vehicles for business trips and replacing fuel with renewable energy. A rooftop solar power system is scheduled to be activated in February 2024, which is expected to reduce emissions by approximately 16%.

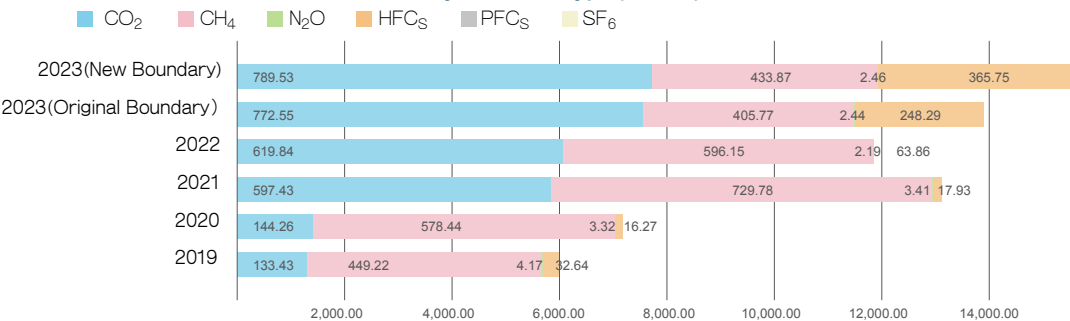
Historical Greenhouse Gas Emissions (t-CO2e)



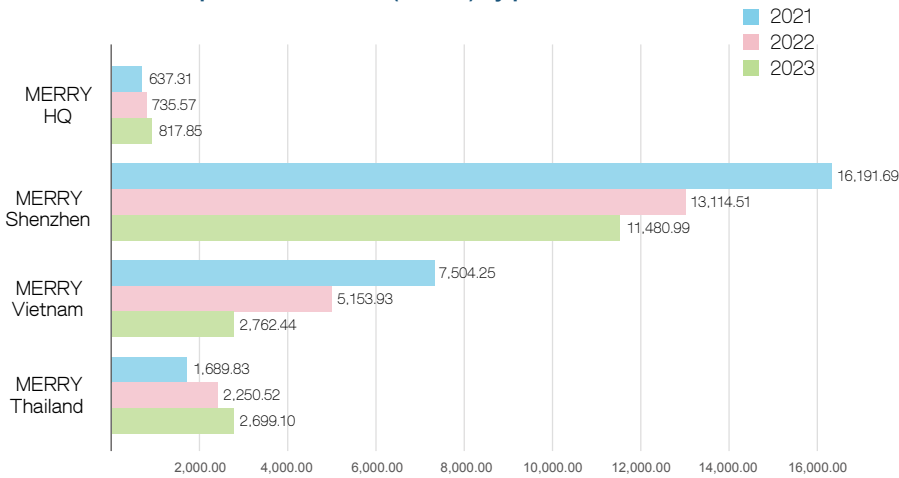
Historical Greenhouse Gas Emissions Intensity (t-CO2e per million TWD revenue)



Direct Greenhouse Gas Emissions by Emission Type (t-CO2e)



Historical GHG Scope 1&2 emissions (t-CO2e) by plant



Note:

- Inventory Organizational Boundaries: Before 2020: Only Taiwan headquarters and Merry Shenzhen; 2021: Added Merry Vietnam and Merry Thailand; 2023: Includes Taiwan headquarters, Merry Shenzhen, Merry Vietnam, Merry Thailand,

Merry USA, Merry Singapore, Merry Hong Kong, Austar, Merry North America, and Merry Malaysia, accounting for 99.90% of consolidated revenue.

- Boundary Definition Method: Operational control method was used to define boundaries, and the emission factor method was used for calculations.
- Emission Factors: Depending on the emission source, conversion was performed using factors from the Environmental Protection Administration's Greenhouse Gas Emission Factor Management Table (version 6.0.4, June 2019), Product Carbon Footprint Information Network, Ecoinvent 3.9.1, IPCC AR6 (2021) Global Warming Potential factors, and ICAO flight carbon emissions.
- Electricity Emission Factors for Taiwan Headquarters: The emission factors published by the Bureau of Energy were used: 0.533 (2018), 0.509 (2019), 0.502 (2020), 0.509 (2021), 0.495 (2022) t-CO2e per thousand kWh.
- China Sites (2022): The emission factor of 0.5703 t-CO2e per thousand kWh was used, as published in the "Notice on the Management of Greenhouse Gas Emission Reports for Power Generation Industry Enterprises" by the Ministry of Ecology and Environment.
- Greenhouse Gas Emission Intensity: Calculated as the annual greenhouse gas emissions divided by the annual consolidated net revenue (in millions of NTD).
- Greenhouse Gas Inventory (Scope 3; Categories 3~6)
- Since 2020, Merry Electronics has conducted Scope 3 (Categories 3~6) inventories in accordance with ISO 14064-1:2018 greenhouse gas inventory standards. The organizational boundaries for the inventory have gradually included Taiwan headquarters, Merry Shenzhen, Merry Vietnam, and Merry Thailand. Key sites have been subject to external verification each year, aiming to comprehensively include subcategory emissions within the reporting boundaries. In 2023, Merry Electronics conducted inventory for 12 Scope 3 emission items, with a total emission amount of 14,692.07 t-CO2e.

Greenhouse Gas Inventory

(Scope 3; Categories 3~6)

Since 2020, Merry has conducted Scope 3 (Categories 3~6) inventories in accordance with ISO 14064-1:2018 greenhouse gas inventory standards. The organizational boundaries for the inventory have gradually included Taiwan headquarters, Merry Shenzhen, Merry Vietnam, and Merry Thailand. Key sites have been subject to external verification each year, aiming to comprehensively include subcategory emissions within the reporting boundaries. In 2023, Merry conducted inventory for 12 Scope 3 emission items, with a total emission amount of 14,692.07 tons CO2e.

Inventory Organizational Boundary

Scope 3-1 Product and services purchased	Category 4.1
Scope 3-2 Capital products	Category 4.2
Scope 3-3 Activities related to fuels and energy not under Scope 1 or 2	Category 4.1
Scope 3-4 Upstream transportation and delivery	Category 3.1
Scope 3-5 Wastes generated from operations	Category 4.3
Scope 3-6 Business trips	Category 3.5
Scope 3-7 Employee commutation	Category 3.3
Scope 3-8 Upstream lease assets	Category 4.4
Scope 3-9 Downstream transportation and delivery	Category 3.2
Scope 3-10 Processing of Sold Products	Category 5.1
Scope 3-11 Use of Sold Products	Category 5.2
Scope 3-13 Downstream Leased Assets	Category 5.1

Unit: tCO2e

2021	2022	2023
Taiwan Headquarters, Merry Shenzhen, Merry Vietnam, Merry Thailand		Taiwan Headquarters, Merry Shenzhen, Merry Vietnam, Merry Thailand New additions: Merry USA, Merry Singapore, Merry Hong Kong, Merry AUSTAR, Merry North America, Merry Malaysia
1,042.78	1,561.26	321.65
-	14.34	46.49
-	1,374.52	2,519.38
309.68	2.04	1,649.56
213.37	28.75	70.20
4.36	44.85	287.11
401.02	766.09	1,789.48
2.67	No related business	2,712.70
-	12,082.24	1,043.32
-	-	514.18
-	-	3,667.88
-	-	70.12

Energy management

Over the years, indirect emissions from electricity consumption have been the largest source of greenhouse gas emissions for Merry. The company is committed to energy-saving and enhancing energy efficiency to promote energy-saving and carbon reduction initiatives. Since 2016, the Taiwan headquarters has implemented the ISO 50001 Energy Management System, which was later extended to Merry

Shenzhen. Both the Taiwan headquarters and Merry Shenzhen passed ISO 50001:2018 third-party certification in 2020, and their certificates are currently valid.

Through a systematic approach, various energy-saving and carbon reduction measures have been implemented, and energy-saving equipment has been continuously updated.

Over the years, outdated chillers and air conditioners have been replaced with energy-efficient chillers that meet COP value specifications. In recent years, an energy management system has been gradually established. This digital system automatically collects data and actively tracks energy consumption, enhancing energy-saving efficiency year by year.

Energy conservation enhancement measures

Taiwan HQ

- Replaced old chillers with screw-type variable frequency chillers to increase energy efficiency.
- Installed independent electricity meters on each floor of the new building to facilitate tracking of electricity usage in office areas and improve abnormal electricity consumption.

Merry Thailand

- Variable Frequency Drives for Air Compression Equipment: Added variable frequency drives to air compression equipment, estimated to save 66,204 kWh annually.
- Variable Frequency Air Conditioners: Replaced fixed-frequency air conditioners with variable frequency units, estimated to save 66,600 kWh annually.
- Solar-Powered Outdoor Lighting: Converted all outdoor lighting to solar-powered lights, estimated to save 9,056 kWh annually.

Merry Shenzhen

- Waste Heat Recovery System: Installed a waste heat recovery system on air compression equipment to use recovered heat for providing hot water in dormitories and improve the efficiency of the air compressors.
- Energy Management System in Plant 2: Introduced electricity meter monitoring and established an energy management system in Plant 2. The system automatically collects data, allowing for real-time improvements in case of abnormal electricity consumption.
- Air Compressor Monitoring: Implemented monitoring devices to track the air production of air compressors.

Merry Suzhou

- Adjusting Air Compressor Upper Pressure Limit: Adjust the upper pressure limit of air compressors and modify start/stop times based on minimum demand to reduce energy consumption.
- LED Lighting and Power Switches: Replace existing lighting with LED fixtures and install power switches to allow for turning off lights as needed.

Merry Vietnam

- Added timed control to air conditioning and air compression units, allowing for multiple scheduled start and stop times.
- Installed air cooling modules for air conditioning systems, equipped with on/off switches to save unnecessary energy consumption.
- Implemented timed on/off control for vending machines in the factory area, turning on for refrigeration at 6:00 AM and off at 7:00 PM, saving approximately 23,760 kWh annually.
- Replaced factory area street lights with solar panel street lights, saving approximately 5,940 kWh annually. Street lights with solar-powered lights, saving approximately 5,940 kWh annually.

AUSTAR

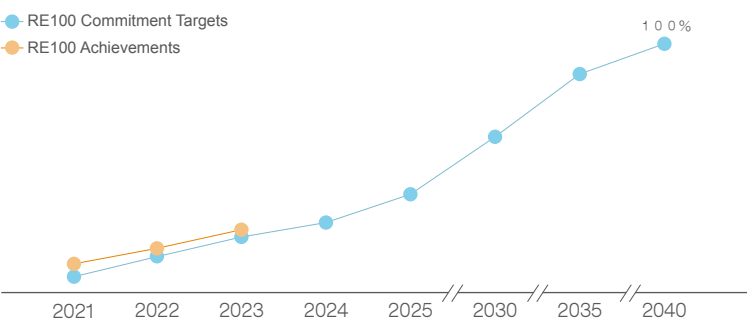
- Updated Air Conditioning Control Program at Austar: Updated the air conditioning control program based on actual usage conditions within the plant and optimized the cooling system, estimated to save 49,500 kWh annually.
- Adjusting Air Compressor Upper Pressure Limit: Adjust the upper pressure limit of air compressors and modify start/stop times based on minimum demand to reduce energy consumption.

In addition to actively implementing various energy improvement measures, Merry Electronics regularly tracks the monthly energy intensity of each operational site through periodic meetings. The company also enhances the monitoring and analysis of energy usage across all organizations. By utilizing an energy monitoring system and conducting regular inventory analyses, Merry Electronics aims to thoroughly understand the organization's energy usage and improve energy efficiency.

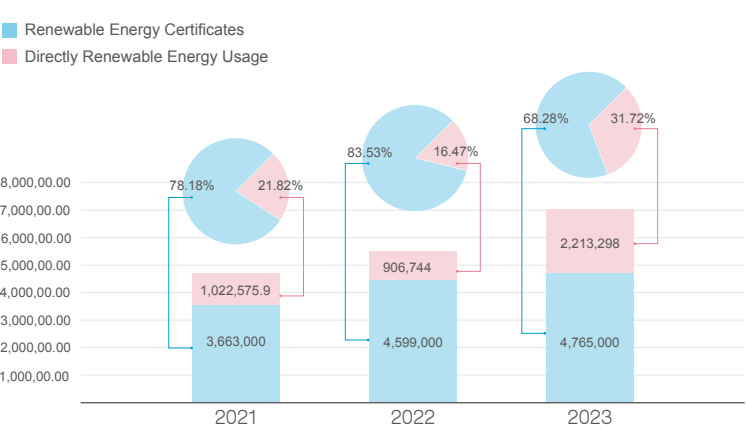
Use of Renewable Electricity

In 2023, Merry used a total of 6,978 MWh of renewable electricity under its RE100 commitment, accounting for 23.11% of total electricity consumption. Of this, 2,213 MWh was directly renewable electricity, representing a 143.99% increase compared to 2022. The remaining 4,765 MWh was covered through the purchase of renewable energy certificates. Moving forward,

RE100 Target Setting and Achievements



Proportion of Renewable Energy (Unit: kWh)

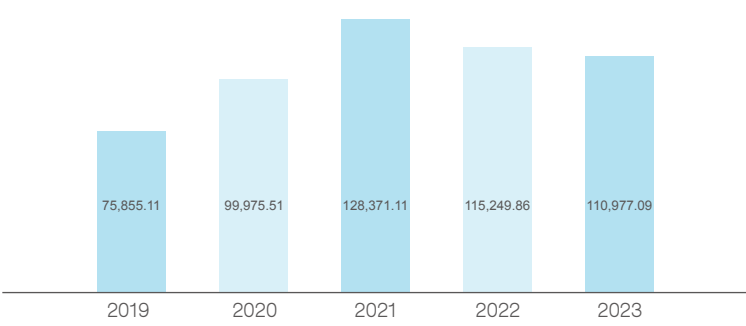


Note:

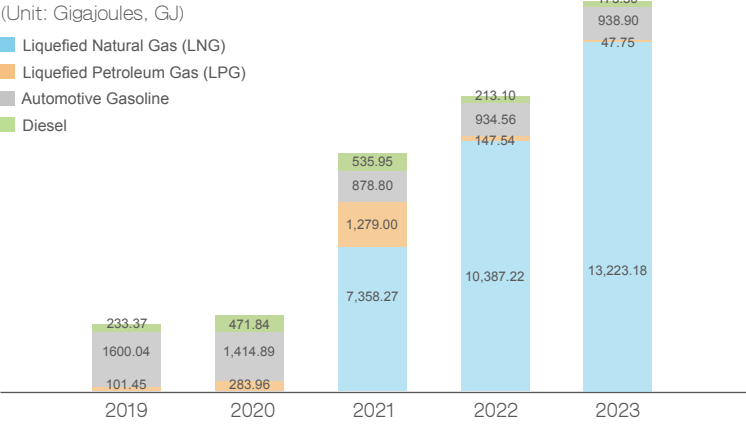
In October 2021, Merry Electronics officially joined the RE100 international renewable energy initiative, committing to 100% renewable electricity usage across the entire group (including Taiwan headquarters, Merry Shenzhen, Merry Huizhou, Merry Thailand, Merry Vietnam, Merry Hong Kong, Merry Singapore, Merry Suzhou, Full Conn Tech (Xiamen), AST, and SEAS) by 2040. This commitment scope is slightly larger than the scope disclosed in this report

Merry will continue to promote the use of renewable electricity across all operational sites, replicating successful experiences from one site to another to fulfill the RE100 commitment and achieve the 2040 carbon neutrality environmental sustainability goal.

Total Energy Consumption (Unit: GJ)



Historical Non-renewable Fuel Consumption



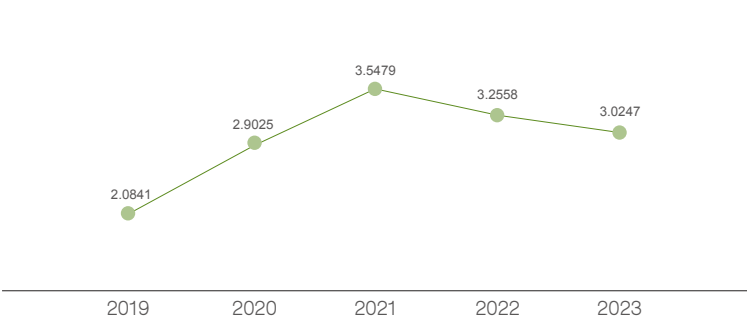
Note:

- The natural gas consumption of Merry Thailand was added in 2021. Merry Vietnam started production in July 2020. In 2023, the statistical scope of energy usage has been added to Merry USA, Austar, Merry
- Unit conversion: 1 kWh = 3600 KJ, 1 Kcal = 4.186798 KJ

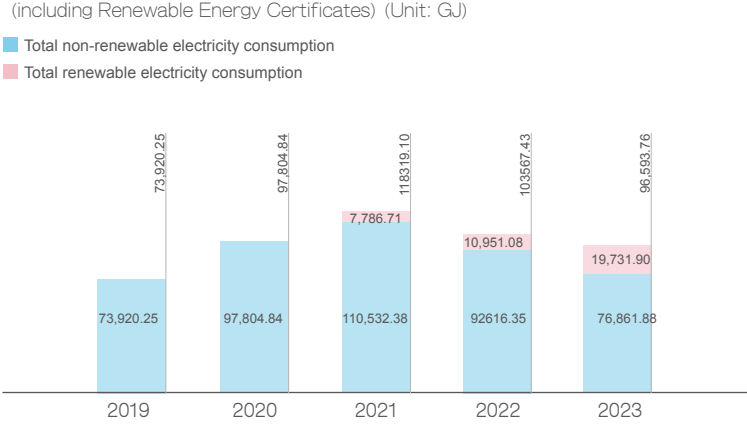
Energy Consumption Statistics

In 2023, Merry implemented 11 energy-saving measures, resulting in estimated annual electricity saving of over 103,522 kWh. Consequently, the energy intensity for 2023 was 3.06 GJ per million NTD, a 6.11% reduction compared to 2022. These improvements align with the expected outcomes of the energy efficiency measures.

Energy Consumption Intensity (Unit: GJ per million TWD)



Total Electricity Consumption



3. Fuel conversion factors are based on the Taiwan Ministry of Economic Affairs' Bureau of Energy's "Energy Product Unit Value Table": Diesel 1L = 8,400 Kcal, Gasoline 1L = 7,800 Kcal, Liquefied Petroleum Gas 1L = 6,635 Kcal, Liquefied Natural Gas 1m3 = 9,000 Kcal.

6-4 Water and Waste Management

Water consumption statistics

The primary usage of water in MERRY’s various plants is for domestic purposes, with assembly being the main manufacturing process, requiring no process water and hence, no discharge of industrial wastewater. All water is sourced from third-party tap water suppliers, and the domestic wastewater generated is treated in compliance with local regulations at nearby wastewater treatment plants, thereby causing no significant external impacts on water resources and environments.

In 2023, the total water withdrawal amounted to 303.36 million liters (ML), representing a decrease of 63.21 ML (-17.24%) compared to 2022. The main reduction occurred at MERRY

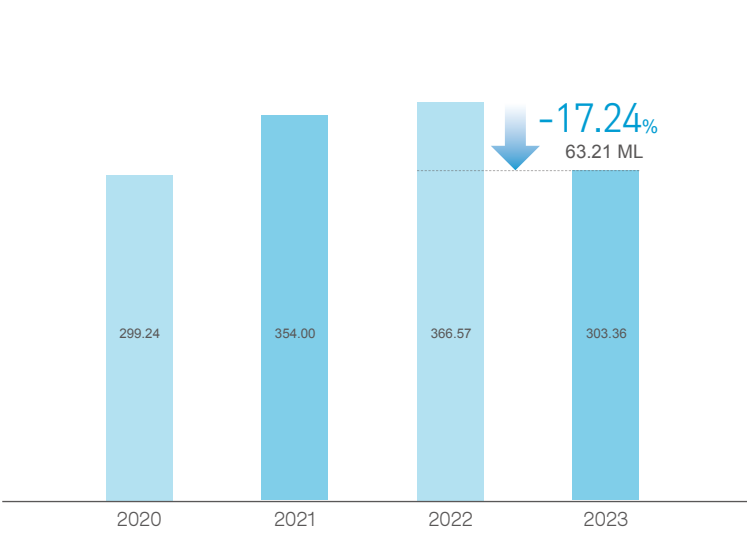
Shenzhen and MERRY Vietnam. Apart from strengthening internal awareness and retrofitting water-saving taps, adjustments were made to the water flow in public areas to regulate usage.

As all water withdrawal is for domestic purposes and there is no discharge of industrial wastewater, all used water is directed to wastewater treatment plants located near each operational site. The total water discharge in 2023 amounted to 268.56 ML.

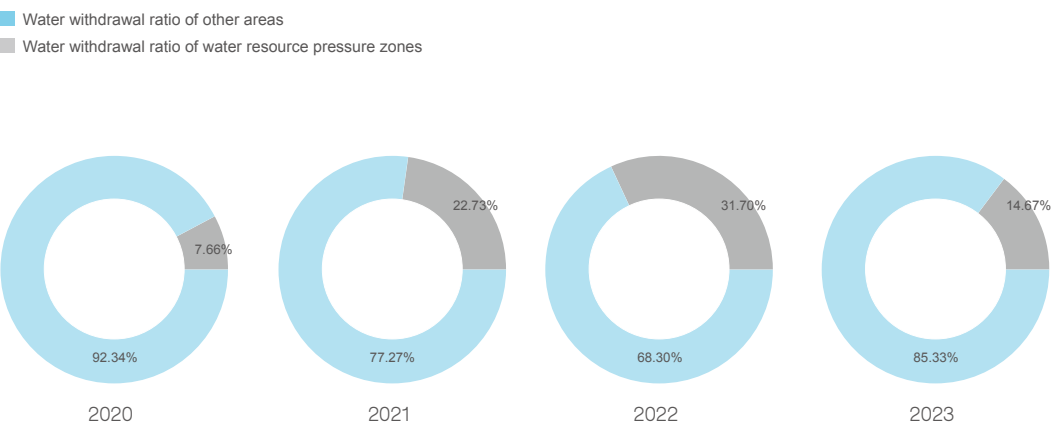
MERRY referred to the World Resources Institute's (WRI) Aqueduct database as part of the water risk assessment for each operational site. Two locations, MERRY Vietnam and Suzhou MERRY Cao Lake Plant, were identified as being in high and extremely high-water resource pressure zones, while the others were classified as low-risk areas.

In 2023, MERRY established water intensity reduction targets (water consumption ÷ total annual working hours) with 2020 as the baseline year. A reduction target of 6% was set for 2023, resulting in a water intensity of 17.05, representing a 7.65% decrease from the baseline year's 18.46.

Tap Water Withdrawal over years (Unit: Million Liters - ML)



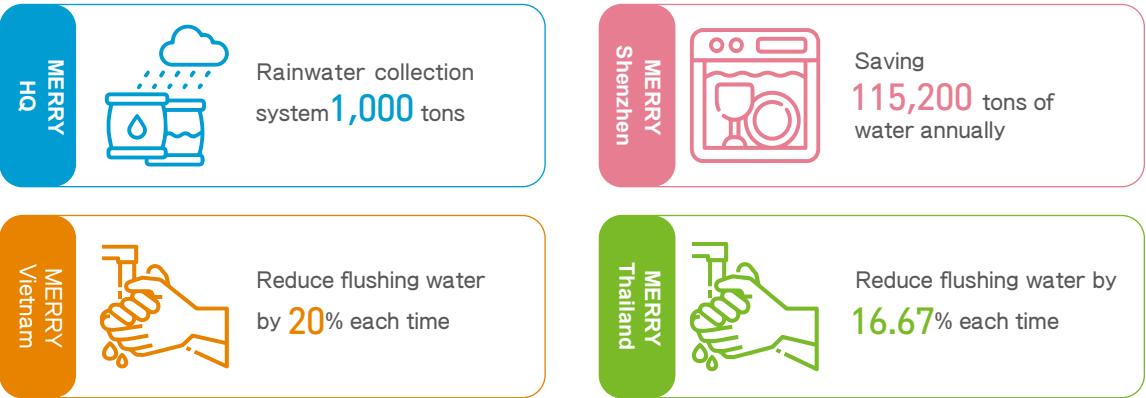
Water Withdrawal Ratio of water resource pressure zones



Note 1:
Water expenses for office properties (Taipei, Hsinchu, Taichung Industrial Zone 38th Road offices, and the US office) are included in office rent and are not accounted for in the statistics.

