



IDEAL BIKE CORPORATION
2022 Sustainability Report

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Reporting Scope and Editorial Principles

In 2022, IDEAL BIKE CORPORATION (hereinafter referred to as Ideal) published its inaugural Corporate Sustainability Report, which is also the first non-financial disclosure report documenting Ideal's actions and commitments to corporate governance, environmental protection, employee care, and social engagement.

Reporting Period: January 1 to December 31, 2022 (GRI2-3)

Reporting Boundaries: (GRI 2-2) The 2022 sustainability report includes the Taiwan headquarters (Taiwan plant)

Report writing principles:

The content and structure of the report engage in disclosure by following the 2021 Global Reporting Initiative (GRI) Sustainability Reporting Standards. Furthermore, disclosure is also carried out with reference to SASB Standards and TCFD Recommendations. For further details, please refer to the GRI Content Index and SASB Content Index in the appendix of the report. The financial data in the report is consistent with the annual report, and the currency used in the report is New Taiwan Dollars.

Report publication (GRI 2-4)

Current issue: September 2023, inaugural issue. Next issue: To be published in June 2024.

Report management procedure (GRI 2-14)

The general manager acts as the convener of the ESG working group for the report. The ESG working group is comprised of the management of relevant departments and units and submits information for the report. All the information is reviewed by internal management before the report is approved by the chairman and published.

Publication channel and contact details (GRI 2-3)

To save Earth's resources, the Company's sustainability report is published online (on the corporate website). Stakeholders are welcome to browse the report online or download it. If there are any errors, revisions, or information updates in the report, please refer to the digital report file published on the Company's website. If you have any opinions, suggestions, or inquiries about the content, please feel free to reach us using the following contact information.

Contact person

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Dear IDEAL stakeholders,

In 2023, IDEAL published its first sustainability report to present our past achievements in the field of sustainability. Due to the pandemic of the past few years, changes in the global political and economic situation have had a major impact on the supply chain. Furthermore, as the topic of sustainability continues to gain traction, IDEAL has embraced exciting developments in electrically-assisted bikes. Consequently, we continue to expand equipment investment in our factories in China and increase the capital of our Polish subsidiaries, hoping to provide better quality and services that can better cater to our customers' needs.

Since IDEAL's customers can be found across the globe, we will balance future sustainability with IDEAL's internationalization, in the hope that our products will encourage more stakeholders and end consumers to protect the Earth in a more sustainable, healthier manner. In the future, we will continue to engage in the OEM production of electric-assisted bikes, enhancing efficiency and product quality, whilst also reducing carbon emissions in collaboration with our suppliers and customers.

IDEAL's achievements from 2021 to 2022

Environmental protection

- ◆ In 2021, we updated our wastewater treatment equipment to reduce sludge content from 95% to 85%, with sludge collection changed from a manual process to an automated one.

Employee care

- ◆ In 2021, we introduced the ISO 45001 occupational safety and health management system and successfully passed this ISO verification in 2022

Social engagement

- ◆ In 2021, we donated 100 home alarms to the Wuqi Branch, Fourth Corp of the Taichung City Fire Bureau
- ◆ In 2021, we donated 100kg of white rice to support the Give Warmth in Winter activity organized by the Gaomei Police Station of the Qingshui Precinct of the Taichung City Police Department
- ◆ In 2022, we donated NTD250,000 to National Pingtung University
- ◆ In 2022, we donated NTD150,000 to Taipei Forum Foundation

Corporate governance

- ◆ In 2021, the Company's shareholders meeting successfully elected the 9th board of directors. In addition to the existing Remuneration Committee, the board of directors formed a new "Audit Committee" with independent director Wen-Yi Lin as the convener.
 - ◆ In response to legal regulations, the Company's corporate governance management was appointed in 2020
- Looking ahead, we will uphold our corporate business philosophy and operations strategy, and continue to supply customers with the highest quality products, as well as continue to improve the energy efficiency of our production process and minimize resource waste. Use eco-friendly packaging materials and pay more attention to the topic of supplier carbon management, as well as promote ESG initiatives. Moreover, we continue to support carbon reduction initiatives in domestic and overseas industrial chains. For instance, we joined industry advocacy groups such as the Shift Cycling Future in Europe and Cycling Alliance for Sustainability (BAS) in Taiwan to exert our influence.

Chairman



01

Chapter One: Company Organization Overview

IDEAL BIKE

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One: About Ideal

IDEAL BIKE CORPORATION was founded in 1980 with the main business of bike assembly, selling well-known foreign brands to consumers through its sales channels. Therefore, the Company was positioned as a professional OEM bike assembly firm.

IDEAL BIKE CORPORATION (GRI 2-1, 2-2)

Date of establishment: 1980

Capital: NTD3.017 billion (GRI 201-1)

Turnover in 2022: NTD3.192 billion (individual); NTD5.591 billion (consolidated revenue)

Address and telephone number of each business location (GRI 2-1)

- ◆ Taiwan headquarters: No. 497, Sec. 1, Gangbu Rd., Wuqi District, Taichung City +886-4-2639-3242
- ◆ China plant: No. 12, Jinfu 2nd Rd., Liaobu Town, Dongguan City, Guangdong Province +86-769-8895-1888
- ◆ Poland plant: Ul. Bohaterow Walk Nad Bzura 2, 99-300 Kutno, Poland. +48-(0)-24-254-91-00

Number of employees: 363 persons in the Taiwan plant. (GRI 2-7)

Ownership and legal form (GRI 2-1): IDEAL became a TPEX-listed company in 2001. Its legal form is “company limited by shares”, and the ownership of the Company belongs to all shareholders.