Note 2:
MERRY Vietnam Plant has been included in the statistics since 2020; Orise, MERRY Malaysia, and SEAS have been included in the statistics since 2023.

Water conservation plan



The Taiwan HQ, being an office-based facility, emphasizes employee awareness of daily water conservation practices and improvements in water-saving facilities. It has fully installed water-saving faucets and sensor faucets (each at 50% coverage) and added a rainwater collection system with a planned collection volume of 1,000 tons. In 2023, a total of 2.14 ML of rainwater was utilized. In addition to new water-saving facilities, the Taiwan HQ conducts monthly anomaly analyses to track and improve water resource efficiency.

Other locations also actively monitor the use of domestic water equipment to identify devices that can improve water resource efficiency and adjust usage behavior to achieve water-saving goals. In MERRY Shenzhen, a "Wastewater Treatment Control Measures" is implemented to prevent water pollution. To

reduce domestic water usage, the employee cafeteria uses fully automatic dishwashers, and tableware is centralized after meals, saving approximately 115,200 tons of water annually according to catering company statistics. Smart water meters are installed in dormitory areas to control water usage, with a target of limiting per capita water consumption to within 3,200 liters per month. In MERRY Vietnam, the water level of toilet flushing equipment is adjusted to reduce flushing water by 20% each time, and public area water flow is also reduced. In MERRY Thailand, water pressure is reduced without affecting usage, decreasing equipment water output, and toilet flushing equipment water level is adjusted to reduce flushing water by 16.67% each time. Orise adjusts the main control valves of faucets to a semi-open state in various areas, reducing unnecessary waste.

Waste Management

MERRY sets waste reduction and recycling as its goals to achieve efficient resource utilization. It establishes waste management procedures and methods, incorporating them into the ISO 14001 environmental management system for control. Each location conducts waste management and tracking monthly according to regulatory requirements (including statistics on hazardous waste management forms, analysis of abnormal waste generation reasons, and result tracking). The principle of waste management is to reduce environmental impact during storage, transportation, recycling, or final incineration or burial. All types of business waste (hazardous/non-hazardous) are entrusted to qualified waste treatment companies for safe disposal in accordance with environmental regulations. The final disposal method must comply with local regulations. Recyclable waste is handed over to qualified recycling units for recycling, while general household waste is transported to licensed incineration plants for disposal.

In 2023, MERRY established 2020 as the benchmark year for waste reduction and strengthened waste reduction management. The total waste generated in 2023 was 717.47 metric tons, a decrease of 6.68 metric tons (0.92%) compared to 2022. If we compare

the scope disclosed in both years, the waste generation decreased by 50.17 metric tons (6.93%) compared to 2022.

MERRY Shenzhen optimized the circuit board plug-in process, reducing the use of cleaning solution by 24%. MERRY Thailand reused packaging materials such as pallets, PE bags, paper boxes, and dividers used by suppliers for delivery, recycling them for internal process circulation. Office locations promote paper conservation to reduce printing or encourage reuse of waste paper for second-time printing.

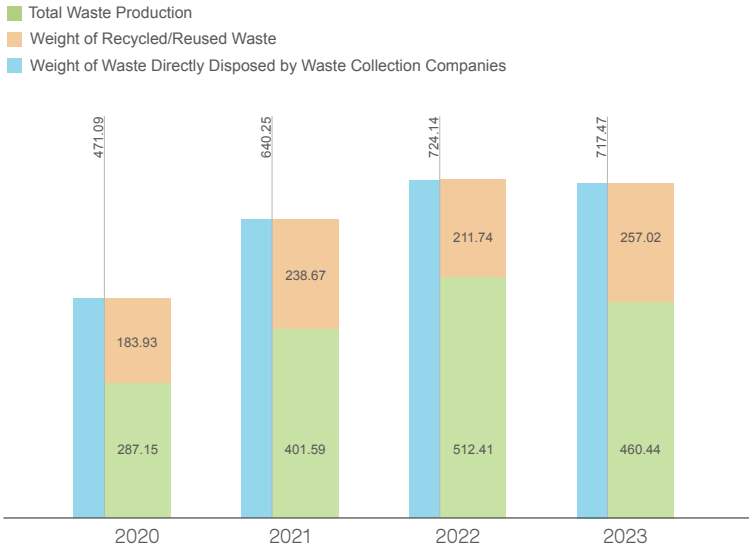


Types and disposal quantities of waste generated in 2023,
categorized by disposal type (unit: tons):

Hazardous		Recycling/Disposal	Non-Hazardous	
		Recycling/Reuse		
0		Preparation for reuse	0	
3.82		Recycling	161.96	
1.09		Other recycling operations	293.57	
		Direct disposal		
5.85		Incineration (with energy recovery)	132.15	
0		Incineration (without energy recovery)	0	
0		Landfill	92.96	
0.64		Other disposal operations	25.42	

Total Waste Production and Disposal Methods over the Years

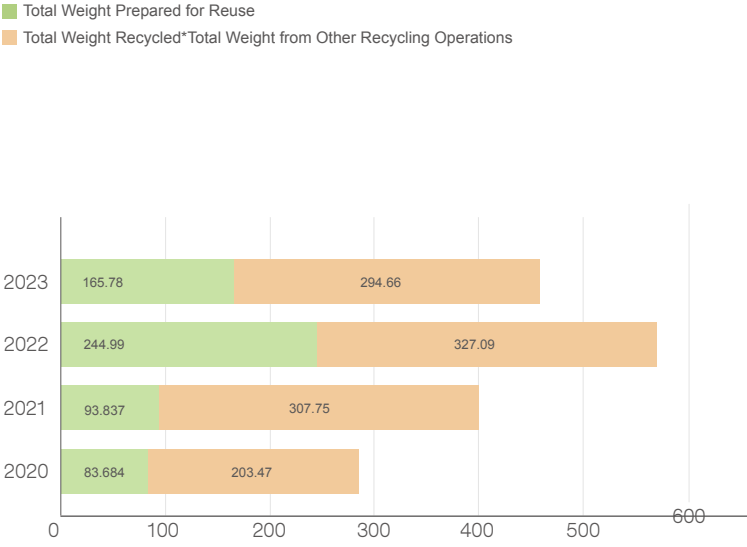
Total Waste Disposal Quantity Over the Years (Unit: Tons)



Note 1:
The weight of waste statistics is rounded to two decimal places, which may result in rounding errors when multiple items are summed.

Note 2:
In 2023, new locations such as Orise, MERRY North America, MERRY Malaysia, and SEAS were added, with detailed data collection on waste items.

Waste Recycling and Reuse over the years (by recycling type: unit: MT)



Note 3:
Offices at the Taiwan HQ (Taipei, Hsinchu, Taichung Gongyequ 23rd Rd. and 38th Rd.), MERRY USA, MERRY Singapore, MERRY Hong Kong, MERRY North America, and MERRY Malaysia are rented. Domestic waste management is the responsibility of the building management unit. The quantity of domestic waste at the Taichung HQ is estimated based on contract terms and not actual weighing.

6-5 Biodiversity Conservation

Recent international risk assessments have highlighted "biodiversity" as a key long-term global risk. Despite biodiversity loss and ecological degradation not being as immediately urgent as other sustainability issues in the short term, they remain topics that businesses need to focus on in the long term.

Starting in 2023, MERRY began implementing group-wide biodiversity management and formulated a biodiversity and no-deforestation policy. This supports the Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework, demonstrating the group's commitment to protecting biodiversity and avoiding deforestation. This move responds to the Taskforce on Nature-related

Financial Disclosures (TNFD) initiative. MERRY has adopted the TNFD-LEAP approach to establish a risk assessment mechanism that evaluates the impact of its operational activities on biodiversity. Starting from its HQ in Taiwan, the company began assessing the dependency and impact on nature, identifying corresponding risks and opportunities, and establishing countermeasures and per-

formance indicators. These efforts form the basis for creating and implementing a priority adaptation action plan, enhancing management capabilities related to natural issues, and gradually implementing these practices in overseas facilities while engaging stakeholders in climate change issues.

	Governance	Risk Management
2023 Action Goals	Promote the implementation of group policies to enhance management's awareness of natural ecosystems and biodiversity.	Implementation of TNFD Disclosure Framework and Adoption of the LEAP Methodology for Assessment
2023 Initiatives	<p>In December 2023, the Board of Directors approved the "Biodiversity and no-Deforestation Policy," and introduced the TNFD and the impacts of operations on nature's dependency during the meeting. In 2024, MERRY will conduct comprehensive training on natural ecology and biodiversity, and begin implementing a nature conservation plan, completing MERRY's management mechanism for responding to natural ecology.</p>	<p>In 2023, MERRY conducted its first survey among senior executives at HQ focusing on the dependency and impact of natural ecosystems.</p> <div><div>The survey revealed four major dependency issues:</div><div><div>① The occurrence of large-scale epidemic diseases.</div><div>② High temperatures due to heatwaves.</div><div>③ Decline in air quality.</div><div>④ Uneven rainfall distribution.</div></div><div><div>Additionally, four significant impact issues were identified:</div><div><div>① Usage of freshwater resources.</div><div>② Waste generation.</div><div>③ Use of fossil fuels and electricity.</div><div>④ Greenhouse gas emissions.</div></div></div><p>Moving forward into 2024, the emphasis will be on conducting deeper internal discussions and communications regarding ecological issues. This initiative aims to enhance MERRY's management capabilities concerning natural ecosystems and biodiversity, ensuring a more effective and informed approach to these critical environmental challenges.</p></div>

Implementing Biodiversity Assessments

Inventorying Factory Locations

All of MERRY's global manufacturing facilities are situated within industrial parks designated by local governments. Through investigations using the World Database on Protected Areas (WDPA) provided by Protected Planet, it has been confirmed that none of the operational sites are located within areas of significant biodiversity importance as identified globally or nationally. Additionally, each operational site adheres to the relevant local environmental regulations. Going forward, MERRY plans to roll out a short, medium, and long-term biodiversity strategy to minimize the environmental and ecological impact on local settings and avoid significant impacts on biodiversity.



Conduct a Survey on Dependency Significance and Impact Significance

Referencing recommendations for nature-related financial disclosures, an assessment was conducted on 22 ecological dependency issues, utilizing five indicators: capital outflow, impacts on capital or expenditure, effects on orders or customer trust, impacts on supply chain stability, and effects on the working environment of employees. A dependency survey was conducted with senior executives at the Taiwan HQ, categorizing and prioritizing the assessment results while also identifying the manageability of issues after they arise. The 2023 survey revealed four major dependency issues and four major impact issues, which will be included in the 2024 discussion topics. MERRY will continue to analyze and explore each natural ecological risk and opportunity, developing the next phase of response strategies and ensuring more comprehensive information disclosure. Concurrently, collaboration with organizations related to biodiversity is being initiated to engage in conservation and support biological research, fulfilling the goals of protecting biodiversity and achieving zero deforestation.





Trust and Open Communication



30.99% of Female Senior Executives Ratio

Investment in training reached NT\$5.26 million

Total training hours
233,619 hours

No major occupational disasters



DEI Highlights

MERRY regards its employees as the most crucial partners in its operations. Starting with a commitment to sustainable talent development, MERRY highly values and implements Diversity, Equity, and Inclusion (DEI). The company is committed to creating a safe, equitable, and diverse working environment, ensuring that employees do not face discrimination, harassment, or unequal treatment due to race, gender, religious beliefs, age, political orientation, or any other condition protected by applicable laws. MERRY aspires for its employees to thrive in a friendly workplace environment, where they can benefit from fair compensation, opportunities for professional growth, camaraderie, and participation in charitable activities.

Elite Internship Program



MERRY actively recruits outstanding talents from around the world, providing fair development opportunities for talents from various countries. To deepen the cultivation of audio technology talent, in addition to fostering student involvement through industry-academic cooperation and project guidance programs, MERRY launched the "Elite Internship Program" in 2023. This program is designed to nurture interns aspiring to enter the field of acoustics, offering project-based professional learning. Through hands-on headset projects, interns gain an understanding

Total of 10 Interns

of the structure and operating principles of acoustic products. Additionally, a mentoring system is in place to impart practical experience, ensuring that each intern can complete various projects.

Beyond professional technical learning, the program also includes acoustic lectures, career guidance, and mock interviews to help interns plan their career paths early. In 2023, a total of 10 interns participated in the program, including one overseas Chinese student from Malaysia. The interns were able to foster new perspectives and ideas through diverse exchanges in the workplace environment. During the results presentation, the performance of the interns was exceptional, with the Malaysian overseas Chinese student ranking among the top three. This student had also successfully applied for MERRY's Technology Talent Cultivation Grant for two consecutive years and has now been pre-hired to join MERRY. Looking forward, we are excited to welcome more new "voices" to join this program each year!

DEI highlights

Cross-Cultural Exchange: Expanding New Horizons for Talent



MERRY has 18 global locations and is committed to fostering cross-cultural exchanges to connect with the world. In 2023, to coincide with World Culture Day, the company launched the **"Jump on Board with Singapore and Malaysia - Tour with Uncle Ayong"** event. This event was creatively designed around

an aviation journey theme, featuring a series of online interactive activities and themed lectures. Supervisors from the Malaysia and Singapore facilities served as navigators, guiding colleagues to explore the environments, attractions, and cultures of the overseas sites. Participants received special gifts from Singapore and Malaysia during the interactive sessions. Additionally, Taiwanese supervisors who frequently travel to these locations shared insights on the cultural differences in workplace practices, experiences, and learnings between the two sites.

This event saw participation from 261 individuals and received many positive responses, achieving a satisfaction score of 4.8 out of 5. It significantly helped colleagues gain an understanding of different cultures, encouraged outstanding internal talents to embrace challenges, and enriched their professional experiences by stepping into international roles.

The Power of Female Leadership

Total of **401** Attendees

Satisfaction rating of **4.8**

During International Women's Day 2023, MERRY held a series of events titled "MERRY Women's Power Festival - MERRY Unlimited, Women's Power Unlimited" with a total participation of 401 attendees. The "Women's Power Declaration" online submission event invited employees to share their own declarations of female empowerment, setting goals for themselves and inspiring others. These empowering messages were shared through videos on the company's internal platform on International Women's Day. The in-person seminar "Flow with life- Where the Wind Takes You" attracted 79 employees. Senior female executives within the company shared their career experiences and achievements, discussing how to find balance and healing in life. Through conversations between female executives with different personalities, participants gained diverse perspectives and insights. The seminar received a high satisfaction rating of 4.8 (out of 5) and generated enthusiastic feedback. The event aimed to help employees better understand themselves, unleash their unique charm, and express their true selves in both life and work.



7-1 Attracting and Retaining Talent

Employee Structure and Diversity

MERRY' employment policy is built on the principle that everyone should have equal opportunities. The company respects and embraces diverse cultures, striving to create a nondiscriminatory work environment. By hiring elite local talent at various operational sites, MERRY aims to integrate and ignite innovative thinking among employees from different regions and cultural backgrounds, thus providing more professional and locally tailored services to global customers.

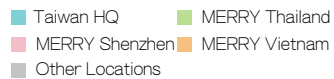
As of the end of 2023, the total number of employees across the group was 5,963. The larger operational sites include the Taiwan HQ with 770 employees, MERRY Shenzhen with

2,313 employees, MERRY Thailand with 1,039 employees, and MERRY Vietnam with 1,368 employees, with the remaining 473 employees spread across other locations. By gender, there are 3,388 female employees (56.82%) and 2,575 male employees (43.18%). Regarding employment contracts, there are 1,985 employees on indefinite contracts and 3,978 on fixed-term contracts. In terms of working hours, there are 4,327 full-time employees and 1,636 part-time employees. The number of employees in Taiwan remained steady in 2023, while other regions saw an increase in employee numbers in response to growing customer orders.

Furthermore, MERRY is committed to fostering a diverse workplace and providing an equal working environment. The company believes that a diverse management team and workforce are crucial for keeping pace with market trends, understanding customer needs, and driving innovation to maintain a competitive edge. In 2023, there were 192 women in STEM roles (making up 23.05% of all STEM personnel), 125 female supervisors (34.06% of all supervisory positions), and 14 female sales managers (60.87% of all sales management positions). For more detailed statistics on human resources structure, please refer to the appendix.

total number of employees across the group was 5,963.

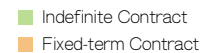
Region



Gender



Type of Contract



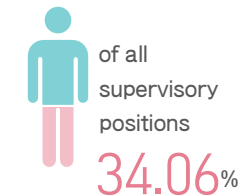
Working Hours



Women in STEM



Female Supervisors



Female Sales Managers



Talent Recruitment

In line with operational strategies and employee career development, MERRY employs both digital and physical channels to recruit outstanding talents. This includes joint recruitment events with universities and participation in government-organized corporate recruitment activities. The company offers a diverse range of career opportunities in technical, professional, and overseas positions, as well as summer and part-time internships and technology talent development grants through industry-academic cooperation. By fostering substantial exchanges between professionals and the industry, MERRY nurtures and attracts elite talents, providing seamless employment opportunities.

MERRY adheres strictly to local legal regulations, prohibiting the use of child labor and the occurrence of forced labor, as well as preventing minors from engaging in hazardous work. Additionally, through a leave management system, MERRY properly manages employees' working hours and entitled days off, ensuring a balance between work and personal well-being for all staff.

Recruitment Channels

【Joint University Recruitment Fairs】

Through on-campus recruitment events, MERRY actively engages with students, exchanging ideas and providing on-the-spot career consultations. In 2023, the company participated in two campus recruitment events at Taiwan Tech and Feng Chia University, aiming to attract top-notch fresh graduates. Additionally, by leveraging social media for job postings, MERRY ensures that potential candidates, irrespective of their geographic location, can access and understand the company's recruitment messages. This strategy not only broadens the reach of MERRY's recruitment efforts but also enhances the visibility of their career opportunities to a wider audience of young, tech-savvy individuals.



【Social Media Management】

MERRY actively manages various social media channels, including Facebook and LinkedIn, to cultivate its employer brand and communicate its company culture and core values. In 2023, MERRY used these platforms to share information about internal job openings, industry-academic cooperation programs, and industry knowledge, allowing job seekers from various regions and age groups to gain a comprehensive understanding of MERRY's corporate culture. Additionally, MERRY provides a one-on-one query response service to instantly address job seekers' questions related to job vacancies and interview processes, thereby optimizing the candidate experience. This strategic use of social media not only enhances MERRY's visibility but also engages potential employees in a meaningful and informative way, making MERRY an attractive employer in the competitive market.

【Internal Recruitment System】

Transfer Success rate **21.6%**

MERRY prioritizes sustainable talent development and the retention of outstanding individuals. We encourage internal transfers among employees, giving priority to internal recruitment when vacancies arise. Qualified employees can proactively apply for transfers, revitalizing the company's talent pool and realizing their career aspirations. In 2023, through our internal recruitment system, we successfully facilitated the transfer of 8 employees within the group, with a transfer success rate of 21.6%. Transfer destinations included not only Taiwan but also the United States, Canada, and Malaysia. This measure not only aims to increase talent retention but also provides employees with opportunities to experience different roles, nurturing talent with expertise in multiple professional fields. This achieves the goal of utilizing and cherishing diverse talents.

Note:
Internal transfer success rate = Number of internal transfers /
Number of vacancies

【Employee Referral Program】

81% Remaining

To expand recruitment channels and enhance talent quality, MERRY optimized its internal employee referral bonus program in 2023, doubling the referral amount to actively encourage employees to recommend outstanding talents to become their colleagues. In 2023, 18.9% of new employees successfully joined MERRY through internal referrals, with a remarkable 81% of them remaining with the company for over six months.

【Talent Orientation Session】

11 Departments | over **700** Students

Since 2023, to engage with students in a more multifaceted and in-depth manner, MERRY has been holding "Talent Information Sessions" at various science and engineering departments in domestic universities, reaching 11 departments and over 700 students. These sessions focus on sharing MERRY's corporate culture, career planning advice, and information on employment or internship opportunities and scholarships. Through these lectures, we aim to spark students' interest and attention towards MERRY.

【Technology Talent Cultivation Fund】

121 Applicants | Acceptance rate of **48.76%**

Since 2011, MERRY has been implementing the "Technology Talent Cultivation Fund" program, which is now in its 13th year. This program is open to domestic graduate students and five-year master's students. Selected elite students not only receive scholarships but also have the opportunity to gain practical experience through internships, allowing them to understand the electroacoustic industry in advance. After graduation or completion of military service, they can directly join MERRY and apply their knowledge.

In 2023, a total of 4 outstanding students were admitted to the program. Over the past 13 years, there have been a total of 121 applicants, with 59 being admitted, resulting in an acceptance rate of 48.76%. The cultivation fund can be renewed for one year during the study period, and 10 of the past recipients have chosen to renew. Excluding students who are still studying or serving in the military, 39 outstanding students have chosen to join MERRY directly after graduation.

Technology Talent Cultivation Program – SDGs 4 & 8



MERRY believes that talent cultivation should be a long-term and systematic process. Outstanding talents who receive corporate support during their studies can focus more on research and seamlessly transition from academia to industry, enabling early career planning. Companies also benefit from early

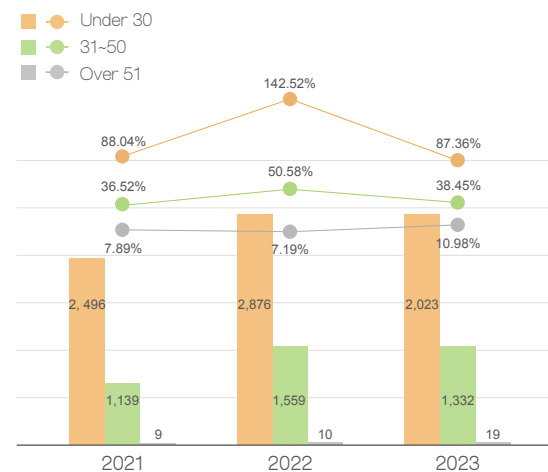
interaction with students, securing future talent.

The Technology Talent Cultivation Fund is open annually to students from electroacoustics, electrical engineering, electronics, mechanical engineering, automation control, naval architecture and marine engineering, materials science, computer science, communications, aerospace, oceanography, systems engineering, and industrial engineering departments in public and private universities nationwide. Upon selection, MERRY provides an annual scholarship of NT\$120,000, along with opportunities to participate in internship programs, accumulating practical experience and connecting with the industry early on.

New Hires and Departures Statistics

In 2023, the total number of new hires across the group was 3,383 (annual new hire rate of 56.73%), with 2,032 under the age of 30, 1,332 aged 31-50, and 19 aged 51 and above. The total number of departures in 2023 was 2,971 (annual departure rate of 49.82%), with 1,544 under the age of 30, 1,403 aged 31-50, and 24 aged 51 and above. Due to the distinction between peak and off-seasons in market demand, fixed-term contract employees or dispatched workers are used to meet short-term order demands during peak seasons. The majority of both new hires and departures are under the age of 30. For more information on employee new hires and departures statistics, please refer to the appendix.

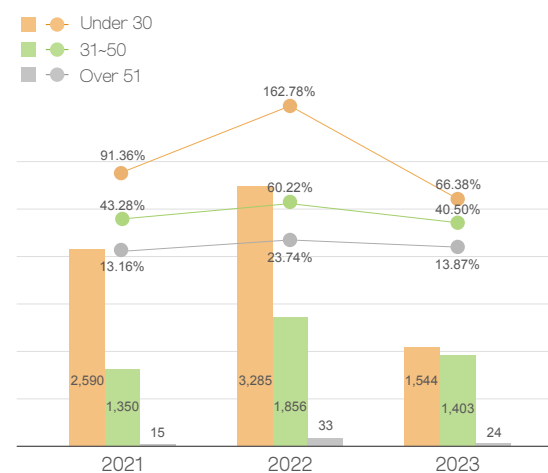
New Hire Rate Over the Years - Age



Note:

Annual new hire rate = Number of new hires (by gender and age) in the current year ÷ Total number of employees (by gender and age) at the end of the current year.

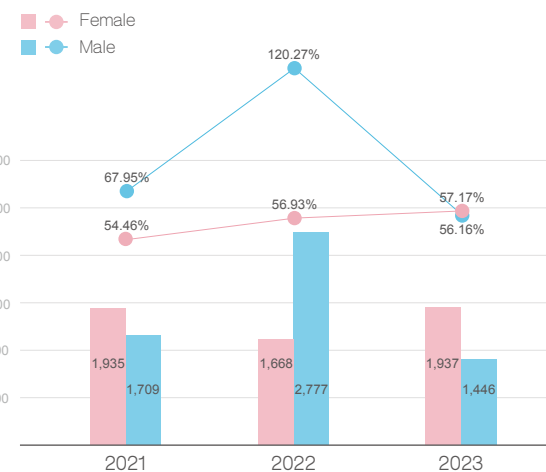
Annual Turnover Rate - Age



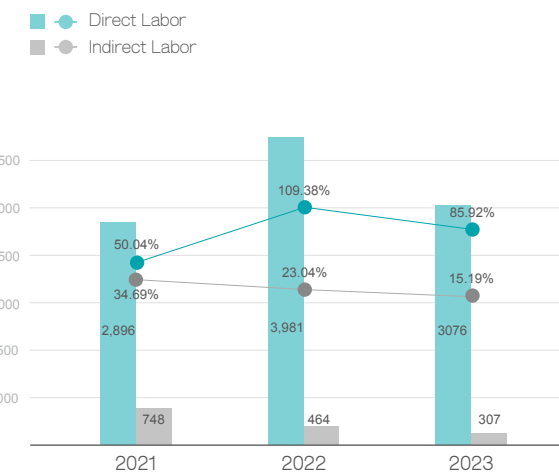
Note:

Annual turnover rate = Number of employees who left (by gender and age) in the current year ÷ Total number of employees (by gender and age) at the end of the current year

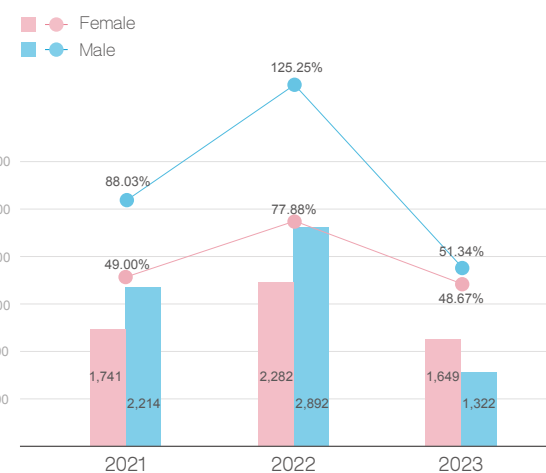
New Hire Rate Over the Years - Gender



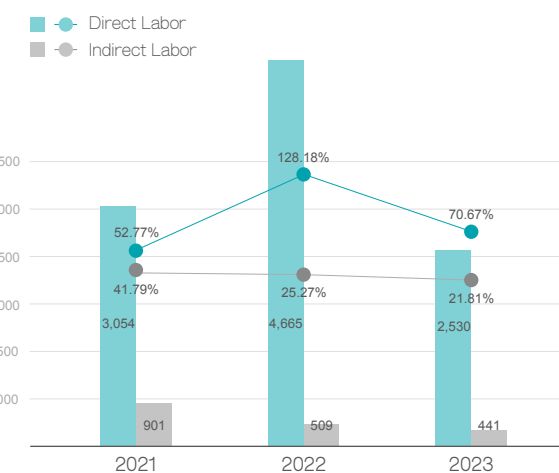
New Hire Rate Over the Years - Job type



Annual Turnover Rate - Gender



Annual Turnover Rate - Job type



7-2 Remuneration and Benefits

Establishing a Competitive Compensation System

MERRY provides compensation and benefits that meet the legal requirements of its operating locations. All full-time employees are entitled to statutory insurance and retirement plans. The company adheres to a policy of equal pay for equal work, without discrimination based on race, ethnicity, social origin, social class, ancestry, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinion, or age. It considers a comprehensive compensation system that includes salary, benefits, bonuses,

and profit-sharing.

All employees undergo annual performance evaluations, the results of which serve as a basis for rewards, appointments, promotions, and various personnel management decisions.

Each year, MERRY participates in salary market surveys and assesses factors such as economic growth rate, consumer price index (CPI), company profitability, and industry benchmarks for salary adjustments in each operating location. The company also

references the minimum wage announced by the local government and considers employee performance evaluations when planning salary adjustments. This ensures that the overall compensation system attracts and retains talent.

Different bonus and employee remuneration systems are established based on the specific circumstances of each location. For example, at Taiwan HQ, year-end bonuses are distributed before or after the Chinese New Year. Additionally, employee remuneration is

determined based on the company's operating performance, individual performance, and contributions. To effectively incentivize and retain outstanding talent, the company flexibly implements measures such as stock options, treasury stock, restricted stock plans, and employee stock ownership trusts. In 2023, the average annual salary increase at Taiwan HQ was 2% (excluding new employees with less than one year of service).

This section focuses on full-time employees (excluding temporary or part-time employees).

[Comparison of entry-level employee salaries to the statutory minimum wage]

The four production bases of MERRY, including the one in Shenzhen, employ direct personnel whose salaries are determined based on their educational background, professional knowledge and skills, and job categories. The minimum starting salary for employees without work experience meets or exceeds the

legal minimum wage standards in each location. The HQ and other operating locations do not employ direct personnel, and the starting salaries for indirect personnel are significantly higher than the legal minimum wage standards, so no statistics were compiled for them.

Locations	Start Pay of direct labor	Minimum Wage	Ratio
MERRY Shenzhen	RMB ¥2,874	RMB ¥2,360	1.22
MERRY Vietnam	VND đ4,200,000	VND đ4,160,000	1.01
MERRY Suzhou	RMB ¥3,000	RMB ¥2,280	1.32
MERRY Thailand	THB ฿13,094	THB ฿10,620	1.23

Notes:

- 1. Personnel figures are based on year-end employees and include only regular employees.
- 2. Salary structure statistics do not include benefits, bonuses, or incentives

[Gender Pay Ratio]

There is no difference in starting salaries or annual salary adjustments for new employees based on gender. The same recruitment criteria and salary scales are followed. However, due to factors such as job nature and seniority, the proportion of genders in each job category varies, resulting in differences in the gender pay ratio.

		Average Salary Per Capita				Average Total Compensation Per Capita			
		Taiwan HQ		MERRY Shenzhen		Taiwan HQ		MERRY Shenzhen	
		Male	Female	Male	Female	Male	Female	Male	Female
Direct Labor		(No Direct Labor)		1	1	(No Direct Labor)		1	1.01
Indirect Labor	Manager Level and Above	1	0.89	1	0.81	1	0.92	1	0.81
	Other Supervisory Roles	1	0.89	1	1.01	1	0.9	1	1.01
	Non-Management	1	0.8	1	0.75	1	0.76	1	0.86

Notes:
Personnel figures are based on year-end headcount and include only regular employees.
Salary structure statistics do not include benefits, bonuses, or incentives.

Notes:
Personnel figures are based on year-end headcount and include only regular employees.
Salary structure statistics include salary, benefits, bonuses, incentives, and employee stock ownership trusts (ESOT).

[Performance Appraisal System]

Implementation rate **100%**

MERRY's performance appraisal system starts with setting goals at the beginning of the period, cascading down corporate strategies and annual goals to departmental and individual work objectives. At the end of the year, supervisors conduct interviews with employees to review the results of key performance indicators, provide encouragement and feedback on areas for improvement, promote two-way communication and employee development, and enhance organizational effectiveness.

With the exception of new employees who have been on the job for less than three months, all other regular employees, regardless of rank or gender, are subject to annual performance appraisals. The actual implementation rate in 2023 was 100%, and the results of the performance appraisal are used as a basis for promotion, salary adjustment, performance bonuses, incentive systems, employee development, and training needs.

[Insurance]

Taiwan HQ and other business locations comply with local laws and regulations regarding social insurance, medical insurance, unemployment insurance, and other statutory benefits. Employee contributions are deducted from their salaries, and the company also contributes its share as required by law.

【Retirement Protection】

Taiwan HQ has established a retirement system in accordance with the Labor Standards Act and relevant regulations. A Labor Pension Reserve Supervision Committee has been set up and approved by the Taichung City Government. The committee holds meetings every quarter to make the operation of the labor pension reserve more systematic.

Regarding pension contributions, for those who choose the old system, 5.1% of their total monthly salary is deposited

into a special labor pension fund account at the Bank of Taiwan's trust department. The amount of the reserve is fully funded annually according to law and can meet the retirement needs of current employees. For those who choose the new system, 6% of their total monthly salary is contributed to their individual pension accounts at the Bureau of Labor Insurance, in accordance with the Labor Pension Act. Employees can also choose to contribute an additional 0 to 6% of their salary to their individual pension accounts.

The amounts recognized in the consolidated balance sheet for the defined benefit plan for 2022 and 2023 are as follows: :

Unit: NT\$ Thousand	2022 / 12 / 31	2023 / 12 / 31
Present value of defined benefit obligation	80,364	86,576
Fair value of plan assets	(42,745)	(50,522)
Net defined benefit liability	37,619	36,054

In addition, each operating location also adheres to the relevant retirement pension systems of their respective locations, contributing the legally required pension funds to designated accounts to ensure the future retirement life of employees.

【Employee Stock Ownership Trust (ESOT)】

369Participants | Fulfillment rate100%

All regular employees with at least one year of service can voluntarily participate in the MERRY Employee Stock Ownership Trust (ESOT) program on a quarterly basis. Each month, the company provides an additional 50%

subsidy on the employee's contribution as an incentive to purchase company shares through regular investments. These shares are returned to the employee upon resignation or retirement, allowing them to share in the company's profits as shareholders. At

the beginning of 2023, the target overall participation rate was set at 35%. By the end of the year, the cumulative number of participants in the ESOT reached 369, with an overall participation rate of 48%, achieving a fulfillment rate of 100%.

Diverse and Comprehensive Employee Well-being

【Parental Leave】

Taiwan has established the "Regulations for the Implementation of Parental Leave Without Pay" and the "Act of Gender Equality in Employment." In addition to complying with the law on parental leave, the Taiwan HQ allows employees to apply for parental leave until their child reaches the age of 3, with a maximum leave period of two years. It also provides menstrual leave, prenatal examination leave, maternity leave, paternity leave for prenatal examinations and childbirth, pregnancy rest leave, and family care leave to employees in need. Furthermore, the company has set up breastfeeding rooms and implemented maternity health protection measures to create a friendly workplace. It has also partnered with qualified and high-quality kindergartens to support employees' childcare needs in various aspects. (Parental leave is a regulation specific to Taiwanese law, so only data related to parental leave in Taiwan is disclosed.)

item	2021		2022		2023	
	♀	♂	♀	♂	♀	♂
Eligible for Parental Leave (A)	48	53	54	55	61	57
Actual Leave Takers (B)	3	0	11	1	14	1
Expected Returners (C)	4	0	8	0	9	1
Actual Returners (D)	2	0	7	0	9	0
Actual Returners in Previous Year (E)	3	2	2	0	7	0
Returners from Previous Year Still Employed After One Year (F)	3	0	2	0	7	0
Parental Leave Return Rate (D/C)	50%	-	88%	-	100%	0%
Parental Leave Retention Rate (F/E)	100%	0%	100%	-	100%	-

Note: The number of employees eligible for parental leave applications in 2023 includes the total number of employees who applied for maternity leave, prenatal examination leave, and paternity leave from 2020 to 2023.

【Leave Policy Superior to Legal Requirements】

In addition to holidays stipulated by the Labor Standards Act, Taiwan HQ offers a leave policy that goes beyond legal requirements. This includes paid leave on government-designated make-up workdays, paid family care leave, special leave granted to new employees upon joining, flexible working hours, paid volunteer leave, paid wedding leave for relatives, and return leave for overseas employees. For other operating locations, benefits and leave policies comply with local regulations.

Continuing the "Work from Home with Peace of Mind" model initiated during the Covid-19 pandemic, and with the support of systems and equipment implemented through the digital transformation project, MERRY has further optimized and adjusted to a "hybrid work model" that combines remote work and office work. This model provides flexible work arrangements based on the nature of the work, effectively achieving the goal of work-life balance.

Items	Statutory Requirements	Practices Exceeding Legal Requirements
Paid Family Care Leave	None	7 days of paid family care leave annually
Annual Leave	3 days of annual leave granted after six months of employment	3 days of annual leave granted upfront to new employees on the day after onboarding
Work from Home with Peace of Mind program	None	Employees may apply to work from home due to childcare, eldercare, or other family care needs.
No Work on Make-Up Workdays	Legally required to work on make-up workdays.	Paid leave for consecutive holidays without requiring employees to work on make-up days or adjusting other leave days.
Flexible Working Hours	None	Employees can flexibly choose their start and end times between 8-9 AM and 5-6 PM, as long as they complete 8 working hours per day.
Return-to-Taiwan Leave	None	Multiple paid return trips to Taiwan annually, with flight subsidies or the option to transfer the benefit to family members.
Family Member Wedding Leave	<ul style="list-style-type: none">8 days of paid marriage leave for the employee's own weddingMarriage leave must be taken within 3 months from 10 days before the wedding date.	<p>n addition to the employee's own wedding, MERRY also provides:</p> <ul style="list-style-type: none">2 days of paid leave for the wedding of an employee's child1 day of paid leave for the wedding of an employee's sibling <p>Employees can take their wedding leave within 6 months from 10 days before the wedding date.</p>
Volunteer Leave	None	2 days of paid volunteer leave annually
Maternity Leave	Employers are not obligated to provide paid leave for miscarriages occurring before three months of pregnancy.	Paid leave for the legally mandated maternity leave period for employees who miscarry before three months of pregnancy.

【Labor Welfare Committee】

Taiwan HQ has established a "Labor Welfare Committee," with committee representatives holding regular meetings to promote various employee welfare programs. These programs include holiday bonuses, meal and travel subsidies, as well as wedding and childbirth gifts, scholarships for employees and their children, emergency relief funds, and funeral condolences. The company also supports employees in organizing various recreational clubs and encourages family members to participate in activities, fostering a sense of belonging within the MERRY family.

Family Day

In 2023, as the pandemic stabilized, MERRY organized a large-scale Family Day event, inviting employees and their families to enjoy an outdoor picnic and connect with nature. The event featured live music performances, horseback riding experiences, magic shows, and various parent-child DIY activities, allowing employees and their families to spend quality time together.



Employee Travel

Taiwan HQ organizes annual group tours and supports employee-initiated group travel and family activities, allowing employees to balance work with family and childcare responsibilities. In addition to fostering camaraderie and understanding among colleagues, employee travel also enables family members to learn about the company culture and experience the atmosphere of the MERRY family firsthand.



Team Building Dinners

Each department at the Taiwan HQ organizes quarterly team building dinners to foster camaraderie, enhance team spirit, and promote social interaction among colleagues.



【Labor Welfare Committee】

Club Activities

To encourage employees to pursue their interests, expand their social circles, and maintain physical and mental well-being outside of work, the head-quarters supports various clubs, including badminton, yoga, music, and aerobics.



Employee and Child Scholarships

70 Applications

Disbursement of NT\$ 129,600



MERRY offers scholarships to employees and their children to reward outstanding academic performance and enhance the family's sense of identification and belonging to the company. In 2023, a total of 70 scholarship applications were approved, with a total disbursement of NT\$129,600.

【Other Benefits】

Senior and Exemplary Employee Recognition

Taiwan HQ employees with service anniversaries in multiples of five years will be awarded an annual "Long Service Award." Additionally, exceptional employees will be nominated and selected to receive the annual "Model Employee Award" in appreciation of their contributions to MERRY.

Stress-relief massage service

Total of 1,251 massage services

Since 2013, MERRY has employed visually impaired massage therapists to provide a stress-relief massage service for employees. Employees can enjoy a 20-minute relaxing massage during work hours. In 2023, a total of 1,251 employees benefited from this service.



【Supporting Families and Well-being】

To address the challenges of an aging population and low birthrate, MERRY provides a variety of employee benefits aimed at fostering a healthy work-life balance.

These initiatives include support for childcare and parenting, health and wellness programs, and assistance with everyday needs, ultimately creating a happier workplace.



**Learning
&
Development**

- Health Promotion Workshops & Activities
- Children's Scholarships
- Employee Training & Development



**Financial
Support**

- Emergency Financial Assistance
- Bereavement/Hospitalization Condolence Payments
- Childbirth Subsidy



**Health
&
Wellness**

- Health Consultations for Middle-Aged/Older Employees, Pre-Pregnancy, Postpartum, and Breastfeeding Mothers (Risk Assessment)
- Stress-Relief Massage
- Exercise App
- Social Clubs
- Family Events (Family Day)
- Company Trips
- Health Checkups/Cancer Screenings
- Vaccinations
- Priority Parking for Pregnant Women
- MME Care Group



**Childcare
&
Parenting**

- Work from Home
- Lactation Room, Flexible Pumping Time
- Flexible Work Hours
- Family Care Leave
- Partnered Daycare/Preschool Facilities

Range of Supportive Benefits

45+ Age-Friendly Workplace

Participation increased to **63.0%**
46.5% use Larger Screens

Taiwan HQ is actively improving the health of middle-aged and older workers through various health promotion initiatives. In 2023, participation in these programs increased from 52.7% to 63.0%. Among middle-aged and older employees, 52.3% successfully reduced their BMI to below 24, and 46.7% lowered their metabolic syndrome indicators to 3 or fewer.

Due to the nature of work at MERRY, most employees are initially assigned laptops. While employees can request external monitors, in 2023 the company proactively surveyed the needs of employees aged 45 and older. As a result, 46.5% of these employees now use larger screens, significantly reducing eye strain.

In recognition of these efforts, MERRY received the Health Promotion Administration Outstanding Healthy Workplace - Healthy Senior Award

In 2023, The company also successfully applied for a grant from the Ministry of Labor for job redesign for middle-aged and older workers.


On-Site Childcare Center Feasibility Assessment: **Annual Results**

In 2023, MERRY's Taiwan headquarters saw a significant increase in the number of employees taking unpaid leave after childbirth to care for their children. To encourage childbirth, reduce commuting time for parents, and provide peace of mind for working parents, the company initiated a feasibility study for an on-site childcare center in 2023, with support from the Ministry of Labor and the Taichung City Government. The goal is to eventually establish a dedicated childcare facility at the Taiwan headquarters to care for the children of MERRY employees. °



MERRY Moms Connect


The MME Moms Care Group, created by MERRY' Taiwan headquarters, fosters a supportive community for expectant and new mothers. The group offers a platform for sharing experiences, accessing health information, and receiving guidance on pregnancy, breastfeeding, and raising young children.



Paid Family Care Leave


512 employees applied for the leave, accounting for approximately 66.5% of the total workforce.*

A total of 9,000 hours of paid family care leave were granted, equivalent to 1,125 workdays of leave.




Return-to-Taiwan Leave

A total of approximately 780 hours of Return-to-Taiwan leave were requested, equivalent to 97.5 workdays, with the company covering NT\$2,601,267 in airfare expenses.




No Work on Make-Up Workdays

An additional 34,320 hours of leave were provided, equivalent to 4,290 workdays.



Family Member Wedding Leave

A total of 40 hours were requested, with an additional NT\$14,029 paid out in salary.



Maternity Leave (Under 3 Months Pregnant)

A total of 80 hours were requested, with an additional NT\$14,355 paid out in salary.

MERRY provides leave benefits that exceed the requirements of the Labor Standards Act, including paid family care leave, no work on make-up workdays, family member marriage leave, and paid maternity leave for pregnancies under three months. By the end of 2023, the company had provided an additional 5,527 days of paid leave.

To ensure a supportive work environment that meets the diverse needs of employees, all staff members have access to a flexible work schedule, allowing them to arrange their own 8-hour workday between 8 a.m. and 6 p.m. Additionally, the "Safe Salary Work from Home" model implemented during the pandemic has been transformed into a long-term "hybrid work model" that combines remote and office work. This allows MERRY employees to more flexibly handle work and family emergencies, care for family members, and reduce the financial impact of career interruptions. As of the end of 2023, a total of 310 employees had utilized remote work, accumulating 12,647 workdays, with an average of 16 workdays of remote work per employee.

In MERRY' 2023 internal employee satisfaction survey, the "paid family care leave" and "work-from-home model" under the family support measures received aver MERRY Mingling Mixer age scores of 4.51 and 4.34 (on a five-point scale), respectively. This indicates that MERRY' family support measures are effective in assisting employees and meeting their expectations for work-life balance.

MERRY Shenzhen also organized a " **Love @ MERRY : Find Your Perfect Pair** " event for eligible single men and women, using a series of games to help employees break down barriers between departments and build closer relationships. A total of 94 people signed up for the event, which not only resulted in successful matchmaking but also enhanced communication between departments.

7-3 Talent Development

Policy and Commitment

Diverse Training Channels Empower Self-Directed Learning and Development

Talent is MERRY' greatest growth engine, and learning and development are essential for ensuring the continuous appreciation of human capital. Building a learning organization and enhancing employees' managerial and professional competencies are key drivers for improving team performance and strengthening organizational effectiveness.

MERRY utilizes a dual-track talent development system to optimize and enhance talent capabilities. The company has also established an agile 70-20-10 learning model, integrating MERRY' competencies and DNA, and utilizing diverse activities and personalized learning blueprints to nurture talent.

Within this learning organization, every employee can access a variety of online and offline platforms to stay abreast of new knowledge, accumulate professional experience through work, and broaden their perspectives through interaction. The company fosters a spirit of collaborative learning, mutual growth, and co-creation to drive continuous progress.

Furthermore, MERRY' learning culture extends beyond internal talent development to encompass industry-academia collaboration, volunteer activities, community libraries, social welfare initiatives, and corporate social responsibility efforts. This demonstrates the company's commitment to mutual growth and well-being with society.



Employee Training Results

Total investment in training reached NT\$**5.26** million

From 2022 to 2023, the talent development policies focused on fostering sustainable talent capabilities. Building on the success of digital learning in 2021, the company expanded its training offerings in 2023 to encompass diverse knowledge areas while prioritizing the development of key talent within specific job families. Through talent selection and assessment, MERRY provided tailored learning opportunities for these individuals.

In 2023, the total investment in training reached NT\$5.26 million, an increase of NT\$840,000 compared to the previous year. The company offered a wide range of learning channels, adhering to the 70-20-10 model to cultivate both soft and hard skills among its

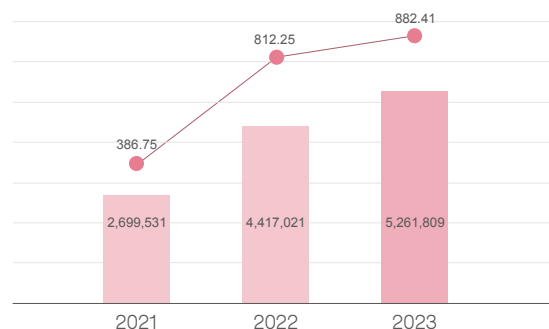
employees. The average training hours per employee in 2023 was 39 hours.

To ensure the effectiveness and impact of training initiatives, MERRY adopted the Kirkpatrick Four-Level Evaluation Model as the foundation for its training activities. This model allows the company to continuously optimize training content and methods, contributing to the company's sustainable development.

Starting in 2023, dispatched personnel (classified as non-employees under GRI Standards 2021) were excluded from employee training statistics. For more detailed information on employee training statistics, please refer to the appendix.

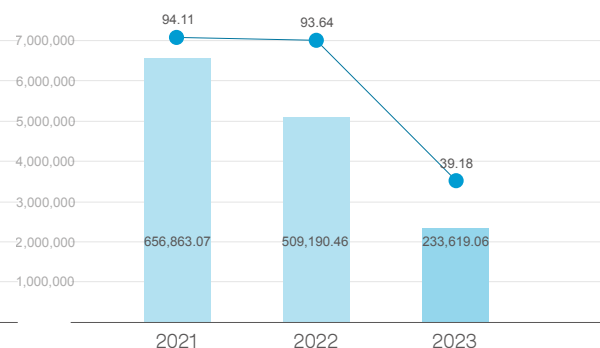
Total training Expense

- Total training Expense (NT\$)
- Average cost of training per employee (NT\$)



Total hours of training

- Total hours of training(hour)
- Total average hours of training(hour)



Kirkpatrick Four-Level Evaluation Model Annual Results

Business results

The impact of training on the company's business results was assessed by measuring concrete and direct contributions.

Level
4

- Management Promotion Rate: 54% of employees who completed management training were promoted.
- Professional Promotion Rate: 30% of employees who completed professional training were promoted.

- Management Blueprint: 85% of participants completed their post-training action plans.
- Professional Blueprint: 100% of participants completed their post-training action plans.

Level
3

Learning Implementation

After training, participants' application and utilization of new knowledge and skills in their work were observed through action plans.

Evaluation Results

Learning assessments were conducted through in-class presentations/discussions and tests to understand the extent to which participants absorbed knowledge and mastered skills before and after training.