Main products

The Company’s products are mainly finished bikes such as MTB, ROAD, Folding , Kids, Cruiser, and the newly developed E-BIKES, to accommodate the needs of the global bike market.



Main products	Operating ratio (%)
BICYCES	77.71
Complete knock down	18.36
Other	3.93



Business performance (GRI 201-1)

In 2022, the total sales of finished bikes by the Taiwan plant were 92,800 units, generating a total revenue of NTD3,191,538,000. In 2022, despite the pandemic, the Company posted a growth rate of 33.9% compared to 2021 thanks to the ongoing efforts of the Company's staff and support from customers.

Consolidated operating income and earnings per share (EPS) of individuals and groups between 2021 and 2022

Individual (IDEAL Taiwan plant)

Item	2021	2022
Operating revenue (NTD thousand)	2,383,253	3,191,538
Operating cost (NTD thousand)	2,235,893	2,855,086
Operating profit (NTD thousand)	(8,553)	149,119
Net profits after tax (NTD thousand)	82,591	334,358
EPS	0.29	1.11

Group

Item	2021	2022
Operating revenue (NTD thousand)	4,613,524	5,591,120
Operating cost (NTD thousand)	4,069,482	4,764,217
Operating profit (NTD thousand)	127,769	357,607
Net profits after tax (NTD thousand)	82,591	334,358
EPS	0.29	1.11

Global sales region

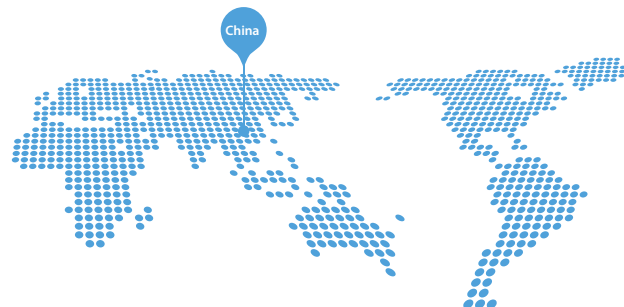
Ideal Taiwan

Taiwan plant: Sales regions include Europe, the U.S., and Asia, main region: Europe



Ideal China

Dongguan plant: Sales regions include Europe, the U.S., Asia, and Australia, main region: North America



Ideal Poland

Poland plant: Main sales regions are various European countries



01-2. Company History and Management Philosophy

Two: Company History and Management Philosophy

The traditional bikes, electrically-assisted bikes, and relevant products manufactured by IDEAL cater to consumers' needs for sports, transport, recreation, and entertainment. The bike industry fits the global trend of energy conservation, carbon reduction, and green energy, hence it is expected to continue to grow as part of the global goal of achieving Net Zero by 2050.

IDEAL's mission and philosophy

- (1) Global energy conservation, carbon reduction, and green energy
- (2) Real-time response to the supply of bike-related products for sports, transportation, and recreation
- (3) Satisfy customers' needs through reliable quality, professional service, and a strong R&D team
- (4) Develop a strategic alliance to realize a win-win situation for production, supply, and sales
- (5) Continue to pursue growth and profitability, and encourage innovation to maintain a high level of
- (6) International management creates shareholder equity
- (7) Value employee welfare and create profits for shareholders
- (8) Establish a learning organization
- (9) Sustainable management, give back to society

IDEAL's management goal

- (1) Decentralized production sites that are close to the market, create a global bike production and marketing system
- (2) Production sites close to the market and international production management
- (3) Tap into the sales channels of various target markets to ascertain the needs of European, US, and Japanese consumers
- (4) Seek growth and profitability at the same time, and engage in operations management practices that strive to achieve balanced development

IDEAL's core values

1. Practical and pragmatic.
2. Enthusiastic and proactive.
3. Communication and execution.
4. Teamwork.
5. Responsible innovation.



Practical and pragmatic



Enthusiastic and proactive



Communication and execution



Teamwork



Responsible innovation

IDEAL's values

Gear up your vitality



01-2. Company History and Management Philosophy

Company history

Year	Description
1980	The Company was founded in Taiping Township, Taichung County
1997	Ranked 560th in Commonwealth Magazine's Top 1,000 enterprises in the manufacturing industry Received the Golden Merchant Award from The General Chamber of Commerce of the R.O.C. Established Ideal Bike (Dong Guan) in Houjie Town, Dongguan City, Guangdong Province (hereinafter referred to as the China plant)
1999	Invested and established IDEAL EUROPE Sp.zo.o (hereinafter referred to as the Poland plant)
2001	Listed on TPEX
2003	Purchased land to build a plant in Liaobu Town, Guangdong Province
2005	Received the Innovation Award from the Taichung City General Industrial Association of Small and Medium Enterprise Administration, Ministry of Economic Affairs China plant was relocated from Houjie Town, Dongguan City, Guangdong Province to Liaobu Town, Dongguan City
2006	Awarded first place in Complete Bikes by Taiwan Bicycle Association (Special