Level
2

- Management Blueprint: 100% of participants successfully completed the in-class learning assessment.
- Professional Blueprint: 100% of participants successfully completed the in-class learning assessment.
- English Training: Participants demonstrated an 85% improvement rate in pre- and post-training tests.

- Course Satisfaction: Participants rated their satisfaction with the courses an average of 4.7 out of 5.
- In-Class Observation & Post-Training Interviews: Relevant learning insights were documented in the final report.

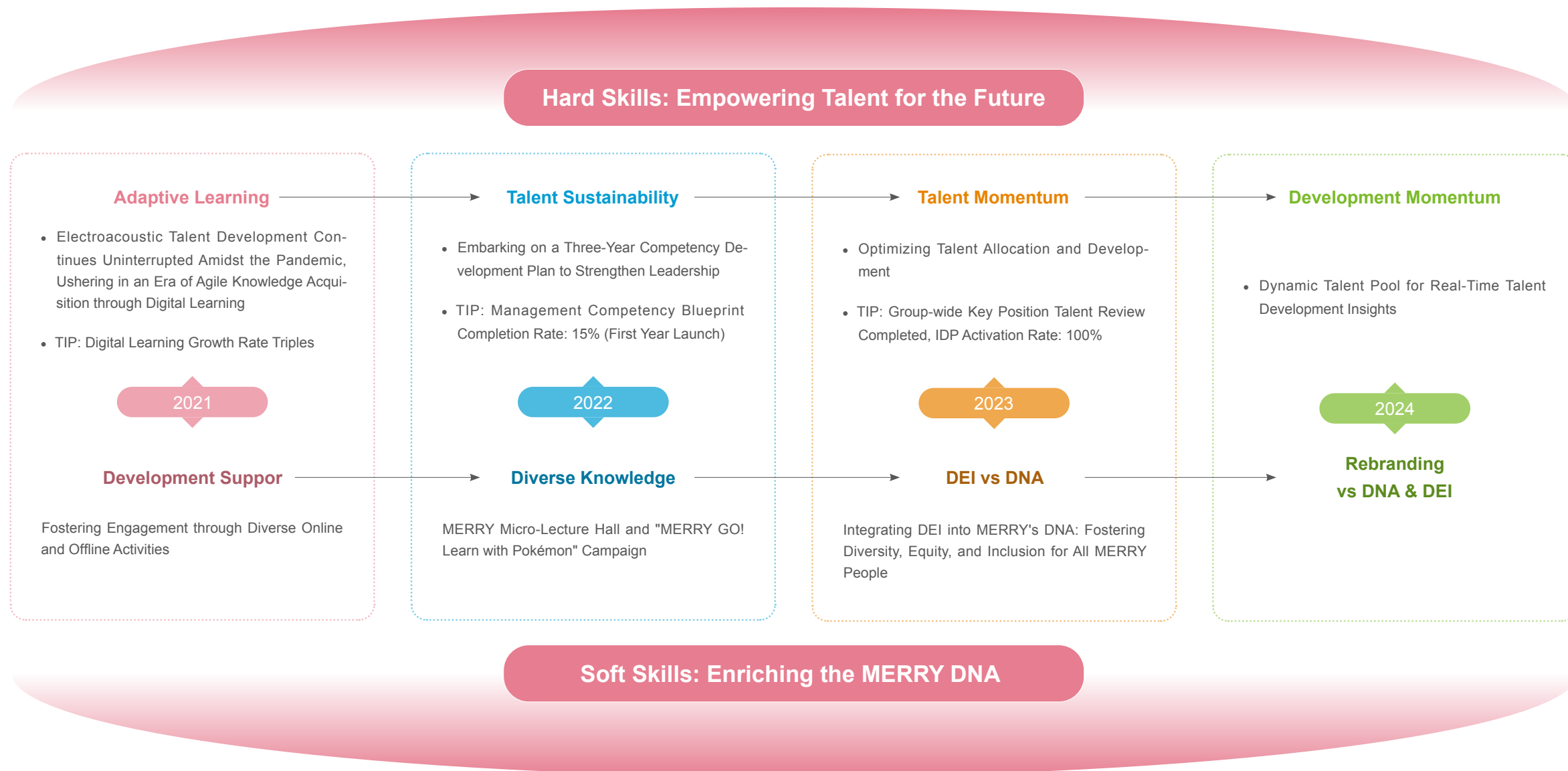
Level
1

Reaction

Participant feedback was collected through surveys to assess the effectiveness of training courses and gather constructive feedback.

Talent Sustainability: Nurturing Hard and Soft Skills

MERRY's Hard Skills X Soft Skills Training Roadmap



MERRY Hard Skills: Embarking on an Immersive Learning Journey for Every Talent

70-20-10 Learning Journey



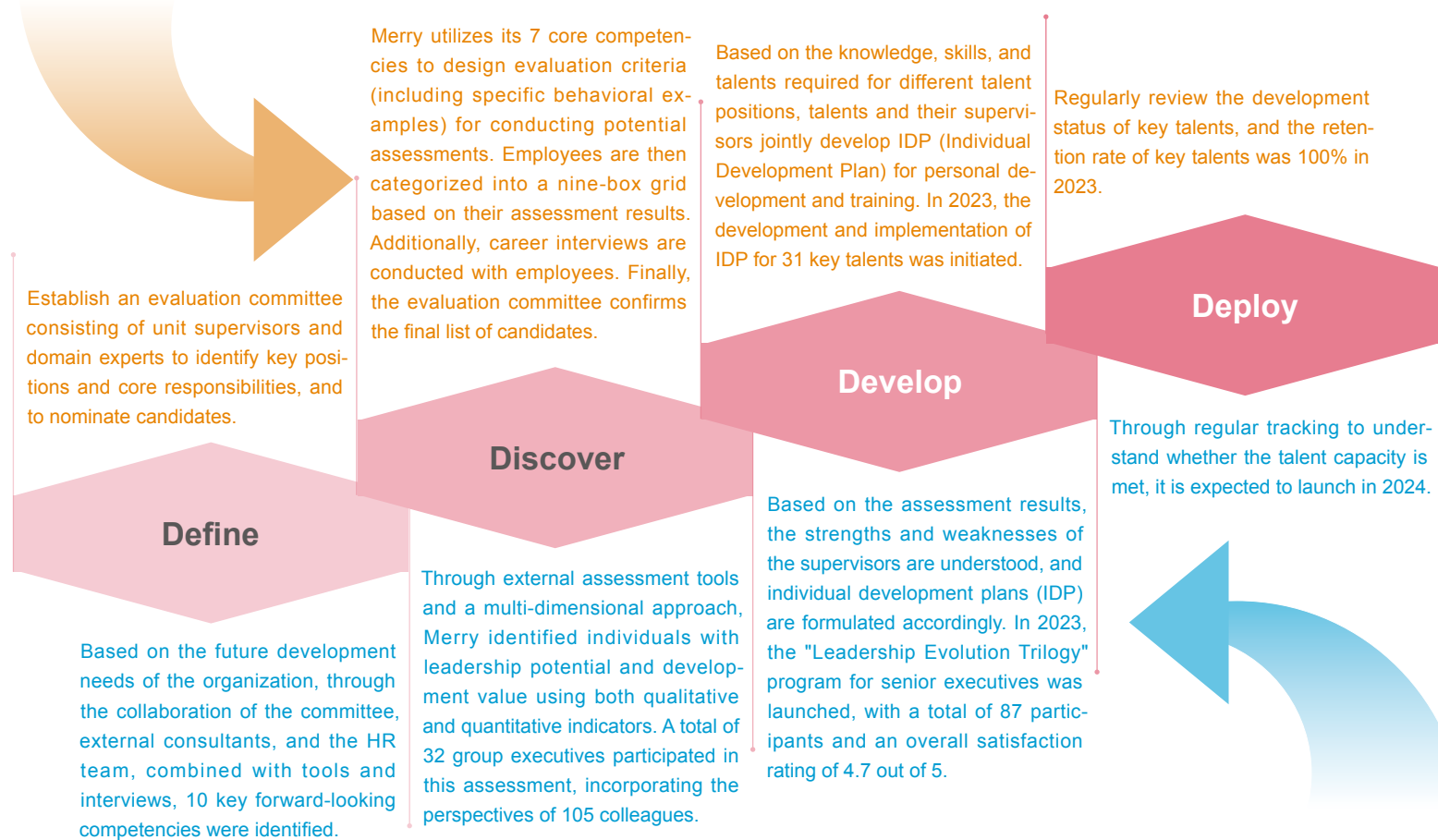
MERRY Hard Skills: Building a Pipeline of Key and Successor Talent through Skill-Based Placement

Nurturing Future Leaders: A Key Talent Development Program

Recognizing that talent is a crucial competitive advantage, MERRY initiated a Key Talent Development Program in late 2022 to foster long-term talent growth and cultivate a pool of future leaders. The program was officially launched in 2023.

Utilizing a 4D talent model, the program tailor' s individual

development plans and promotes cross-disciplinary learning, empowering employees to diversify their skill sets, enhance their capabilities, and maximize their potential. By fostering a learning environment within the company, MERRY is cultivating a learning organization where employees are encouraged to continuously grow and develop.



Cultivating Craftsmanship and Nurturing Skilled Talent: Enhancing Production Line Skills through Competitions

To foster MERRY' spirit of craftsmanship, MERRY Shenzhen holds an annual skills competition, encouraging technical talents to showcase their creativity and improve production quality through skill exchange and competition. In 2023, 122 employees participated in the skills competition, with 12 receiving awards for their outstanding performance.



Building a Talent Pipeline

To achieve the goal of sustainable business operations, MERRY is establishing a forward-looking and development-oriented talent pipeline program. By evaluating and nurturing high-potential talent, the company provides long-term career development goals to enhance talent competitiveness and achieve precise talent retention and utilization. In 2023, MERRY launched the "Leadership Evolution Trilogy" development program for senior executives, starting with understanding oneself and the team, leading to an open self, and continuously moving towards personal and organizational goals.

MERRY Soft Skills: Activating the Diverse MERRY Seeds through MERRY DNA

ESG Engagement for All Employees

As the world faces the challenges and opportunities presented by "sustainable development," MERRY has always considered Environmental, Social, and Governance (ESG) as one of its core values. MERRY firmly believes that enhancing all employees' awareness and capabilities regarding ESG issues is key to achieving sustainable development. Therefore, in addition to encouraging colleagues to actively participate in external knowledge

Number of participants in ESG training reached **1,389**
with a total training time of **2,133.5** hours.

learning, we regularly hold All Hands Meetings internally. By gathering all employees, we convey ESG concepts and knowledge to deepen the company's understanding of social responsibility values and sustainable development. In 2023, the total number of participants in ESG training reached 1,389, with a total training time of 2,133.5 hours.



MERRY DNA Initiatives: MERRY GO!

Diverse Learning Channels: Promoting Employee Engagement through Fun Activities

MERRY offers diverse learning channels to encourage employee participation and create a joyful learning environment. The company's annual "MERRY GO! Learn with Pokémon" campaign, inspired by the popular Pokémon game, invites employees to explore and "catch" new knowledge in a playful manner. To further

incentivize learning and knowledge sharing, MERRY recognizes active learners and outstanding internal trainers with the "MERRY Diligent Learning Award" and the "Confucius Award."

As a learning organization, MERRY encourages employees to share their knowledge and expertise by becoming internal trainers. In 2023, there was a significant increase in the number of employees participating in the selection process for

both physical and digital trainers, with a 23% and 21% increase compared to 2022, respectively. The company anticipates even more employees joining the ranks of internal trainers in 2024, collectively nurturing MERRY's talent pool.



Initiating Team-Based Transformative Learning: The MERRY Book Club

total of **11** books were read, with a cumulative participation of **588** individuals.

MERRY Book Club: A Longstanding Tradition of Fostering Diverse Thinking and Innovation through Reading

The MERRY Book Club has been a cherished tradition at MERRY, encouraging employees to engage in diverse thinking and spark innovation through shared reading experiences. Initially focused on executive-level participation, the book club expanded its reach in 2021 to include non-managerial staff. In 2022, the club introduced team-based reading sessions, which continued to flourish in 2023, attracting four new teams to join the initiative. This year, a total of 11 books were read, with a cumulative participation of 588 individuals.

To further amplify the benefits of the book club, MERRY utilizes its internal podcast platform to invite participants to share their insights and takeaways from the reading sessions. This allows the joy of reading and learning to be disseminated

to all MERRY employees through the power of audio.

Furthermore, to encourage middle-level managers to read "The Power of Psychological Safety" and integrate it with the management competency blueprint training, each group was asked to engage in interactive sharing sessions using beach balls. This facilitated discussions among managers on team management issues and the collection of feedback and suggestions. Additionally, senior executives who led the reading sessions shared their experiences, promoting knowledge transfer and collaborative learning. Through this book club initiative, MERRY aims to guide managers in continuously building a collaborative and learning-oriented environment, empowering teams to collectively address the challenges of a dynamic and complex business landscape.

MERRY Taotalk: Sparking Innovation through Cross-Boundary Exchange

total of 3 sessions were held, with a cumulative participation of 28 senior executives.

To stay abreast of market trends and drive innovation, MERRY launched the "MERRY Taotalk" initiative in 2023. This platform invites seasoned industry consultants, experts, and senior executives to engage in in-depth discussions on various topics, such as ESG economic trends, brand thinking, and new lifestyles

for healthy living. By sharing the experiences and perspectives of external experts, MERRY Taotalk aims to inspire and enhance the team's thinking patterns and innovative capabilities. In 2023, a total of 3 sessions were held, with a cumulative participation of 28 senior executives.



7-4 Safe Workplace

Occupational Safety and Health Management System

Taiwan HQ upholds the occupational safety and health policy of "protecting employees, caring for their health, preventing hazards, and reducing work-related injuries." In accordance with occupational safety and health regulations, the company promotes an occupational safety and health management system, establishes occupational safety and health policies, goals, and indicators, and conducts regular implementation and inspections. This ensures compliance with occupational safety and health laws and relevant requirements, provides a safe and healthy work environment, eliminates hazards and reduces occupational safety and health risks, and promotes occupational safety and health consultation and participation. These efforts guarantee that internal operations comply with safety and health policies and regulations.

Rights of Labor Representatives on the Occupational Safety and Health Committee

- Reflect employee feedback (including OSH resource needs and risk control requirements)
- Participate in the development and review of OSH policies, objectives, and procedures
- Disseminate and communicate meeting resolutions
- Participate in incident investigations
- Propose recommendations on major OSH issues or topics

To ensure the effective operation of the Occupational Safety and Health (OSH) management system, operational sites that have passed ISO45001:2018 certification hold regular quarterly meetings of the Occupational Safety and Health Committee (hereinafter referred to as the "OSH Committee"). These meetings invite labor representatives to participate in discussions, embodying the spirit of worker participation. In addition to continuous improvement based on the following items, the table below shows the proportion of committee chairs (held by management) and labor representatives at each operating site:

	Committee Chair	Management Representative	※ Labor Representative * Labor Representation Ratio	
Taiwan HQ	President	Head of HR Department	5※	41% *
MERRY Shenzhen	Plant General Manager	Head of HR & Admin Dept.	14※	46% *
MERRY Vietnam	Manager	Labor Representative for Occupational Safety and Health	3※	50% *
Austar	Quality Director	Production Manager	1※	5% *

Taiwan HQ, MERRY Shenzhen, MERRY Vietnam, and Austar have all obtained ISO45001:2018 certification and undergo regular third-party audits to ensure compliance and effective control of safety risks. This covers all workers (employees and non-employees) involved in design, development, procurement, construction, production, maintenance, and contracting activities. Non-employees include dispatched personnel, contractors operating within the premises, such as security guards, cleaning staff, on-site vendor personnel, and maintenance and construction contractors. Following the management system framework, the "Contractor Construction Safety Management Measures" are implemented as guidelines for safety and health planning.

After assessing the occupational safety and health risks of each operating location, it was determined that sites with primarily sales and administrative offices and a small number of employees (MERRY US, MERRY Singapore, MERRY Hong Kong, MERRY North America, and MERRY Malaysia) have a lower risk of disabling injuries and are therefore not included in the management system's operation. Currently, Taiwan HQ, MERRY Vietnam, MERRY Shenzhen, and Austar have obtained ISO45001:2018 certification (hereinafter referred to as "certified sites"). While MERRY Thailand and Suzhou MERRY Sound have occupational safety and health management mechanisms in place, they have not yet fully complied with the ISO45001 management framework. In the future, MERRY

plans to gradually implement the occupational safety and health management system in operating locations with production activities and continue to pass external verification, thereby fulfilling the group's commitment to occupational safety and health management and creating a friendly working environment.

High-risk workers at MERRY undergo safety training and refresher courses in accordance with local regulations. The training hours and categories are shown in the table below.

Certified sites collect information on significant negative occupational safety and health impacts directly related to the company's operations, products, or services. They also continuously identify and record potential safety and health hazards (including physical, human factors, chemical, biological, and psycho-social) for both routine and non-routine work activities and facilities. By combining severity and likelihood, high safety and health risks are assessed, and risk reduction management measures are implemented to strive for zero

Operating locations	Total Workers (End of 2023)		Covered by OSH Management System	Covered by Internal Audit	Covered by External Verification
	Employees	Non-Employees			
Taiwan HQ	770	8	778	770	603
MERRY Shenzhen*	2,313	1,049	3,362	2,313	2,313
MERRY Thailand*	1,049	25	1,064	1,039	0
MERRY Vietnam*	1,368	25	1,396	1,368	1,368
Suzhou MERRY*	88	44	132	88	0
ASCX&FUXM*	258	3	261	254	254
SEAS*	28	0	0	0	0
MERRY US	9	0	After assessment, low-risk locations only implement safety management measures for office environments and do not fully adhere to the ISO45001:2018 management framework		
MERRY Singapore	50	1			
MERRY Hong Kong	11	1			
MERRY North America	23	0			
MERRY Malaysia	6	1			
High-Risk Locations Total	5,094	1,146			
Coverage Rate (Production Sites)			99.56%	99.37%	77.25%
Coverage Rate (All Sites)			98.21%	81.91%	63.74%

Hazard Identification, Risk Assessment, and Incident Investigation

accidents. Through continuous hazard identification and risk assessment, necessary risk control methods are implemented to achieve safety and health policies and meet continuous improvement requirements. In 2023, all certified sites have conducted hazard identification and risk assessment. After engineering controls and administrative management, there were zero high-risk items. Additionally, an opportunity to reduce the hazard risk of laser cutting machine operation was identified, and regular annual maintenance was imple-

mented as a management solution to mitigate the risk.

If any behavior that does not comply with operating procedures is discovered, or new potential risks and problems are identified, a designated person is responsible for tracking and improvement. The revision of relevant regulations is evaluated based on the identified issues to ensure the safety and health of the employees' working environment. For work-related injuries, illnesses, diseases, and other accidents, investigations into the causes or potential causes of accidents are conducted in accordance with the "Health Management Measures" and "Accident Investigation and Handling Procedures," and effective corrective and preventive measures are taken to enhance the effectiveness of safety and health management. Employees can also report safety and health-related issues and suggestions, which are then evaluated by the occupational safety and health unit. To protect reporting employees, complaints submitted

through company channels will be handled confidentially, with employee responses and follow-up actions.

To prevent or mitigate potential environmental impacts and hazards before and after emergencies, a management procedure for emergency preparedness and response to major disasters has been established. Items that may pose a threat to the environment and safety are prevented in daily work, and imme-

Occupational Safety and Health Training

MERRY is committed to establishing a comprehensive safety, health, and well-being culture for all employees. In compliance with regulatory requirements, the company regularly organizes occupational health and safety training to ensure that every employee is familiar with relevant laws and regulations, as well as the company's safety and health management mechanisms, thereby enhancing overall safety awareness.

In 2023, Taiwan HQ provided general safety and health education training (including occupational safety and health and fire prevention knowledge) to 109 new employees, hazardous chemical education training to 26 new employees, and fire safety training to 41 individuals, totaling approximately 569 train-

ee response measures are in place in the event of a disaster. To prevent disasters and enable timely rescue and extinguishing, annual fire safety training and practical drills on fire equipment are conducted to provide all personnel with more fire safety knowledge and skills. MERRY Shenzhen conducts monthly volunteer fire brigade drills and daily pre-work safety briefings for employees. The company also commissions qualified third-party institutions to maintain the factory's fire protection

ing hours. Furthermore, personnel involved in occupational safety and health received regular retraining as mandated by law, and employee safety and health education training was strengthened to raise safety awareness among all staff. A total of 4 individuals participated in first aid training and retraining, ensuring compliance with relevant regulations regarding the number of qualified personnel.

All production line machines at MERRY Shenzhen and MERRY Vietnam have clear operating procedures, specifications, and maintenance records. Machine operators are required to undergo operational training and obtain certification before operating the machines. Safety mechanisms and measures are incorporated into machine designs to protect

facilities monthly, ensuring daily fire safety. MERRY prioritizes life safety by incorporating it into new employee training and clearly stating it in the Occupational Safety and Health Management Manual. If employees encounter situations that endanger life safety during work (such as earthquakes, fires, explosions, toxic substance leaks, etc.), they are encouraged to avoid danger, leave the risk area, and immediately notify their supervisors without fear of any penalty.

employees from work-related injuries. MERRY Shenzhen regularly organizes public safety training courses and seminars, with 14 sessions held in 2023, involving a total of 37,405 participants. MERRY Vietnam provides safety training for all new employees and collaborates with partner companies to conduct annual labor safety training, with a total of 1,563 participants in 2023. Foxlink Vietnam and Austar also provided safety and health training to 1,021 individuals.

MERRY' high-risk workers complete relevant safety training and refresher courses in accordance with local regulations. The training hours and categories are detailed in the table below. All new employees are required to complete safety and health-related training



courses upon joining the company. All employees can also access work-related regulations and procedures through the company's document management system at any time, ensuring they are well-informed about relevant work safety regulations.



Number of Trainees and Training Hours

	MERRY Shenzhen		MERRY Vietnam		MERRY Thailand		Austar/FULICARE	
	Participants	Total Training Hours (Person-Hours)	Participants	Total Training Hours (Person-Hours)	Participants	Total Training Hours (Person-Hours)	Participants	Total Training Hours (Person-Hours)
General Knowledge	35,007	19,124.50	1,328	23,626	328	656	406	1,246
Mechanical Safety	2,994	1,497	133	2,734	117	234	266	206
Chemical Safety	2,781	1,390.50						
Fire Safety	2,825	1,413	98	1,678	120	6	306	306
Special Operation Personnel Training	91	136.5	4	1,616	27	3	39	514
Others	0	0	0	0	0	0	4	48

Contractor Safety Management

MERRY values contractors as essential partners and prioritizes their safety. In addition to complying with local regulations, each production site implements various management mechanisms to enhance contractor safety.

Taiwan HQ has established procedures for procurement safety and health assessment and contractor safety management. Procurement requests are reviewed by the occupational safety and health unit, and safety precautions are communicated to contractors. MERRY Shenzhen has also established procedures for contractor environmental safety and health management, requiring contractors to sign a notification form acknowledging safety guidelines.

This system helps ensure that contractors meet qualifications and safety standards. However, there is currently no system for tracking contractor working hours, which will be addressed in the future.

Workplace Environmental Monitoring

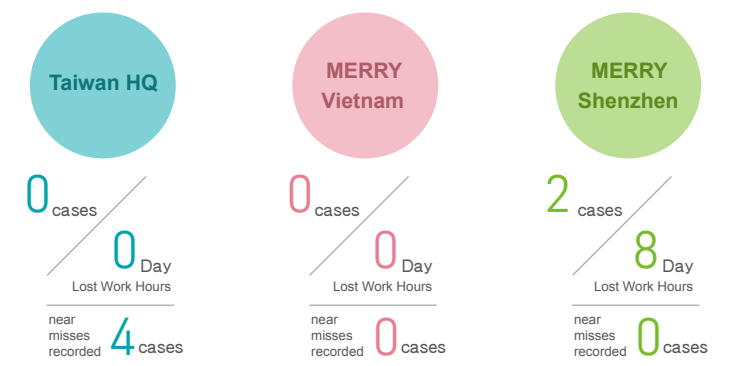
MERRY regularly updates its chemical inventory at its Taiwan HQ and conducts systematic assessments to identify hazardous chemicals. Based on the assessment results, classified management measures are implemented.

Taiwan HQ conducts workplace environmental monitoring semi-annually to ensure that the exposure levels of hazardous chemicals do not exceed the permissible exposure limits. In 2023, all verified factories met local regulatory requirements for monitoring frequency, and all monitoring results were within acceptable limits.

Lost Time Injury Management

MERRY has maintained a record of zero work-related fatalities or severe disabling injuries for the past three years, including for non-employee workers. The total working hours across all locations amount to approximately 19.8million hours.

2023 Lost Time Injury Statistics (Lost Days 1 Day or More)



Investigations into the incidents at MERRY Shenzhen have been conducted, and corrective actions and safety training have been implemented to prevent recurrence.



Lost Time Injury Information for All Employee

	2021	2022	2023
Total work hours	22,310,765	16,827,920	19,788,289
Number of occupational injury deaths	-	-	-
Number of serious occupational injuries	-	-	-
Number of near misses	2	2	4
Lost workdays	182	219	8
Number of recordable occupational injurie	4	14	2
Occupational Injury Fatality Rate	-	-	-
Serious Occupational Injury Rate	-	-	-
Total Recordable Incident Rate (TRIR)	0.04	0.17	0.02
Near Miss Frequency Rate (NMFR)	0.02	0.02	0.04
Lost workday rate	1.63	2.6	0.08
Frequency of disabling injuries (FR)	0.17	0.83	0.1
Severity of disabling injuries (SR)	8	13	0.4
Frequency Severity Index (FSI)	0.04	0.1	0.01

- Note :
1. Total annual working hours" is calculated as the number of employees from January to December multiplied by the number of working days in each month, multiplied by the daily working hours.
 2. The calculation of indicators excludes traffic injury events.
 - 3."Occupational injury fatality rate" = (number of occupational injury deaths * 200,000) / total annual working hours.
 - 4."Serious occupational injury rate" = (number of serious occupational injuries * 200,000) / total annual working hours.
 - 5."Total Recordable Incident Rate (TRIR)" = (number of recordable occupational injuries * 200,000) / total annual working hours.
 - 6."Near Miss Frequency Rate (NMFR)" = (number of near misses * 200,000) / total annual working hours.
 - 7."Lost workdays" refers to the number of days an injured person is temporarily or permanently unable to work, excluding the day of injury and the day of return to work. It includes weekends, holidays, and any non-working days during the recovery period.
 - 8."Number of recordable occupational injuries" includes individuals who lost 8 hours or more of work due to injury.
 - 9."Number of serious occupational injuries" includes injuries resulting in permanent impairment or those requiring more than six months to recover to pre-injury work status.

7-5 Healthcare

Occupational Health Services

MERRY prioritizes employee well-being and complies with regulations by providing regular health checkups. Special examinations are conducted for employees in hazardous positions at overseas factories. Abnormal findings are followed up with care and re-examination, and employees may be transferred from their positions if necessary (e.g., pregnant women from hazardous work).

Taiwan HQ offers monthly health services by contracted physicians, work safety advice, and on-site occupational health and safety services. Additionally, full-time nurses regularly disseminate health information and organize health promotion activities to enhance employees' knowledge and skills.

Infectious Disease Prevention

MERRY follows local regulations for COVID-19 management, allowing confirmed cases to take leave and requiring mask-wearing on company premises. During flu season, employees are encouraged to get vaccinated.

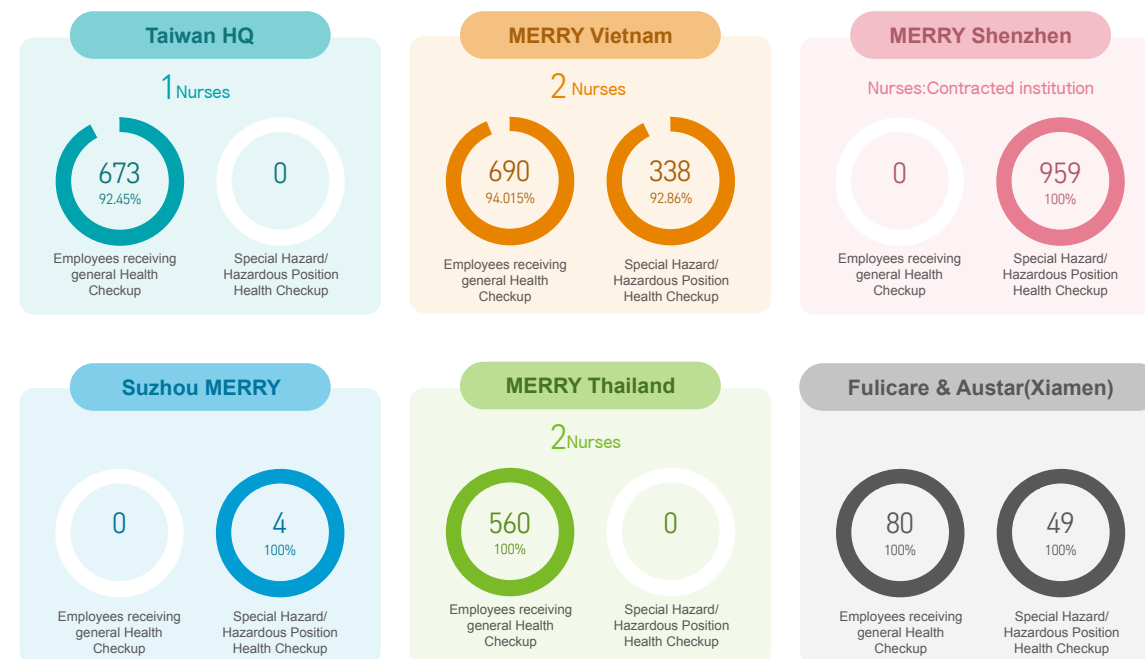
In October 2023, the Taiwan HQ facilitated on-site flu vaccinations, with 105 employees

105 employees and family members participating

and family members participating, a notable increase from 58 participants in 2022.



【Health Service Nurses and Health Checkup Completion Rate at Each Operating Location】



Note:

The number of general health checkups has been deducted from the number of people who have undergone special hazard/hazardous position health checkups.

(%) is the completion rate. Some regions did not reach 100% due to factors such as unpaid leave, maternity/pregnancy leave, Taiwanese cadres not returning to Taiwan, etc.

Health Promotion

【Health Awareness】

In 2023, MERRY organized health awareness campaigns, collaborating with local hospitals to conduct various health knowledge training sessions and activities. These initiatives aimed to enhance the health awareness of all employees and cultivate healthy lifestyle habits.

	Course Topic	Participants
Physical and Mental Health	Transforming My Heart Era	35
	Gender Equality Activities	116
	2023 Health Season - Weight Loss Competition	132
	Blood Pressure Control for a Quality Life	33
	Blood Pressure Measurement Activities	100
	Post-Health Checkup Doctor Consultation	40
	Nutritionist Is Here! Get Healthy and Avoid Metabolic Syndrome	46
	Hearing Health Seminar	56
	Group Counseling	9
EAP	Performance Review Navigation - Effective Conversations with ORID (Including Communication Skills)	47
Blood Donation	Blood Donation Event (Taiwan HQ)	112
	Blood Donation Event (MERRY Vietnam)	286
Preventive Health Care	Health Insurance Cancer Screening	63
	Self-paid Influenza Vaccination	105
	Reproductive Health Seminar (MERRY Vietnam)	90

【Healthy Exercise】

Total of over 106 million steps

To foster a culture of exercise and well-being, MERRY regularly organizes sports events to encourage teamwork and promote healthy habits among employees. In 2023, the company held the MERRY Group Online Sports Festival, attracting 394 participants from various locations. The 30-day online step challenge achieved an impressive total of over 106 million steps, with 91.37% of participants reaching 100,000 steps individually, resulting in a carbon emission reduction of 15,159 kg.

MERRY not only promotes physical health through exercise but also combines it with social responsibility. The "Walk 100 million Steps and Send 198 Headsets to Remote Areas" campaign allows employees to improve their health while contributing to a meaningful cause.



Taiwan HQ

In 2023, MERRY organized various sports activities and competitions in collaboration with sports clubs, with a total of 723 participants. The first MERRY Cup Badminton Tournament, held for the first time, was particularly popular among colleagues of all ages. Everyone practiced actively before the competition to showcase their best selves during the games. °

723 participants

Activity Theme	Number of Participants
1. Exercise Classes (3 sessions)	120
2. Bye-bye Muscle Soreness	62
3. Fitness Month Technology Fitness	72
4. Fitness Month Badminton Competition	54
5. Fitness Month Step Competition	394
6. Fitness Minheap Route Map Creation	21

【Health Diet】

110 participants lost a total of 328.4 kg

We provide healthy and diverse meals for employees, with different dining options like restaurants and lounges to foster camaraderie. The Taiwan HQ offers various bento boxes, including low-oil and low-salt options, with a temperature-controlled vending machine being the most popular.

The annual group weight loss program is a highlight for employees. In 2023, 110 participants lost a total of 328.4 kg over 12 weeks, with an average weight loss of 3 kg per person. 62.7% of participants achieved a 3% or more weight loss. Follow-up data showed that 42.7% maintained their weight loss, and 31.4% reduced their metabolic syndrome risk from high to low, demonstrating the program's effectiveness.

【Healthy Environment】

To encourage employees to cultivate a habit of exercise, each facility is equipped with versatile indoor and outdoor sports equipment and environments for employees to utilize at their convenience, promoting physical fitness and overall well-being. Following the renovation of the Taiwan headquarters building in 2023, a brand new, high-quality sports and fitness space is anticipated to be established in 2024.

【Health Management】

MERRY is equipped with medical rooms and essential first-aid equipment. In 2023, Taiwan HQ renovated its medical room to provide a comfortable and welcoming space, ensuring the well-being and safety of MERRY employees in the workplace.

MERRY Shenzhen

In 2023, a total of 878 employees participated in various health-related competitions organized by MERRY Shenzhen. Throughout the year, various ball game tournaments were held, inviting family members to join in parent-child activities, extending the spirit of MERRY's love for sports to employees' families, and creating a healthy and happy life together.

878 participants

Activity Theme	Number of Participants
1. Basketball tournament	90
2. Parent-child activities (including children)	140
3. Badminton competition	84
4. Fun sports meet	180
5. Group step competition	384

MERRY Vietnam

In 2023, a total of 460 employees participated in various activities organized by MERRY Vietnam.

460 participants

Activity Theme	Number of Participants
1. Football match	360
2. Badminton competition	20
3. Tug-of-war competition	80

Promotion of Legal Labor Health Service Programs

Taiwan HQ carries out health protection and promotion measures, cooperating with contracted on-site physicians to provide individual health services and promote various labor health service guidelines mandated by the Ministry of Labor.

Legal Labor Health Service Guidelines

- Prevention of Diseases Triggered by Abnormal Workloads
- Ergonomic Hazard Prevention Plan
- Protection of the health of pregnant/breastfeeding employees
- Prevention of illegal violations against employees in the course of their duties

Prevention Program for Diseases Triggered by Abnormal Workloads

Taiwan HQ provides individual counseling and health guidance by occupational physicians for high-risk cases, tracks individual health conditions, and controls employee overtime hours through the human resources department.

Ergonomic Hazard Prevention Plan

In 2023, the Taiwan HQ implemented a computer work improvement plan for 15 middle-aged and elderly workers to enhance work efficiency. This plan involved using external computer monitors to reduce neck and shoulder pain and alleviate visual stress. An annual questionnaire survey on

self-perceived musculoskeletal symptoms is conducted for all employees. For those with higher individual risk scores, occupational health nurses provide individual care and reassessment, and arrange for doctor consultations if necessary to provide medical and improvement suggestions. In 2023, the health questionnaire indicated that 6 colleagues were suspected of having hazards, and all of them have improved after rest and medical intervention.

Overseas operating locations not only provide height-adjustable chairs, but also install footrests under the feet of employees who need to stand for work in the production line to cushion the discomfort caused by the weight of the employees' bodies. The optimal height of the chairs for employees who sit and work in the workshop can be adjusted for convenience. MERRY Vietnam has established a working method for the human body and conducts annual labor environment inspections, including assessment of working positions, physiological nerve tension, and labor physical strength. If any abnormalities are found, immediate improvements are made to ensure the working environment of each position.

Maternity Protection Program

MERRY regularly tracks and registers pregnant employees to monitor their health and safety throughout their pregnancy. We encourage childbirth and a smooth return to work after childbirth by providing well-equipped lactation rooms and supportive measures, creating a happy and healthy workplace.



Taiwan HQ



- Pregnant employees are registered, and the system automatically notifies occupational health nurses when maternity checkups, maternity leave, or bed rest leave are initiated to facilitate the tracking of the health and safety of pregnant employees.
- To encourage childbirth and smooth postpartum return to work, a well-equipped lactation room is provided, a MERRY Mommy Care group is established for communication and timely health consultation, individual consultations with doctors are offered, and sofas in the nursing room are provided for pregnant women to rest more comfortably during lunch breaks.

MERRY Shenzhen



- A roster of pregnant female employees is created, and pregnant female employees on the production line are given maternity badges to facilitate identification by supervisors for special care. Female employees who are 7 months pregnant or more are not allowed to work overtime or night shifts, and they are entitled to maternity leave in accordance with mainland Chinese regulations.
- Lactating female employees are entitled to 1 hour of paid breastfeeding leave per day, and their working hours are not extended.

Nursing room available



MERRY Thailand



- Upon receiving the pregnant woman's passport record notebook (government-issued medical record book), the employee is immediately transferred to a designated maternity work area and granted statutory maternity leave. The health and safety of the pregnant employee are then closely monitored throughout the pregnancy and postpartum period.
- The company provides a dedicated lactation room with a designated nurse for care, a comfortable rest area, and priority access to early rest breaks to avoid crowded periods.

MERRY Vietnam



- Pregnant employees are registered to facilitate the tracking of their health and safety during pregnancy and postpartum.
- Pregnant and breastfeeding employees are not assigned to hazardous or dangerous work positions.
- Employees who are seven months pregnant or breastfeeding a child under the age of one are not required to work overtime, travel for business, or work night shifts. They are also allowed to leave work one hour early and do not need to queue for meals.

Fulicare (Xiamen)&Austar



Maternity check-up leave, maternity leave, breastfeeding breaks, and parental leave are provided to pregnant employees in accordance with local regulations.

MERRY USA

If employees are unable to work due to pregnancy, childbirth, or related medical conditions, they are eligible for maternity leave. The company will provide reasonable accommodations for employees' pregnancies or any pregnancy-related conditions, including:

- More frequent or longer paid or unpaid breaks; adjusted work schedules.
- Paid or unpaid time off to address pregnancy complications or postpartum recovery.
- Purchase or modification of equipment or seating.
- Temporary transfer to a less strenuous or less hazardous position; job restructuring; light duty.
- Provision of a private, non-bathroom space for lactation.

MERRY Suzhou

Maternity check-up leave, maternity leave, breastfeeding breaks, and parental leave are provided to pregnant employees in accordance with local regulations.

Workplace Violence Prevention Plan

Taiwan HQ has formulated and implemented a Workplace Violence Prevention Plan, incorporating training courses on preventing workplace violence into new employee and current employee training programs. The CEO has signed a written statement declaring the "Prevention of Workplace Violence" and posted it on the bulletin board.

7-6 Respecting Human Rights and Employee Communication

Human Rights Due Diligence

Human Rights Policy

MERRY Electronics Co., Ltd. (hereinafter referred to as "MERRY"), as a responsible corporate citizen in the electronics industry and in adherence to the Responsible Business Alliance (RBA) commitment, fulfills its corporate social responsibility to protect the basic human rights of all employees. MERRY supports and complies with the Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labor Organization, and other international human rights conventions. MERRY prohibits any acts that infringe upon or violate human rights and explicitly declares a commitment to treating all employees with fairness and equity.

Scope of Application

MERRY's Human Rights Policy applies to MERRY and all its operating locations.

Management Principles

MERRY has established the following management principles for significant human rights issues:

- A. Prohibition of forced labor
- B. Prohibition of child labor
- C. Prohibition of all forms of discrimination and harassment
- D. Provision of fair wages and working conditions
- E. Provision of a safe and healthy work environment
- F. Respect for employees' freedom of association

Human Rights Governance

MERRY actively engages in human rights management and integrates it into daily operations to ensure respect and protection of human rights in all aspects. Our human rights governance is composed of the Board of Directors, management, and relevant organizational units. The Board of Directors and the Sustainability Development and Nomination Committee under the Board of Directors are the highest decision-making bodies on human rights. Their primary

responsibilities include formulating corporate social responsibility and sustainability development directions and goals, developing relevant management policies and specific implementation plans, and tracking and reviewing implementation progress and effectiveness. Human rights management is coordinated by the Friendly Workplace unit under the ESG Sustainable Development Promotion Team

Human Rights Education and Training

Currently, the Taiwan HQ, MERRY Shenzhen, and MERRY Vietnam conduct human rights-related education and training for new employees upon onboarding. Other operating locations will gradually incorporate human rights promotion and education into their training plans.

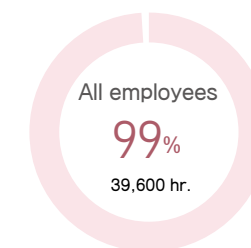
- *Statistical period: January 1, 2023 to December 31, 2023
- *Training completion rate = (Actual number of trainees at the location) / (Number of employees required to be trained at the location)
- *The training completion rate for some locations was less than 100% due to employees being on probation or taking extended leave.



MERRY Shenzhen

2023 RBA training program

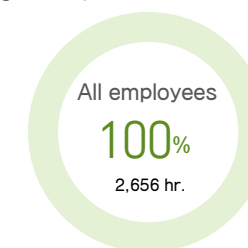
covered eight topics, including human rights and business ethics, and was conducted through 16 offline sessions totaling 13 hours.



MERRY Vietnam

2023 RBA training program

The 2023 RBA training course covered both basic and standard training, encompassing topics such as labor, ethics, environment, health and safety, and management systems (totaling 2 hours).



Human Rights Due Diligence Process

Investigation Methods

As a global leader in electroacoustic products, MERRY upholds international human rights conventions, including the Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. MERRY is committed to eradicating any human rights violations or abuses and conducts regular human rights due diligence through the following process:

Conduct regular re-investigations, produce human rights due diligence reports, and construct management strategies for improvement.

Based on the results of the investigation, establish human rights risk mitigation and remediation measures.



Collect and identify human rights risk issues applicable to Merit as the basis for assessment.

Utilize a human rights risk assessment questionnaire to quantify risk values based on the two dimensions of occurrence rate and severity, and evaluate risk levels.

Based on industry characteristics, 9 human rights risk issues related to stakeholders were identified



Freedom of
Employment



Child Labor



Working
Hours



Health and
Safety



Freedom of
Association



Humane
Treatment



Wages and
Benefits



Discrimination/
Harassment



Diversity and
Inclusion

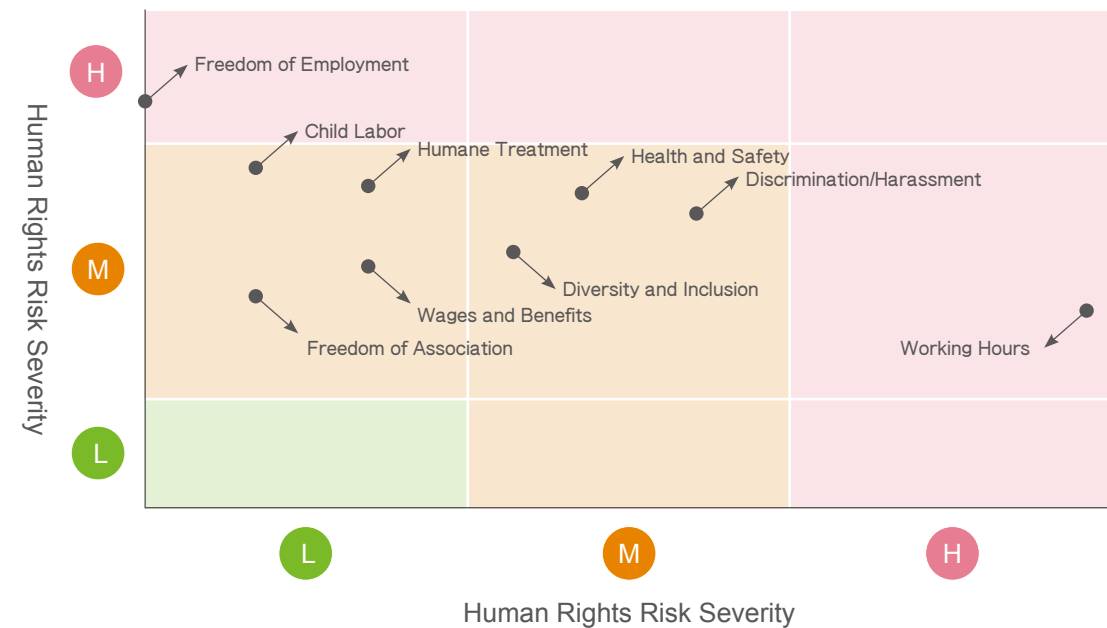
Frequency of Review

2023 marked the initial human rights due diligence assessment. Going forward, MERRY will conduct periodic reviews of its human rights management practices, with a minimum frequency of once every three years. These reviews will encompass the examination of human rights management issues, the formulation and implementation of mitigation plans, and the issuance of human rights identification reports.

Survey Coverage


The questionnaire survey primarily targeted senior executives at the Taiwan HQ, along with top executives and HR representatives from subsidiaries, as representatives of the entire workforce. Based on this criterion, 37 representatives were selected, and a total of 31 questionnaires were received, resulting in a response rate of 83.8%.




Risk Issue Identification



Human Rights Risk Mitigation and Remediation Measures

Based on the questionnaire results, none of the nine issues were identified as high risk requiring immediate action. After assessing the severity and likelihood of each human rights risk issue, the two were multiplied to calculate a relative risk score. The issues with higher risk scores are listed below and will be monitored accordingly.

		Description of Risk Issues	Mitigation and Remediation Measures
1	 Working Hours	<ul style="list-style-type: none">Daily/monthly overtime hours exceeding the legal limitWeekly working hours exceeding the legal limitFailure to comply with the statutory rest day cycle	<ul style="list-style-type: none">The attendance system will issue an "Attendance Anomaly Notification" to the employee and their direct supervisor when it detects attendance activities that do not comply with regulations, in order to promptly control potential risks.If an employee's accumulated attendance or overtime records are approaching the legal limit, an "Attendance Anomaly Reminder" will be issued to the employee and their direct supervisor.A comprehensive attendance report will be submitted to supervisors, highlighting items with working hour risks to facilitate manpower and work arrangements.In the event of any relevant incidents, internal regulations will be strictly enforced, and employees' due rights will be restored.

		Description of Risk Issues	Mitigation and Remediation Measures
2	 Discrimination/ Sexual harassment	<p>Employees experiencing any form of threats, abuse, exploitation, discrimination, etc. No appropriate response to incidents of harassment or bullying experienced by employees, or responding with a passive, indifferent attitude to issues or experiences raised by employees Lack of effective channels for employees to report problems, such as hotline phone numbers, email inboxes, or ineffective operation of related employee complaint mechanisms Lack of regular promotion and training on relevant issues and complaint channels</p>	<ul style="list-style-type: none"> From the start of the recruitment process, and except where necessary for job performance, we adhere to internal control procedures to prevent unlawful discrimination. In personnel management, we prioritize talent and suitability for the role, avoiding the use of irrelevant personal characteristics as management criteria. We provide multiple channels for reporting concerns, including the 118000 hotline and email, physical employee suggestion boxes, and labor-management meetings, ensuring employees can raise issues at any time. New employees receive training on discrimination and sexual harassment upon joining the company. If an investigation confirms a violation, corrective actions will be taken through tracking, evaluation, and supervision to rectify the offender's behavior and ensure effective disciplinary or remedial measures. We offer counseling and support, and when necessary, refer individuals to professional counseling and medical institutions.
3	 Health and safety	<p>Employees experiencing health hazards in the workplace, requiring treatment for full or partial recovery. Examples include: work-related injuries, occupational diseases, exposure to hazardous substances, and working in hazardous environments.</p>	<ul style="list-style-type: none"> Establish emergency preparedness and response procedures for major disasters: All items that may have an impact and hazard on the environment and safety should be prepared daily and respond immediately in the event of a disaster. An emergency response team is also established, and the organization, responsibilities, operating standards, and procedures of each member are formulated. Conduct fire safety, occupational safety, and health training to enhance employees' awareness of fire safety, occupational safety, and health. Regularly conduct "health checkups" and "special physical examinations" to maintain employees' health. Hire full-time nurses and contract physicians to provide employees with health consultations, guidance, and care. Conduct graded health management for new employee physical examination reports and on-the-job employee health examination reports. In addition to health guidance, proactively arrange doctor interviews. Conduct health investigations for maternal health protection, musculoskeletal disease prevention, overload prevention, and workplace illegal prevention in the workplace protection plan. For high-risk cases, arrange one-on-one medical advice and follow-up guidance from doctors. In the event of a hazard incident, provide leave and salary supplements in accordance with the law.
4	 Diversity, Equity, and Inclusion (DEI)	<ul style="list-style-type: none"> Underrepresentation of employees with disabilities Inability to embrace/include foreign cultures Unequal development due to gender bias/discrimination 	<ul style="list-style-type: none"> Complying with legal requirements for hiring a sufficient number of employees with disabilities. Paying a compensatory fee for any shortfall in the legally required number of employees with disabilities. Providing workplace accommodations that exceed legal requirements. Regularly organizing cultural awareness activities for different overseas subsidiaries. Regularly holding training sessions and seminars on gender equality and anti-discrimination.

Human Rights Due Diligence

MERRY Shenzhen

Has maintained RBA Silver certification since 2018 through proactive participation in the RBA Validated Assessment Program (VAP). The company successfully renewed its certification in 2023 following a thorough audit.

MERRY Thailand

Established an internal human rights self-assessment system in 2023, with annual assessments. The 2023 self-assessment revealed no major human rights deficiencies.

MERRY Vietnam

Achieved RBA Gold certification in 2021 through the RBA VAP. In 2023, the company voluntarily underwent another audit and maintained RBA Silver certification.

All MERRY' operating facilities adhere to local labor and employment laws, as well as international standards, prioritizing workers' rights, occupational safety, and health. We strive to maintain a safe and healthy work environment, strictly prohibiting any form of harassment or discrimination based on race, religion, color, nationality, gender, freedom of association, privacy, forced labor, child labor, or any other unethical hiring practices. Our "MERRY's Code of Business Conduct and Ethics" and related regulations, applicable to all global locations, safeguard employee rights and establish grievance channels and

disciplinary measures, while ensuring strict confidentiality for complainants. In 2023, there were no reported human rights violations. The company has developed a Human Rights Policy, presented it to the Board of Directors, and published it on the company website. Additionally, MERRY has conducted human rights due diligence.

To ensure a safe and respectful work environment across all operating facilities, MERRY provides human rights training to new employees at its Taiwan headquarters, as well as in Shenzhen and Vietnam. Other

MERRY



MERRY Shenzhen



locations are being gradually included in the human rights awareness and training program. MERRY assesses human rights risks at each operating location and has identified major manufacturing sites (Shenzhen, Thailand, Vietnam) as potentially high-risk areas. In addition to implementing relevant human rights measures, the company proactively participates in the RBA Validated Assessment Program (VAP) to strengthen human rights management at these locations and enable clients to easily access MERRY' verification results through RBA-Online.



Employee Communication

MERRY is committed to fostering diverse channels for employee communication, establishing effective two-way dialogue, and ensuring accurate and efficient dissemination of company information to strengthen labor-management relations.

Communication Channels	Goals	2023 Achievements
All Hands Meeting	Establish two-way communication channels at the operational, strategic, and implementation levels to convey current operational goals and future development directions, key policy explanations, and Q&A interactions. Through communication in these three areas, we can build team consensus, ensuring that every MERRY employee fully understands the company's goals and works together to achieve them.	Employee questions and suggestions are collected before and after each event, and corresponding answers and adjustments are made to ensure that employees fully understand the company's key operational indicators and strategies. In 2023, a total of three events were held, with an average attendance rate of 86.2% and a satisfaction rating of 4.6 (on a five-point scale).
2023 Employee Satisfaction Survey	Through opinion surveys, gather insights into employee perceptions of company culture, communication, diversity, equity, inclusion, and friendliness, and obtain feedback on company activities and policies.	The survey consisted of 10 questions, with a response rate of 70% and an overall average score of 4.3 out of 5. Among the categories, the "Friendly Workplace" aspect received the highest score, indicating that employees recognize and appreciate the company's efforts in this area, such as providing paid family care leave, organizing health activities, and offering convenient facilities. However, the scores for "Corporate Culture Communication" and "Book Club Participation" were relatively lower. In response to employee feedback, we will incorporate their suggestions into our action plan for 2024.
Annual Talent Development Needs Assessment Survey	To understand employees' needs for soft skills development, an annual survey was conducted to gather their preferences for training topics and language learning needs, serving as a reference for annual planning.	The survey, with a response rate exceeding 51%, identified employee interests and goals to guide the selection of annual soft skills training topics and language development directions.
Annual Cross-Team Collaboration Survey	<ul style="list-style-type: none"> MERRY' corporate culture values continuous improvement and innovation, and strives to create a positive impact through integrity and reliability. Therefore, we annually select outstanding cross-functional teams to recognize and encourage their achievements, using positive examples to motivate and inspire all teams. 	This survey consisted of 8 questions and utilized a voting system. Focusing on "Project Execution" and "Cross-Team Collaboration" as the two main aspects, the survey achieved a participation rate of 42%. Outstanding teams were publicly recognized and encouraged during a company-wide event. Additionally, positive feedback collected from the survey was shared with the high-performing teams. Through this initiative, we aim to foster a spirit of healthy competition and collaboration among teams, ultimately enhancing overall team performance and serving as a catalyst for the company's continued growth.

Communication Channels	Goals	2023 Achievements
Labor-Management Meetings	Through dialogue and collaboration between labor and management representatives, labor-management meetings aim to enhance communication and discussion, fostering harmonious and stable relations between both parties.	<ul style="list-style-type: none"> Four labor-management meetings are held annually to discuss and reach decisions on key quarterly activities or labor-related policies. In 2023, a total of one employee suggestion was received, and corresponding activities were organized based on this feedback.
Employee Complaints and Feedback	By allowing anonymous feedback, employees can express their concerns truthfully, enabling the company to accurately understand and address issues.	In 2023, a total of 64 employee complaints and feedback were received, covering a range of topics including policies, systems, compensation and benefits, accommodation, and more. Each complaint and feedback have been investigated and improvements have been made accordingly.

MDA Digital Assistant

To ensure employees have timely access to company information, MERRY has established the MDA Digital Assistant (MERRY Digital Assistant platform) within its mobile app system. This one-stop service platform integrates personal attendance information, various to-do lists, dining information, welfare status, and reservation services, among other functions. Employees can access it anytime on their computers, mobile phones, or tablets, achieving truly seamless and barrier-free information delivery.

HR Partner Zone-HR is always here for you!

In 2023, the HR Partner Zone was established on the employee website, featuring eight main thematic sections, including "Newcomers Set Sail GO", "HR Bulletin Board", and the "Employee Suggestion Box". "Newcomers Set Sail GO" is specifically designed to provide friendly information for new employees to help them adapt to their new work environment smoothly. The "HR Bulletin Board" allows employees to access the latest company news promptly. The "Employee Suggestion Box" collects employee opinions and suggestions for the company to better improve and enhance the employee work experience. The HR Partner Zone integrates both systemic and procedural information, providing employees with a comprehensive digital platform for easy access to various relevant information.



Proactively Thinking for Others



Volunteer hours
6,669 hours

Total contribution of
\$16.95 million (NTD)

Micro Hearing Loss
Initiative Exposed
78,000 Times

Consecutively organized
for 14 years
A total of 93 winners

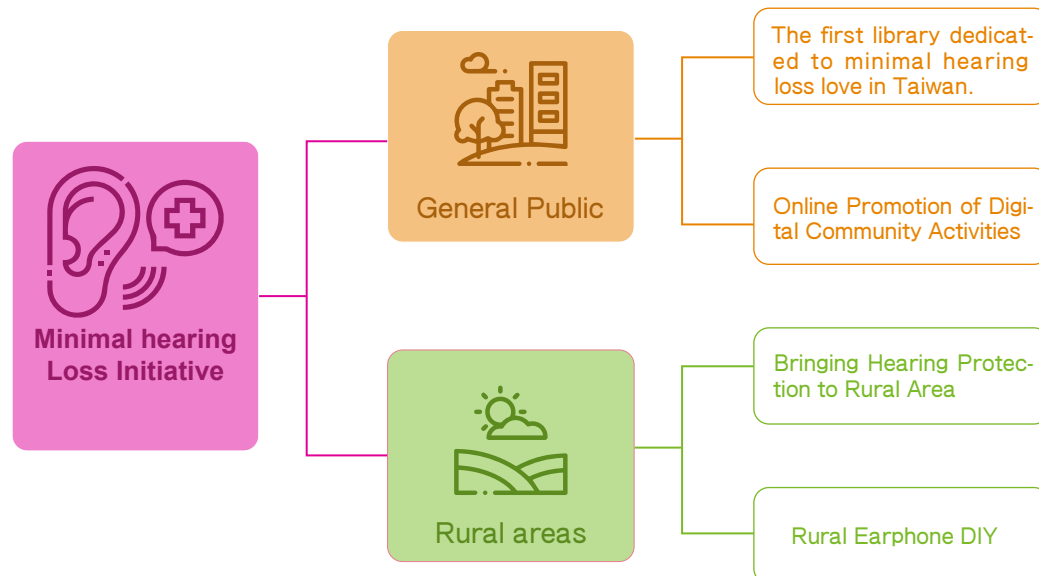


8-1 Minimal hearing Loss Initiative

Since 2015, the World Health Organization (WHO) has initiated the "Make Listening Safe" advocacy campaign, aiming to create a world where people of all ages can enjoy leisure listening without risking hearing damage, thus changing listening habits and behaviors. Data indicates that over 1 billion people are at risk of hearing loss due to unsafe recreational listening behaviors. In 2023, with the increasing popularity of esports globally, there has been a rise in situations where individuals are exposed to high-volume environments for extended periods, leading to severe hearing health issues. To address this public health concern, the International Telecommunication

Union (ITU) and the World Health Organization (WHO) are considering launching a leading policy on safe listening.

MERRY, as a leader in the production of high-end and gaming headsets, has been focusing on the area of micro-listening loss advocacy since 2021. Starting from 2023, MERRYn has expanded its focus globally beyond its expertise in sound education, paying attention to other hearing-impaired children worldwide. It has also invited stakeholders across the value chain to join efforts in addressing the issue of Minimal Hearing loss, thereby expanding its influence.



The first Minimal hearing Love Library in Taiwan, establishing correct concepts about minimal hearing loss.

Expected to benefit nearly **5,400** students

MERRY recognizes that current hearing health education in Taiwan mostly focuses on attitude and health education, lacking scientific education. Therefore, in 2023, MERRY sponsored the Reading Culture Foundation to establish a library at Situn Elementary School in Taichung City, primarily featuring hearing-friendly and sound-related selections. It is also the first Micro-hearing Love Library in Taiwan. Through the mechanism of classroom shared reading, it is expected to benefit nearly 5,400 students annually. Additionally, teacher sharing sessions will be held to help frontline educators understand the importance of hearing health.



MERRY's Chairman, Liao Luli (second from the left), and President, Huang Chaofeng (third from the left), receiving a certificate of appreciation from Principal Peng Weifeng (first from the left) of Xitun Elementary School.

In 2024, MERRY will continue its efforts by establishing a Minimal hearing Loss Volunteer Team to conduct hearing protection activities at schools, leading children in the fight for hearing protection.

Extending from the first domestically produced hearing protection educational material "Hearing Protection Battle" based on acoustics in collaboration with the Department of Speech Language Pathology and Audiology, Chung Shan Medical University and National Taichung University of Education Department of Special Education in 2021

Online Promotion of Digital Community Activities, Engaging with Younger Audiences

43,275 persons reached | 77,746 persons exposed

MERRY has long been advocating for issues related to minimal hearing loss, urging the public to address hearing damage caused by recreational hearing products. In 2023, MERRY aired public service advertisements on minimal hearing loss on classical music channels and conducted online advocacy on related topics through social media platforms. Additionally, a Q&A game was organized on Facebook, with winners receiving MERRY headset. The posts reached a total of 43,275

individuals and achieved exposure to 77,746 individuals, with a total of 5,245 interactions.

Based on the "World Hearing Report" and the results of MERRY's survey on listening habits, the target audience was set between the ages of 20 to 55. Ultimately, more engagement was seen from younger demographics, reflecting their openness to new knowledge and their concern for headset products.

Hearing Protection Love Reaches Rural Areas, Noise-Canceling Headsets Assist Teachers in Management

Benefited 18 schools | Donated 198 units | Total market value of about \$650,000

In recent years, the urban-rural disparity in digital education in Taiwan has gradually eased. However, due to a lack of resources, rural areas face issues with outdated hearing products (such as headsets) in computer classrooms, leading to hearing damage problems (e.g., prolonged use of old headsets causing minimal hearing loss) or an inability to replace them due to limited funds. Upon learning about this need from the Denei Foundation, MERRY donated a total of 178 pairs of hearing protection headsets to rural areas,

receiving praise from teachers. The Bluetooth noise-canceling headsets for hearing protection adjust safe listening hours based on music decibels and actively reduce noise, guiding children towards proper listening habits.

A total of 18 schools benefited from this initiative. MERRY donated 178 pairs, totaling approximately 650,000 NT dollars at market price.

Teachers at beneficiary schools expressed their gratitude, stating, "When children use headsets, it's difficult for teachers to control the volume. MERRYn's donated hearing protection headsets keep the decibels within 85, not only protecting their hearing in class but also helping them understand the volume of 85 decibels. This enables children to adjust the volume when using headsets at home, fostering habits of lowering volume! It's both practical and educational, and we're very grateful!"



Rural Earphone DIY: Letting Children See Sound

To bridge the urban-rural gap, Merry collaborated with the Innovation and Creativity Research Center at National Chengchi University this year to sponsor rural primary schools to visit MERRY's research and development headquarters and participate in the "Little Sound Engineer" experiential camp hosted by the LuLe Platform. In addition to visiting the multimillion-dollar anechoic chamber and participating in Earphone DIY courses, the camp arranged a series of "Seeing Sound" experiential activities to allow children to feel the energy of sound. The hope is to involve more companies in providing in-depth science education across various fields to rural children. The first collaboration with ChaoYang Elementary School in 2023 received enthusiastic responses.



Teacher Feedback: We're extremely grateful for this opportunity to visit MERRY and would like to book future events directly!



Children's Feedback: I've never used a soldering iron before. With the guidance of my older siblings, I learned how earphones are assembled. It's amazing that the earphones I made actually produce sound! It feels magical inside the anechoic chamber!

"Listening Joyful Reading" Hearing Impaired Children's Picture Book Shared Reading Program

organized **10** events, reaching a total of **240** individuals

MERRY, in collaboration with the Reading Culture Foundation and the Department of Speech Therapy and Audiology at Chung Shan Medical University, assists hearing-impaired children in early literacy development to enhance their reading and writing abilities. In 2023, they organized 10 events, reaching a total of 240 individuals.

Focusing on vulnerable hearing-impaired children to leverage brand influence

MERRY encourages the entire group to address local hearing issues and have a greater impact. One of its affiliated companies, Ouida, a hearing aid brand in China, recognized the hearing issues faced by vulnerable groups and donated nearly NT 10 million worth of hearing aids to social welfare organizations in Henan Province in 2023.



8-2 Promotion of Electroacoustic Education

Sound perception is an essential aspect, and since 2006, MERRY has recognized the lack of resources and difficulty in talent cultivation in the domestic electroacoustic education sector. MERRY has proactively invested resources to foster talent for the sustainable development of the industry. In 2023, in addition to sponsoring school equipment, MERRY continued to deepen its involvement in electroacoustic education.

The only Electroacoustic Thesis Award in Taiwan, with the first participation from the Institute of Biomedical Informatics and Biomedical Engineering

Since 2010, MERRY has been investing over a million NT dollars annually to host the "Electroacoustic Thesis Award" selection event. In 2023, it marked the 14th year of this event. With the development of telemedicine, teleconferencing, and automotive electronics, more people are awakening to new perspectives on the electroacoustic industry. This liberation of electroacoustics from acoustic devices allows its application in various industries. From 2010 to 2023, a total of 93 outstanding newcomers have been awarded the Electroacoustic Thesis Award. The award-winning students, their advising professors, and the evaluation committee members are all prominent figures in the domestic acoustics-related fields. Students from various departments, including Mechanical Engineering, Electrical Engineering, Electronics, Communication, Shipbuilding Engineering, Electro-

acoustics, Audiology, Acoustics, Civil Engineering, Aerospace Engineering, Mechanics, Materials Science, Architecture, and Environmental Science, can participate by submitting excellent theses related to acoustics at the master's or doctoral level, competing for substantial cash prizes. In 2023, for the first time, students from the Institute of Biomedical Informatics and Biomedical Engineering were nominated.



MERRY has been investing in electroacoustic industry experts and donating top-notch equipment to cultivate front-end technical talents.

MERRY recognizes the close relationship between electroacoustics and human life. However, the systematic cultivation of domestic electroacoustic talents is relatively lacking. To address this gap, MERRY collaborated with Feng Chia University to establish the "Master's Program in Electroacoustics" in 2006, the first program in Taiwan dedicated to the field of electroacoustics. MERRY donated equipment to help establish the internationally renowned "MERRY Electric Acoustic Laboratory (MEA Lab)," which officially commenced operations in 2008. This lab is the first collaborative electroacoustic laboratory in the country, equipped with both full and semi-anechoic chambers.

MERRY and Feng Chia University have maintained a long-term close cooperation in talent cultivation and research and development. MERRY's chairman and relevant executives continue to serve as industry mentors. In 2023, a total of 11 courses were offered at

Feng Chia University, covering topics such as acoustics and its applications, innovative development processes for electroacoustic technology products, enterprise organizational operations, headset design and testing, and the promotion of corporate social responsibility (CSR) extended to environmental, social, and governance (ESG) practices, aiming for mutual benefit.

In 2023, MERRY also sponsored Feng Chia University in researching and developing the miniaturization of TWS (True Wireless Stereo) antennas, hoping to accelerate research and product development in the field of electroacoustics through mutual collaboration. This initiative aims to cultivate more outstanding talents in electroacoustics. The total expenditure for this sponsorship was 1 million Taiwanese dollars. MERRY also looks forward to providing more innovative industry-academia collaboration projects in the future to create mutual success.

8-3 Volunteer activities

Total number of global volunteer
hours **6,669**

MERRY has a total of 18 global locations, committed to inspiring employees worldwide to implement the 17 Sustainable Development Goals (SDGs) and make an impact. It promotes the global MERRY SDGs Awards and in 2023, the total global volunteer hours amounted to 6,669, with 984 hours contributed in Taiwan. The Taiwan HQ offers two days of paid volunteer leave annually and encourages employees to actively participate in social welfare activities. Through diverse volunteer opportunities, it provides service opportunities to meet various volunteer needs.

Accompanied by suppliers, MERRY participated in the community revitalization project at the "Food Forest" village in Jiangjun, Hsinchu

MERRY's Hsinchu plant is situated near the Jiangjun Village, and in 2023, as part of efforts to emulate the low-carbon design of natural forests and promote community prosperity, as well as to enhance employees' awareness of biodiversity, MERRY and its suppliers ventured together to Jiangjun Village. Before the official opening, certified

teachers from the International Society of Arboriculture (ISA) led volunteers in the park to create signage for the food forest. Together with suppliers, they shaped a shared vision for life and constructed a sense of community, working diligently for the same plot of land.



Employees placed the painted plant species signs outdoors.



Employees painted signs and shared their artwork with each other.

Volunteer feedback:

Supplier feedback on participation: It was very meaningful to participate in the community redevelopment activities together with MERRY !

Employee:

This is the first time I've recognized so many plants. It's fun to see the signs I made in the park!



Source: Intelligent City of Hsinchu

General Village Profile

General Village, once home to high-ranking officers of the Army's Kinmen Defense Command—known as the "Home of a Hundred Stars"—has now transformed into a historical settlement. While preserving precious historical memories and unique ways of life, it has also become a new face of military dependents' villages in Hsinchu City. MERRY s, through volunteer activities, allows employees to connect with the community and contribute to its well-being.



Senior executives from the headquarters participated in a creek cleaning activity at Dongda Creek.

Dongda Creek is a waterway situated on the southern side of Tunghai University, bordering Taichung Industrial Park. Its downstream merges with Nanbian Creek before flowing into Fazih Creek. Taiwan HQ is located within Taichung Industrial Park. To enhance senior executives' awareness of the community environment and emulate the successful experience of Taichung City Government and Tunghai

University's forward-looking construction projects, they embarked on a creek cleaning and ecological environment education initiative at Dongda Creek. The Deputy Director of Tunghai University's Environmental Protection and Safety Center personally led the creek cleaning efforts. Participants also visited the micro-hydropower generator and carbon-neutral park, accumulating a total of 264 volunteer service hours.



Volunteer Feedback

Participating Executive Feedback: This concept should be shared with more employees and potentially extended to our global factories. In our busy lives, we rarely have the opportunity to understand our connection with society. This activity was very meaningful. In the carbon-neutral park, I learned about using AIOT to achieve carbon reduction. This concept should be gradually expanded to MERRY' global factories.



Joined forces with our brands for a beach cleanup and educational training on exploring intertidal wetlands.

In 2023, MERRY partnered with hearing aid brand Fulling Hearing Aid to clean up the beach near Changhua Natural Ecology Education Park and explore the intertidal zone, accumulating a total of 240 volunteer hours.



MERRY Electronics and Fullen Hearing Aid conducted a beach cleanup at Changhua Natural Ecology Education Park.



Volunteered at Mon En Hearing Impaired Bakery to assist the hearing-impaired community with gift packaging before the Mid-Autumn Festival.

MERRY with its long-term focus on hearing loss issues, learned that Mon En Hearing Impaired Bakery was short of packaging staff before the Mid-Autumn Festival. Therefore, it gathered volunteers to assist with the packaging of festive gift boxes, accumulating a total of 176 volunteer hours.



Volunteers diligently packaged pastries.



A volunteer team led by the CFO assisted with Mid-Autumn Festival shipments at Mon En Bakery.



Volunteers diligently packaged pastries.



8-4 Care for Local Communities

From online to offline, spreading the stories of ordinary people - "Taiwan's Happiness Symphony"

Since 2004, MERRY has sponsored the production of "Taiwan's Happiness Symphony" on Classic FM. It has been 20 years now, consistently highlighting the stories of ordinary heroes who have quietly dedicated themselves to Taiwan and its people. The program aims to inspire people with the uplifting power of these wonderful stories, fostering a sense of civic responsibility and building a better society together. In 2023, "Taiwan's Happiness Symphony" focused on the Sustainable Development Goals (SDGs), featuring seven main themes that align with SDG 1, SDG 2, SDG 3, SDG 10, SDG 11, SDG 14, SDG 15, and SDG 17. A total of 24 interviewees were featured, resulting in 78 written articles.

Program Information for "Taiwan's Happiness Symphony"



Broadcasted on Classic
Taichung FM97.7 | Taipei FM91.3
airing daily at 09:50 and 14:50



Available
for online
streaming



Podcast

From Online to Physical - Extending Happiness to Children with Hearing Loss

For nearly 20 years, MERRY has sponsored "Taiwan's Happiness Symphony," featuring numerous high-quality Taiwanese businesses. In 2023, we selected eight environmentally friendly businesses and organized the "Festival of Kindness" at MERRY HQ just before Christmas. This event aimed to encourage employees to support local products and invited suppliers to participate in online pre-orders. Together, we created a total revenue of NT\$170,000 for the businesses. Additionally, MERRY donated 10% of this amount to the Little Snail Foundation in Taichung City.



Long-term Promotion of Reading Culture in Taiwan

MERRY sponsors the "Taiwan Reading Culture Foundation," with the "Library of Love" as its core, for the long-term systematic promotion of reading culture. The goal is to promote reading and advance educational projects such as teacher training, adaptive teaching, and classical music promotion lectures.

Discovering Talents, Becoming Children's Bo Le" Lecture Series

Conveys the concept of "multiple intelligences, adaptive teaching, providing teachers and parents with methods to discover talents and diverse teaching and parenting approaches. This allows each child to develop their strengths according to their talents. In 2023, a total of 10 sessions were held, impacting 453 participants.

"Real-life Inspiration" Touring Lectures

In collaboration with the National Taiwan Symphony Orchestra, indoor chamber music performances are presented to sow the seeds of music into campuses. Through chamber music performances, children are led to immerse themselves in the beautiful world of classical music. This also brings a close-up music feast to rural children who have never been to a concert hall. In 2023, 42 events were held, with 8,043 participants.

Lin Jiawei Classical Guitar Solo Concert :

Through small-scale solo concerts, children's interest in classical guitar is ignited, making classical music more accessible. The concerts visited 25 schools, with 4,025 participants.

Appendix



9-1 Data Related to Human Resources

2023 Employee statistics																	
	Indefinite Contract				Fixed-term contract employees				Full-time employees				Part-time employees				Total
	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	
MERRY HQ	358	46.49%	403	52.34%	4	0.52%	5	0.65%	362	47.01%	408	52.99%	0	0%	0	0%	770
Shenzhen	0	0%	0	0%	1,143	34.55%	1,170	35.37%	284	12.28%	395	17.08%	859	37.14%	775	33.51%	2,313
Thailand	574	55.25%	465	44.75%	0	0%	0	0%	574	55.25%	465	44.75%	0	0%	0	0%	1,039
Vietnam	0	0%	0	0%	1,061	77.56%	307	22.44%	1,061	77.56%	307	22.44%	0	0%	0	0%	1,368
USA	1	11.11%	8	88.89%	0	0%	0	0%	1	11.11%	8	88.89%	0	0%	0	0%	9
Singapore	13	26.00%	37	74.00%	0	0%	0	0%	13	26.00%	37	74.00%	0	0%	0	0%	50
Hong Kong	5	45.45%	4	36.36%	2	18.18%	0	0%	6	54.55%	4	36.36%	1	9.09%	0	0%	11
Suzhou	35	27.13%	25	19.38%	17	13.18%	11	8.53%	52	59.09%	35	39.77%	0	0.00%	1	1.14%	88
Fulicare & AST	0	0%	0	0%	160	62.02%	98	37.98%	160	62.02%	98	37.98%	0	0%	0	0%	258
Canada	1	4.35%	22	95.65%	0	0%	0	0%	1	4.35%	22	95.65%	0	0%	0	0%	23
SEAS	12	42.86%	16	57.14%	0	0%	0	0%	12	42.86%	16	57.14%	0	0%	0	0%	28
Malaysia	2	33.33%	4	66.67%	0	0%	0	0%	2	33.33%	4	66.67%	0	0%	0	0%	6
Total	1,001	16.79%	984	16.50%	2,387	40.03%	1,591	26.68%	2,528	42.39%	1,799	30.17%	860	14.42%	776	13.01%	5,963
Note: Regular employees are referred to as indefinite contract employees or permanent employees. Contract employees are referred to as fixed-term contract employees or temporary employees. The company does not have employees without guaranteed hours. Full-time employees are salaried employees. Part-time employees are hourly employees.																	

The number of non-employees in 2023

8

1,049

25

25

0

1

1

44

3

0

0

1

1,157

The number of non-employees includes dispatch (only in Shenzhen, Suzhou MERRY), security, cleaning, or restaurant personnel.

2023 New Employees Statistics

	Female		Male		Under 30		31-50		Over 50		New Employees	
	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%
MERRY HQ	52	6.75%	58	7.53%	51	6.62%	56	7.27%	3	0.39%	110	14.29%
Shenzhen	610	26.37%	871	37.66%	779	33.68%	702	30.35%	0	0.00%	1481	64.03%
Thailand	205	19.73%	192	18.48%	319	30.70%	72	6.93%	6	0.58%	397	38.21%
Vietnam	954	69.74%	264	19.30%	819	59.87%	399	29.17%	0	0.00%	1218	89.04%
USA	0	0%	0	0%	0	0%	0	0.00%	0	0.00%	0	0.00%
Singapore	4	8.00%	9	18.00%	3	6.00%	4	8.00%	6	12.00%	13	26.00%
Hong Kong	0	0%	0	0%	0	0%	0	0.00%	0	0.00%	0	0.00%
Suzhou	3	3.41%	3	3.41%	0	0.00%	5	5.68%	1	1.14%	6	6.82%
Fulicare & AST	106	41.09%	38	14.73%	55	21.32%	89	34.50%	0	0.00%	144	55.81%
Canada	1	4.35%	5	21.74%	2	8.70%	2	8.70%	2	8.70%	6	26.09%
SEAS	0	0%	0	0%	0	0%	0	0.00%	0	0.00%	0	0.00%
Malaysia	2	33.33%	6	100.00%	4	66.67%	3	50.00%	1	16.67%	8	133.33%
Total	1937	32.48%	1446	24.25%	2032	34.08%	1332	22.34%	19	0.32%	3383	56.73%

Annual new hire rate = Number of new employees in the gender (age group) in the current year ÷ Total number of employees at the end of the year.

2023 Employee Turnover Statistics

	Female		Male		Under 30		31-50		Over 50		Employee Turnover	
	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%
MERRY HQ	58	7.53%	60	7.79%	37	4.81%	70	9.09%	11	1.43%	118	15.32%
Shenzhen	696	30.09%	894	38.65%	777	33.59%	811	35.06%	2	0.09%	1590	68.74%
Thailand	80	7.70%	84	8.08%	103	9.91%	59	5.68%	2	0.19%	164	15.78%
Vietnam	724	52.92%	232	16.96%	572	41.81%	384	28.07%	0	0%	956	69.88%
USA	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Singapore	2	4.00%	6	12.00%	1	2.00%	6	12.00%	1	2.00%	8	16.00%
Hong Kong	1	9.09%	0	0%	0	0%	0	0%	1	9.09%	1	9.09%
Suzhou	2	2.27%	0	0.00%	1	1.14%	1	1.14%	0	0%	2	2.27%
Fulicare & AST	80	31.01%	41	15.89%	50	19.38%	68	26.36%	3	1.16%	121	46.90%
Canada	1	4.35%	2	8.70%	2	8.70%	0	0%	1	4.35%	3	13.04%
SEAS	5	17.86%	1	3.57%	0	0%	4	14.29%	2	7.14%	6	21.43%
Malaysia	0	0%	2	33.33%	1	16.67%	0	0%	1	16.67%	2	33.33%
Total	1649	27.65%	1322	22.17%	1544	25.89%	1403	23.53%	24	0.40%	2971	49.82%

*Annual turnover rate = Number of employees who left (by gender and age) in the current year ÷ Total number of employees (by gender and age) at the end of the current year

Total Number of Employees by Job Level and Gender Over the Years					
		2020	2021	2022	2023
Executive Management	Female	2	3	3	3
	Male	10	7	7	7
Non-Executive Management	Female	83	100	105	122
	Male	219	217	196	235
Engineers	Female	214	192	189	287
	Male	743	583	587	696
Administrative Staff	Female	623	730	637	564
	Male	310	276	196	208
Direct Labor	Female	3,688	2,528	1,996	2,412
	Male	3,926	1,432	1,323	1,429
*2023 saw an increase in statistics compared to other years, including Fulicare & AST, Austar, MERRY North America, SEAS, and MERRY Malaysia.					

Total number by Job Level and Age Over the Years					
		2020	2021	2022	2023
Executive Management	Under 30	0	0	0	0
	31-50	4	4	3	2
	Over 50	8	6	7	8
Non-Executive Management	Under 30	5	7	4	5
	31-50	256	269	246	290
	Over 50	41	41	51	62
Engineers	Under 30	323	236	196	284
	31-50	622	522	557	663
	Over 50	12	17	23	36
Administrative Staff	Under 30	330	446	292	209
	31-50	553	526	506	531
	Over 50	50	34	35	32
Direct Labor	Under 30	5,085	2,146	1,526	1,828
	31-50	2,517	1,798	1,770	1,978
	Over 50	12	16	23	35
*2023 saw an increase in statistics compared to other years, including Fulicare & AST, Austar, MERRY North America, SEAS, and MERRY Malaysia.					

Total Number of Employees Hired Over the Years						
			2020	2021	2022	2023
Total			9,818	6,068	5,239	5,963
Gender	Headcount	Female	4,610	3553	2930	3388
		Male	5,208	2515	2309	2575
	%	Female	46.95%	58.55%	55.93%	56.82%
		Male	53.05%	41.45%	44.07%	43.18%
Age	Headcount	Under 30	5,743	2835	2018	2326
		31-50	3,952	3119	3082	3464
		Over 50	123	114	139	173
	%	Under 30	58.49%	46.72%	38.52%	39.01%
		31-50	40.25%	51.40%	58.83%	58.09%
		Over 50	1.25%	1.88%	2.65%	2.90%
*2023 saw an increase in statistics compared to other years, including Fulicare & AST, Austar, MERRY North America, SEAS, and MERRY Malaysia.						
Yearly Statistics of Female Employees						
Category			2021	2022	2023	
Female Employee Ratio			58.55%	55.93%	56.82%	
Female Senior Executives Ratio			23.89%	26.79%	30.99%	
Female Middle Managers Ratio			35.51%	39.20%	36.00%	
Female Sales Managers Ratio			N/A	N/A	60.87%	
Female in STEM positions Ratio			24.77%	24.36%	23.05%	

Total Number of Employees of Contract Type over the Years					
		2020	2021	2022	2023
Indefinite Contract	Female	848	713	876	1,001
	Male	700	640	827	984
	Total	1,548	1,353	1,703	1,985
Fixed-term contract	Female	2,626	2,840	2,054	2,387
	Male	2,358	1,875	1,481	1,591
	Total	4,984	4,715	3,535	3,978
Dispatch Worker	Female	1,136	375	101	355
	Male	2,150	537	98	681
	Total	3,286	912	199	1,036
Full-time employee	Female	2,204	1,264	2,018	2,528
	Male	1,941	1,838	1,541	1,799
	Total	4,145	3,102	3,559	4,327
Part-time employee	Female	2,406	905	912	860
	Male	3,267	677	768	776
	Total	5,673	1,582	1,680	1,636
*2023 saw an increase in statistics compared to other years, including Fulicare & AST, Austar, MERRY North America, SEAS, and MERRY Malaysia. *2020 Employee Statistics Including Dispatch Workers					

Annual Turnover Rate by Location					
	2020	2021	2022	2023 (Total)	2023(Voluntary)
Overall Turnover Rate	235.03%	65.18%	98.76%	49.82%	49.20%
MERRY HQ	23.80%	26.62%	23.18%	15.32%	14.03%
Shenzhen	334.29%	101.54%	118.27%	68.74%	68.74%
Thailand	27.08%	104.47%	28.09%	15.78%	15.78%
Vietnam	13.13%	35.77%	177.64%	69.88%	69.88%
USA	0%	44.44%	11.11%	0%	0%
Singapore	31.82%	20.45%	20.00%	16.00%	16.00%
Hong Kong	8.33%	8.33%	0%	9.09%	9.09%
Suzhou	47.40%	18.25%	35.77%	2.27%	2.27%
Fulicare & AST	未統計	未統計	未統計	46.90%	37.98%
Canada	未統計	未統計	未統計	13.04%	13.04%
SEAS	未統計	未統計	未統計	21.43%	7.14%
Malaysia	未統計	未統計	未統計	33.33%	33.33%
*Voluntary turnover rate statistics began in 2023. *2020 employee statistics include dispatch workers.					

9-2 Management System Verification

Standard	Taiwan HQ	Merry Shenzhen	Merry Vietnam	Merry Thailand	Suzhou Merry	AST
Quality management						
ISO 9001:2015	2024-07-12	2026-11-12	2026-10-29	2025-03-24	2026-10-12	2024-07-04
Labor, environment, ethics, health and safety						
RBA		2025-04-20	2025-07-13			
ISO 45001:2018	2024-09-28	2026-11-29	2026-10-29			2024-07-04
Environment						
ISO 14001:2015		2024-11-17	2024-01-04	2024-12-24		2024-07-04
IECQ-QC080000:2017		2026-01-21	2026-10-29			
ISO 14064-1:2018	2023	2023	2023			
ISO 50001:2018	2025-11-06	2023-12-01				
SONY GP/ASUS GP	2027-02-28	2023-04-30				
Intellectual Property Rights						
Taiwan Intellectual Property Management System (TIPS)	2024-12-31					
GB/T 29490-2013		2027-01-22				
Information Security						
ISO 27001:2013	2024-12-06	2025-11-23	2025-11-16			

Note: Dates listed are certification expiry dates.

9-3 GRI Content Index

GRI Statement of Use

Statement of Use	MERRY has prepared this report in accordance with the GRI Standards for the period from January 1, 2023, to December 31, 2023.
GRI Standards Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	N/A

GRI 2: General Disclosures 2021

	Disclosure Item	Corresponding chapters in the report	Page	Description
The organization and its reporting practices				
2-1	Organizational Details	2.1 About MERRY	36	
2-2	Entities Included in the Organization' s Sustainability Report	About This Report	4	
		9.10 Supplementary explanation of Boundaries	175	
2-3	Reporting Period, Frequency and Contact Person	About this Report	4	
2-4	Restatement of Information	About this Report	4	There is no restatement of information for the current year.
2-5	External Assurance	About this Report	4	
		9.11 Assurance Statement	177	
Activities and workers				

	Disclosure Item	Corresponding chapters in the report	Page	Description
2-6	Activities, Value Chain and Other Business Relationships	2.1 About MERRY	36	
		2.3 Product Introduction	40	
		2.4 Value Creation Process	41	
		5.1 Sustainable Supply Chain	70	
2-7	Employees	7.1 Attracting and Retaining Talent	106	
		9.1 Data Related to Human Resources	153	
2-8	Workers who are not employees	7.1 Attracting and Retaining Talent	106	
		7.4 Safe Workplace	126	
		9.1 Data Related to Human Resources	153	
Governance				
2-9	Governance Structure and Composition	1.1 Sustainability Policy and Operations	16	
		3.1 Governance Structure	47	
		website		
2-10	Nomination and selection of the highest governance body	3.1 Governance Structure	47	
		website		
2-11	Chair of the highest governance body	3.1 Governance Structure	47	The Chairman of the Board does not concurrently hold a senior management position.

指標	Disclosure Item	Corresponding chapters in the report	Page	Description
2-12	Role of the highest governance body in overseeing the management of impacts	3.1 Governance Structure	47	A Remuneration Committee has been established.
2-13	Delegation of responsibility for managing impacts	1.1 Sustainability Policy and Operations	16	
		1.4 Management Approach for Material Topics	28	
2-14	Role of the highest governance body in sustainability reporting	About This Report	4	
2-15	Conflicts of interest	3.1 Governance Structure	47	
2-16	Communication of critical concerns	3.1 Governance Structure	47	
2-17	Collective knowledge of the highest governance body	3.1 Governance Structure	47	
		website		
2-18	Evaluation of the performance of the highest governance body	3.1 Governance Structure	47	
		website		
2-19	Remuneration policy	3.1 Governance Structure	47	A Remuneration Committee has been established.
		website		
2-20	Process to determine remuneration	3.1 Governance Structure	47	
		website		
2-21	Annual total compensation ratio	3.1 Governance Structure	47	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Message from the Chairman	14	
2-23	Policy Commitments	1.4 Analysis and Identification of Material Issues	28	

指標	Disclosure Item	Corresponding chapters in the report	Page	Description
2-23	Policy Commitments	3.1 Governance Structure	47	A Remuneration Committee has been established.
		3.2 Integrity and Legal Compliance	53	
		6.1 Environmental Protection Policy and Commitments	82	
		7.4 Safe Workplace	126	
		7.6 Respecting Human Rights and Employee Communication	136	
2-24	Embedding policy commitments	3.2 Integrity and Legal Compliance	53	
		5.1 Sustainable Supply Chain	70	
		6.1 Environmental Protection Policy and Commitments	82	
		7.4 Safe Workplace	126	
		7.6 Respecting Human Rights and Employee Communication	136	
2-25	Processes to Remediate Negative Impacts	1.4 Analysis and Identification of Material Issues	28	A Remuneration Committee has been established.
		3.2 Integrity and Legal Compliance	53	
		7.6 Respecting Human Rights and Employee Communication	136	
2-26	Mechanisms for Seeking Advice and Raising Concerns	1.4 Analysis and Identification of Material Issues	28	
2-27	Compliance with laws and regulations	3.2 Integrity and Legal Compliance	53	

2-28	Membership associations	2.1 About MERRY	36	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	1.2 Stakeholder Engagement	18	
2-30	Collective Bargaining Agreement	-		No collective bargaining agreement has been signed.

GRI 3: Material Topics 2021

Indicator	Disclosure Item	Corresponding chapters in the report	Page	Description
3-1	Process to Determine Material Topics	1.3 Analysis and Identification of Material Issues	22	
3-2	List of Material Topics	1.3 Analysis and Identification of Material Issues	22	
Material Topic 1: Economic Performance				
		Goals and Progress	6	
3-3	Management of Material Topics	1.4 Management Approach of Material Issue	28	
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	2.5 Financial Performance	44	
201-2	Financial implications and other risks and opportunities due to climate change	6.2 Climate-related Financial Disclosures (TCFD)	87	
201-4	Financial assistance received from government	2.5 Financial Performance	44	
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	5.1 Sustainable Supply Chain	70	

Indicator	Disclosure Item	Corresponding chapters in the report	Page	Description
Material Topic 2: Innovation Management				
		Goals and Progress	6	
3-3	Management of Material Topics	1.4 Management Approach of Material Issue	28	
Custom Topics				
IM-1	Energy-saving design/recycled materials/material saving	4.1 Sustainable Design and Innovation Management	63	
Material Topic 3: Quality Management				
		Goals and Progress	6	
3-3	Management of Material Topics	1.4 Management Approach for Material Topics	28	
Custom Topics				
QM-1	Quality Management	5.3 Quality Management and Customer Service Optimization	78	
QM-2	Customer Service	5.3 Quality Management and Customer Service Optimization	78	
Material Topic 4: Sustainable Supply Chain				
		Goals and Progress	6	
3-3	Management of Material Topics	1.4 Management Approach of Material Issue	28	
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	5.1 Sustainable Supply Chain	70	
308-2	Negative environmental impacts in the supply chain and actions taken	5.1 Sustainable Supply Chain	70	

Indicator	Disclosure Item	Corresponding chapters in the report	Page	Description
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	5.1 Sustainable Supply Chain	70	
414-2	Negative social impacts in the supply chain and actions taken	5.1 Sustainable Supply Chain	70	
Material Topic 5: Product Responsibility				
		Goals and Progress	6	
3-3	Management of Material Topics	1.4 Management Approach of Material Issue	28	
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	5.2 Green Product Management	76	
416-2	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	5.3 Quality Management and Customer Service Optimization	78	
GRI 417: Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling	5.2 Green Product Management	76	No incidents of non-compliance.
Material Topic 6: Attracting and Retaining Talent				
		Goals and Progress	6	
3-3	Management of Material Topics	1.4 Management Approach of Material Issue	28	
GRI 201: Economic Performance 2016				
201-3	Defined benefit plan obligations and other retirement plans	7.2 Remuneration and Benefits	110	

Indicator	Disclosure Item	Corresponding chapters in the report	Page	Description
GRI 202: Market Presence 2016				
202-1	Ratio of standard entry level wage by gender compared to local minimum wage	7.2 Remuneration and Benefits	110	
202-2	Proportion of senior management hired from the local community	<ul style="list-style-type: none"> Taiwan: 100% China Factory: 91% Asia-Pacific Factory and Office: 57% Note: Senior management is defined as manager level and above, local is defined by nationality 		
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	7.1 Attracting and Retaining Talent	106	
		9.1 Data Related to Human Resources	153	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	7.2 Remuneration and Benefits	110	
401-3	Parental leave	7.2 Remuneration and Benefits	110	
GRI 405: Diversity and Equal Opportunity 2016				
		3.1 Governance Structure	47	
405-1	Diversity of governance bodies and employees	7.1 Attracting and Retaining Talent	106	
		9.1 Data Related to Human Resources	153	
405-2	Ratio of basic salary and remuneration of women to men	7.2 Remuneration and Benefits	110	
Material Topic 7: Information Security				

Indicator	Disclosure Item	Corresponding chapters in the report	Page	Description
3-3	Management of Material Topics	Goals and Progress	6	
		1.4 Management Approach of Material Issue	28	
Custom Topics				
IS-1	Information Security Management Focus	3.4 Information Security Management	58	
IS-3	Information Security Education and Training	3.4 Information Security Management	58	
Material Topic 8: Climate Strategy				
3-3	Management of Material Topics	Goals and Progress	6	
		1.4 Management Approach of Material Issue	28	
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	6.3 Climate Action and Energy Management	93	
302-3	Energy intensity	6.3 Climate Action and Energy Management	93	
302-4	Reduction of energy consumption	6.3 Climate Action and Energy Management	93	
302-5	Reductions in energy requirements of products and services	4.1 Sustainable Design and Innovation Management	63	
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	6.3 Climate Action and Energy Management	93	
305-2	Energy indirect (Scope 2) GHG emissions	6.3 Climate Action and Energy Management	93	
305-3	Other indirect (Scope 3) GHG emissions	6.3 Climate Action and Energy Management	93	

Indicator	Disclosure Item	Corresponding chapters in the report	Page	Description
305-4	GHG emissions intensity	6.3 Climate Action and Energy Management	93	
305-5	Reduction of GHG emissions	6.3 Climate Action and Energy Management	93	

Voluntarily Disclosed GRI Topics and Indicators

Indicator	Disclosure Item	Corresponding chapters in the report	Page	Description
Ongoing Focus Area 1: Ethical Operation				
GRI 205: Anti-corruption 2016				
205-2	Communication and training about anti-corruption policies and procedures	3.2 Integrity and Legal Compliance	53	
205-3	Confirmed incidents of corruption and actions taken	3.2 Integrity and Legal Compliance	53	
Ongoing Focus Area 2: Tax Management				
GRI 207: Tax 2019				
207-1	Approach to tax	2.6 Tax Management	45	
207-2	Tax Governance, Control and Risk Management	2.6 Tax Management	45	
Ongoing Focus Area 3: Water Resource Management				
GRI 303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	The water used by MERRY is for office and domestic use, and both water intake and discharge comply with local government regulations.		
303-2	Management of water discharge-related impacts			

Indicator	Disclosure Item	Corresponding chapters in the report	Page	Description
303-3	Water withdrawal	6.4 Water and Waste Management	98	
303-4	Water discharge	MERRY Electronics' production does not use water, so there is no discharge of industrial wastewater. All office and domestic water are discharged into the government-designated sewage system through pipes, so there are no statistics on water discharge and consumption.		
303-5	Water consumption			
Ongoing Focus Area 4: Waste Management				
GRI 306: Waste 2020				
306-3	Waste generation	6.4 Water and Waste Management	98	
306-4	Waste diverted from disposal	6.4 Water and Waste Management	98	
Ongoing Focus Area 5: Diversity and Inclusion				
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	7.1 Attracting and Retaining Talent	106	
		9.1 Data Related to Human Resources	153	
405-2	Ratio of basic salary and remuneration of women to men	7.1 Attracting and Retaining Talent	106	
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	7.6 Respecting Human Rights and Employee Communication	136	
Ongoing Focus Area 6: Human Capital Development				
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	7.3 Talent Development	119	

Indicator	Disclosure Item	Corresponding chapters in the report	Page	Description
404-2	Programs for upgrading employee skills and transition assistance programs	7.3 Talent Development	119	
404-3	Percentage of employees receiving regular performance and career development reviews	7.1 Attracting and Retaining Talent	106	
Ongoing Focus Area 7: Occupational Health and Safety				
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	7.4 Safe Workplace	126	
403-2	Hazard identification, risk assessment, and incident investigation	7.4 Safe Workplace	126	
403-3	Occupational health services	7.4 Safe Workplace	126	
403-4	Worker participation, consultation, and communication on occupational health and safety	7.4 Safe Workplace	126	
403-5	Worker training on occupational health and safety	7.4 Safe Workplace	126	
403-6	Data Related to Human Resources	7.4 Safe Workplace	126	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	7.4 Safe Workplace	126	
403-8	Workers covered by an occupational health and safety management system	7.4 Safe Workplace	126	
403-9	Work-related injuries	7.4 Safe Workplace	126	

9-4 SASB Index

Industry Type	Technology and Communications	Industry Name	HW Hardware
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Accounting Metrics

Indicator Content	Indicator Number	Corresponding chapters in the report
Description of approach to identifying and addressing data security risks in products	TC-HW-230a.1	MERRY' wireless headsets use Bluetooth as a communication interface. After assessing the usage patterns of the headsets, the Bluetooth design, and the manufacturing process, it is determined that there are no information security risks associated with them.
(Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees and (d) all other employees	TC-HW-330a.1	9.1 Data Related to Human Resources 4-2 Green Product Management
Percentage of products by revenue that contain IEC 62474 declarable substances	TC-HW-410a.1	MERRY uses GPMS for chemical substance management. Through the GPMS system, suppliers are required to upload materials that comply with relevant international regulations, customer requirements, or standards, and attach necessary green component approval documents (such as green declarations, material certificates, and test reports) to ensure that all components comply with international environmental regulations, directives, and customer requirements. In 2023, 100% of MERRY Electronics' products comply with international regulations, customer requirements, and international environmental regulations such as IEC 62474. The percentage of sales revenue of products covered by IEC 62474 controlled by the company is 0%. °
Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	TC-HW-410a.2	The products manufactured by MERRY Electronics are not EPEAT-compliant products.
Percentage of eligible products, by revenue, certified to an energy efficiency certification	TC-HW-410a.3	The products manufactured by MERRY Electronics are not subject to energy efficiency certification standards.
Weight of end-of-life products and e-waste recovered; percentage recycled	TC-HW-410a.4	MERRY operates on a B2B model; therefore, the recycling of e-waste is carried out by end customers. 100% of the products designed and manufactured for customers comply with WEEE standards. To promote a circular economy, the company continuously evaluates recycled materials from the design stage to increase the proportion of recycled materials used in product design, development, and manufacturing.

Indicator Content	Indicator Number	Corresponding chapters in the report
Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	TC-HW-430a.1	(a) 27.5%
Tier 1 suppliers’ (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	TC-HW-430a.2	All suppliers have passed the audit evaluation with no non-conformance or corrective actions required.
Description of the management of risks associated with the use of critical materials	TC-HW-440a.1	<p>5.2 Green Product Management</p> <p>MERRY has established the "Definition and Operation Procedures for Key Materials" to continuously monitor the operational status of suppliers based on key materials, procurement amounts, and customer requirements. The company actively develops and enhances local procurement and supply chain diversity to improve overall supply chain resilience and responsiveness. According to the "Procurement Risk Management Procedures" and the "Emergency Response Plan Operation Procedures," MERRY continuously monitors the inventory and supplier status of key components. In the event of potential abnormalities in incoming goods, the company issues graded alerts based on the severity and implements corresponding control measures.</p>
Operational activity metrics		
Number of units produced by product category	TC-HW-000.A	<p>Total product output: 266,212 (K pcs)</p> <p>Headsets: 15,431</p> <p>Speakers and sound systems: 213,708</p> <p>Others: 37,073</p>
Area of manufacturing facilities	TC-HW-000.B	MERRY manufacturing facilities include MERRY Shenzhen, MERRY Thailand, MERRY Vietnam, and Suzhou MERRY, with a total factory area of 105,867 m2 (square meters).
Percentage of production from owned facilities	TC-HW-000.C	100% (including joint ventures)

9-5 Sustainability Disclosure Indicators

Number	Indicator	Indicator Type	Corresponding chapters in the report
1	Total energy consumption, percentage of purchased electricity, utilization rate(renewable energy)	Quantitative	6.3 Climate Action and Energy Management
2	Total water withdrawn, total water consumption	Quantitative	6.4 Water Resources and Waste Management
3	Total hazardous waste generated and percentage recycled	Quantitative	6.4 Water Resources and Waste Management
4	Types of, number of employees in and rate of occupational accidents	Quantitative	7.4 Safe Workplace
5	Product Lifecycle Management Disclosure: including weights of scraps and electronic waste and percentage recycled	Quantitative	MERRY operates under a B2B model, so the recycling of electronic waste is executed by end customers. The products designed and manufactured for customers are 100% compliant with WEEE standards. To promote a circular economy, MERRY continually evaluates recycled materials from the design stage to increase the adoption rate of recycled materials in product design, development, and manufacturing.
6	Description of the management of risks associated with the use of critical materials	Qualitative Description	<p>5.2 Green Product Management</p> <p>MERRY has established the "Definition and Operation Procedures for Key Materials" to continuously monitor the operational status of suppliers based on key materials, procurement amounts, and customer requirements. The company actively develops and enhances local procurement and supply chain diversity to improve overall supply chain resilience and responsiveness. According to the "Procurement Risk Management Procedures" and the "Supply Emergency Response Plan," MERRY continuously monitors the inventory and supplier status of key components. In the event of potential abnormalities in incoming goods, the company issues graded alerts based on the severity and implements corresponding control measures.</p>
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulation	Quantitative	There were no violations in 2023.
8	Production by product category	Quantitative	<p>2.3 Product Introduction</p> <p>Sales Volume: 267,673 (thousands of units)</p>

9-6 TCFD Disclosures

TCFD Recommended Disclosures	Corresponding chapters in the report	page
Governance		
Describe the board's oversight of climate-related risks and opportunities.	6.2 Climate-related Financial Disclosures (TCFD)	87
Describe management's role in assessing and managing climate-related risks and opportunities.	6.2 Climate-related Financial Disclosures (TCFD)	87
Strategy		
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	6.2 Climate-related Financial Disclosures (TCFD)	87
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	6.2 Climate-related Financial Disclosures (TCFD)	87
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	6.2 Climate-related Financial Disclosures (TCFD)	87
Risk Management		
Describe the organization's processes for identifying and assessing climate-related risks.	6.2 Climate-related Financial Disclosures (TCFD)	87
Describe the organization's processes for managing climate-related risks.	6.2 Climate-related Financial Disclosures (TCFD)	87
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	3.3 Risk Management	56
	6.2 Climate-related Financial Disclosures (TCFD)	87
Metrics and Targets		
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	6.2 Climate-related Financial Disclosures (TCFD)	87
Disclose Scope 1, Scope 2, and, if applicable, Scope 3 greenhouse gas (GHG) emissions and the related risks.	6.2 Climate-related Financial Disclosures (TCFD)	87
	6.3 Climate Action and Energy Management	93
Describe the targets used by the organization to manage climate-related risks and opportunities, and the performance against these targets.	6.2 Climate-related Financial Disclosures (TCFD)	87

9-7 GHG Inventory and Assurance

MERRY falls under the category of companies with a "capital amount not reaching 5 billion NTD," and according to the Sustainable Development Roadmap for Listed Companies, it has not yet reached the mandatory inventory schedule, thus the disclosure is voluntary. The greenhouse gas emissions information in this report is inventoried in accordance with ISO 14064-1:2018. The

inventory report boundary includes Scope 1, Scope 2, and parts of Scope 3 (categories 1, 2, and parts of categories 3 to 6). For details on the organizational boundary and assurance scope, please refer to the "Description of Organizational Boundary."

Greenhouse Gas Emissions (Scope 1 and Scope 2; Category 1 and Category 2)

cope 1 (Category 1)				
Emission Scope	Total Emissions (Tons of CO2e)	Intensity	Assurance Organization	Assurance Description
Taiwan HQ	124.25	0.0434	Taiwan Inspection Technology (SGS)	Link PDF
MERRY Shenzhen	355.64		Shenzhen Huace International Certification Co., Ltd. (CTI)	Link PDF
MERRY Thailand	868.11		Internal Inventory	
MERRY Vietnam	81.06		SGS Dongguan Branch	Link PDF
MERRY USA	0.80		Taiwan Inspection Technology (SGS)	Link PDF
MERRY Singapore	0.00		Taiwan Inspection Technology (SGS)	Link PDF
MERRY Hong Kong	0.00		Taiwan Inspection Technology (SGS)	Link PDF
Fuli &AST	147.24		Internal Audit	
Canada	13.02		Taiwan Inspection Technology (SGS)	Link PDF
Malaysia	1.50		Taiwan Inspection Technology (SGS)	Link PDF

Scope 2 (Category 2)				
Emission Scope	Total Emissions (Tons of CO2e)	Intensity	Assurance Organization	Assurance Description
Taiwan HQ	693.60	0.4543	Taiwan Inspection Technology (SGS)	Link PDF
MERRY Shenzhen	11,124.45		Shenzhen Huace International Certification Co., Ltd. (CTI)	Link PDF
MERRY Thailand	1,830.98		Internal Inventory	
MERRY Vietnam	2,681.38		SGS Dongguan Branch	Link PDF
MERRY USA	0.61		Taiwan Inspection Technology (SGS)	Link PDF
MERRY Singapore	46.71		Taiwan Inspection Technology (SGS)	Link PDF
MERRY Hong Kong	10.24		Taiwan Inspection Technology (SGS)	Link PDF
Fuli &AST	255.22		Internal Inventory	
Canada	2.66		Taiwan Inspection Technology (SGS)	Link PDF
Malaysia	23.91		Taiwan Inspection Technology (SGS)	Link PDF

cope 3 (Category 3-6)				
Emission Scope	Total Emissions (Tons of CO2e)	Intensity	Assurance Organization	Assurance Description
Scope 3-1: Purchased goods and services	Category 4.1	321.65	Taiwan Inspection Technology (SGS) Shenzhen Huace International Certification Co., Ltd. (CTI) SGS Dongguan Branch (SGS)	99.9%
Scope 3-2: Capital goods	Category 4.2	46.49		
Scope 3-3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	Category 4.1	2,519.38		
Scope 3-4: Upstream transportation and distribution	Category 3.1	1,649.56		
Scope 3-5: Waste generated in operations	Category 4.3	70.20		
Scope 3-6: Business travel	Category 3.5	287.11		
Scope 3-7: Employee commuting	Category 3.3	1,789.48		
Scope 3-8: Upstream leased assets	Category 4.4	2,712.70		
Scope 3-9: Downstream transportation and distribution	Category 3.2	1,043.32		
Scope 3-10: Processing of sold products	Category 5.1	514.18		
Scope 3-11: Use of sold products	Category 5.1	3,667.88		
Scope 3-13: Downstream leased assets	Category 5.2	70.12		



*Assurance Ratio: Calculated based on the total revenue within the disclosure scope of the report.

Greenhouse Gas Emission Intensity: Calculated as the annual greenhouse gas emissions divided by the annual consolidated net revenue (in millions of New Taiwan dollars).

9-8 Measuring Stakeholder Capitalism Towards Common Metrics

Subject	Core Indicators and Disclosure Items	Corresponding Sections in This Report	Subject	Core Indicators and Disclosure Items	Corresponding Sections in This Report
Governance			Ethical Behavior		
Corporate Purpose					
Setting Purpose	The corporate purpose is an expression of the company's approach to addressing economic, environmental, and social issues. The corporate purpose should create value for all stakeholders, including shareholders.	Message from Management 1.1 Sustainability Policy and Operation		1. Education and Training: Percentage of members of the organization's governance bodies, employees, and business partners who have received education and training on the organization's anti-corruption policies and procedures, broken down by region.	
Quality of Governance Mechanisms				2. Corruption Incidents:	2022 and 2023: No corruption incidents occurred.
Board Composition and Stakeholder Representation	The composition of the highest governance body and its committees: : Capabilities related to economic, environmental, and social topics; <ul style="list-style-type: none">Executive or non-executive directors;Independent directors;Terms of governance bodies;Number and nature of other significant positions and commitments held by each director;Gender;Members from vulnerable social groups;Stakeholder representatives.	3.1 Governance Organization Board Member Information: Please refer to the "Board Members' Resumes" on the company's website.	Anti-Corruption	(a) The total number and nature of confirmed corruption incidents from previous years that were identified during the reporting year. (b) The total number and nature of confirmed corruption incidents that occurred and were identified during the reporting year.	Corresponding Section: 3.2 Integrity and Legal Compliance
Stakeholder Engagement				3. Initiatives and Stakeholder Engagement: Discussion of initiatives and stakeholder engagement aimed at improving the broader operating environment and culture to combat corruption.	
Material Topics and Impacts on Stakeholders	A list of topics that are significant to key stakeholders and the company, how these topics are identified, and how the company engages with stakeholders on these topics.	1.2 Stakeholder Communication 1.3 Analysis and Identification of Key Issues	Ensuring Ethics and Reporting Mechanisms	Description of Internal and External Mechanisms for the Following: Seeking Advice: Mechanisms for seeking advice on ethical and lawful behavior and organizational integrity. Reporting Misconduct: Mechanisms for reporting unethical or unlawful behavior and breaches of organizational integrity.	2022 and 2023: No incidents of breaches of integrity were reported. Corresponding Section: 3.2 Integrity and Legal Compliance
			Risk and Opportunity Assessment		

Subject	Core Indicators and Disclosure Items	Corresponding Sections in This Report
Comprehensive Risk and Opportunity Assessment	Disclosure of Key Identified Major Risks and Opportunities:	
	Major Risks and Opportunities: Clearly identify the major significant risk factors and opportunities that the company particularly faces, as opposed to general industry risks. This includes the company's risk appetite, how risks and opportunities evolve over time, and how the company responds to these changes.	3.3 Risk Management
	Integration: These risks and opportunities should incorporate significant economic, environmental, and social issues, including climate change and data management.	6.2 Climate-related Financial Disclosures (TCFD)
Earth		
Climate Change		
Greenhouse Gas Emissions	Reporting Scope 1 and Scope 2 Emissions: Report the greenhouse gas emissions for all relevant gases (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride, etc.) in metric tons of carbon dioxide equivalent (tCO2e) for Scope 1 and Scope 2 emissions.	6.3 Climate Action and Energy Management
	Scope 3 Emissions: If applicable, estimate and report significant upstream and downstream value chain emissions (GHG Protocol Scope 3).	
Following TCFD	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timetable of up to three years for full implementation. Disclose whether the company has set or committed to setting greenhouse gas emission targets in line with the Paris Agreement—limiting global warming to below 2° C above pre-industrial levels and striving to limit warming to 1.5° C—and achieving net-zero emissions by 2050.	6.2 Climate-related Financial Disclosures (TCFD)
Loss of Natural Resources		

Subject	Core Indicators and Disclosure Items	Corresponding Sections in This Report
Land Use and Ecological Sensitivity	Disclose the number and area (in hectares) of operational sites owned, leased, or managed that are located in environmental protection areas and/or areas of high biodiversity value (Key Biodiversity Areas, KBAs) outside of protected areas.	Not Applicable: All operational sites of the company are not located in ecologically sensitive areas.
Freshwater Availability		
Water Resources Use and Water Stress Areas	Report the water withdrawal and consumption (in million liters) from significant operational sites located in water stress areas, as defined by the WRI Aqueduct water risk atlas tool as high or extremely high-risk areas.	
	Provide the percentage of total water withdrawal and consumption from these water stress areas.	6.4 Water and Waste Management
	If applicable, estimate and report significant water withdrawal and consumption information for upstream and downstream value chain activities in water stress areas.	
People		
Dignity and Equality		
Diversity and Inclusion	Report the percentage of employees by category, age, gender, and other diversity metrics.	7.1 Attracting and Retaining Talent

Fair Compensation	Report the basic wage and compensation ratios for each employee category (female to male, minority to majority group, and other relevant equality areas), divided by significant operational locations.	7.1 Attracting and Retaining Talent
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Subject	Core Indicators and Disclosure Items	Corresponding Sections in This Report
Wage Levels	Entry Level Wage Ratio: The ratio of the standard entry-level wage by gender compared to the local minimum wage.	3.1 Governance Organization
	CEO Pay Ratio: The ratio of the total annual CEO compensation to the median annual compensation of all employees, excluding the CEO.	7.2 Remuneration and Benefits Note: The denominator is calculated using the median annual salary of full-time employees at the Taiwan headquarters, excluding the highest-paid individual.
Child Labor and Forced Labor	Describe the operational sites and suppliers that carry significant risks for incidents of child labor, forced, or compulsory labor. These risks may be associated with the type of operations (such as manufacturing plants), the type of suppliers, or the countries or regions where these operations and suppliers are located.	No human rights violations occurred in 2023, and suppliers are required to uphold human rights. 7.6 Respecting Human Rights and Employee Communication
Health and Well-being		
Health and Well-being	Occupational Injuries:	
	<ul style="list-style-type: none"> Number and rate of fatalities due to occupational injuries Number and rate of severe occupational injuries (excluding fatalities) Number and rate of recordable occupational injuries Major types of occupational injuries Total hours worked Non-occupational Health Services: <p>Explain how the organization promotes access to non-occupational medical and health services for its workers, and the extent of services provided by the organization.</p>	7.4 Safe Workplace 7.5 HealthCare

Subject	Core Indicators and Disclosure Items	Corresponding Sections in This Report
Future Employment Skills		
Education and Training	<ul style="list-style-type: none">Average Training Hours: The average number of training hours received by employees during the reporting period, broken down by gender and employee category (total training hours provided to employees divided by the number of employees).Average Training and Development Expenditure: The average expenditure on training and development per full-time employee (total cost of training provided to employees divided by the number of employees).	7.3 Talent Development
Prosperity		
Future Employment and Prosperity		
Total Number and Proportion of Employees	<ul style="list-style-type: none">Total number and proportion of new hires during the reporting period, broken down by age group, gender, other diversity indicators, and region.Total number and proportion of employees who left during the reporting period, broken down by age group, gender, other diversity indicators, and region.	7.1 Attracting and Retaining Talent
Economic Contribution	<div>1. Direct Economic Value Generated and Distributed (EVG&D) on an accrual basis, including the following fundamental components of the organization's global operations: :</div> <div><div>a. Revenue</div><div>b. Operating costs</div><div>c. Employee wages and benefits</div><div>d. Payments to providers of capital</div><div>e. Payments to governments</div><div>f. Community investments</div></div> <div>2. otal Monetary Value of Financial Assistance Received from the Government during the reporting period.</div>	2.5 Financial Performance

9-9 SDGs

Subject	Core Indicators and Disclosure Items	Corresponding Sections in This Report
Financial Investment Contribution	Capital Expenditure (CapEx) Policy:	2023 Company Annual Report
	State the total capital expenditure (CapEx) minus depreciation to describe the company's investment strategy.	
	Share Repurchase and Dividend Distribution Policy:	
	State the policy on share repurchases and dividend distributions to explain the company's strategy for returning capital to shareholders.	
Innovative Products and Services		
Total Amount of Research and Development	Total costs related to research and development	2.5 Financial Performance
社區和社區活力		
Total Tax Contribution	Report the total amount of taxes paid by the company, including income tax, property tax, payroll tax, and other relevant taxes, highlighting the company's contribution to the economic development of the regions where it operates. °	2.5 Financial Performance
		2.6 Tax Management

SDGs Goals	SDGs Sub-Targets	Corresponding Sections
Goal 3: Good Health and Well-being	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention, treatment and promotion of mental health and well-being.	8 Proactively Thinking for Others
Goal 4: Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.) 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations.	8 Proactively Thinking for Others
Goal 5: Gender Equality	5.1 End all forms of discrimination against all women and girls everywhere. 5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure, and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate. 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	7. Trust and Open Communication 8. Proactively Thinking for Others
Goal 7: Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.A By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency, and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.	6. Creating Positive Environmental Impact

SDGs Goals	SDGs Sub-Targets	Corresponding Sections
Goal 8: Decent Work and Economic Growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	
	8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.	3. Empowerment and Accountability 7. Trust and Open Communication
	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	
Goal 9: Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	4. Pursuing Progress and Innovation
	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry' s share of employment and gross domestic product (GDP), in line with national circumstances, and double its share in least developed countries (LDCs).)	5. Honest and Trustworthy Relationships
Goal 10: Reduced Inequalities	10.2 By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status.	7. Trust and Open Communication
	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies, and practices and promoting appropriate legislation, policies, and action in this regard.	8. Proactively Thinking for Others

SDGs Goals	SDGs Sub-Targets	Corresponding Sections
Goal 12: Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	4. Pursuing Progress and Innovation
	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment.	5. Honest and Trustworthy Relationships
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	6. Creating Positive Environmental Impact
	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	7. Trust and Open Communication 8. Proactively Thinking for Others
Goal 13: Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	6. Creating Positive Environmental Impact
	13.2 Integrate climate change measures into national policies, strategies, and planning	Communication
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	8. Proactively Thinking for Others
Goal 16: Peace, Justice, and Strong Institutions	16.5 Substantially reduce corruption and bribery in all their forms.	
	16.6 Develop effective, accountable, and transparent institutions at all levels.	3. Empowerment and Accountability

9-10 Supplementary explanation of Boundaries

Locations	Business Category	Consolidated Financial Statements	Economic Data	Social Data	Environmental Data
Taiwan HQ	—	●	●	●	●
MERRY Electronics (Shenzhen) Co., Ltd.	Primary business operations are the same as the parent company.	●	●	●	●
MERRY & Luxshare(Vietnam) Co., Ltd.	Production of consumer electronics, including the manufacturing of speaker systems and microphones.	●	●	●	●
MERRY ELECTRONICS (THAILAND) CO.,LTD.	Primary business operations are the same as the parent company.	●	●	●	●
Asian Elite International Ltd.	Production and sales of speakers and amplifiers.	●	●	●	●
MERRY ELECTRONICS (Singapore) PTE. LTD.	The primary business is the trading of products identical to those of the parent company.	●	●	●	●
MERRY ELECTRONICS (HK) CO.,LTD.	The primary business is the trading of products identical to those of the parent company.	●	●	●	●
MERRY ELECTRONICS (U.S.A.) CO.,LTD.	Technical and marketing after-sales services.	●	●	●	●
MERRY Electronics North America Inc.	Order-taking, research and development, and exterior design of speakers and amplifiers.	●	●	●	●
SEAS Fabrikker AS	Production and sales of individual speakers.	●	●	●	●

Locations	Business Category	Consolidated Financial Statements	Economic Data	Social Data	Environmental Data
MERRY Electronics Sdn Bhd	Engaged in the research and development of microphones, receivers, and speakers.	●	●	●	●
Fulicare Medical Instruments (Xiamen) Co., Ltd.	Manufacturing of medical equipment.	●	●	●	●
Austar Hearing Science and Technology (Xiamen) Co., Ltd.	Engaged in the research and development, production, and sales of hearing aids, hearing equipment, and acoustics-related devices.	●	●	●	●
MUtek Electronics Co.,Ltd.	Manufacturing and application services of electrical and audiovisual electronic products.	●			
FULICARE CO., LTD	Engaged in the sale of medical devices. °	●			
Fulicare Co.,Ltd.	Engaged in the sale of medical devices.	●			
Xiamen Aisheng Hearing Technology Chain Co., Ltd	Engaged in the research and development, production, and sales of hearing aids, hearing equipment, and acoustics-related devices.	●			
DANNY DYNAMICS LIMITED	Engaged in General Investment Business	●			
MERRY HEALTHCARE CO., LTD.	Engaged in General Investment Business	●			
Indigo Enterprises Inc.	Engaged in General Investment Business	●			
MERRY Capital Corporation	Engaged in General Investment Business	●			
MERRYTECH (HK) CO. LIMITED	Engaged in General Investment Business	●			

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and assurance, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from MERRY, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

- The contents of the Water and Waste management have been fully disclosed with qualitative and quantitative measurements and evaluations that are consistent with available evidence and other reported information.
- Merry has diligently provided information for the current reporting year of 2023, as well as for the three previous years, along with the goals and targets that have been set.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

MERRY has demonstrated its commitment to stakeholder inclusivity and engagement by incorporating stakeholder engagement processes into its governance, strategy, and key decision-making procedures. By means of diversified engagement methods, MERRY can collect and understand stakeholders' concerns regarding its sustainability aspects.

Materiality

MERRY has adopted multidimensional methodological developments to assess economic, environmental, and human rights impacts, aligning with international guidelines. This approach has facilitated the creation of an impact-based significance analysis process to identify material issues for MERRY, while simultaneously enabling the establishment of long-term sustainable goals.

Responsiveness

MERRY has addressed its material sustainability topics, related impacts, and stakeholders in a comprehensive, accurate, timely, accessible, and balanced manner. Measurable targets have been set to monitor its sustainability performance.

Impact

MERRY has demonstrated a process on identifying impacts that fairly encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Impacts related to material topics were in place at target setting with qualitative and quantitative measurements and evaluation, leading to more effective decision-making and results-based management.

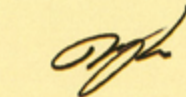
GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, MERRY's Sustainability Report of 2023, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1: Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to MERRY's contributions to sustainability development. For future reporting, when assessing impacts, MERRY should consider economic, environmental, human rights, and other societal challenges at local, regional, and global levels related to sectors and the geographic location of its activities and business relationships. Additionally, the participation of the highest governing body in discussing and reviewing materiality topics could be strengthened in future reports.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

MERRY has referenced with SASB's Standard, HARDWARE, VERSION 2023-12 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the MERRY's Sustainability Report of 2023. MERRY used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into MERRY's overall management process. Regularly monitoring peer disclosures helps MERRY understand changing expectations among investors and stakeholders and ensures comparable information provision.

Signed:
For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Business Assurance Director
Taipei, Taiwan
30 May, 2024
WWW.SGS.COM



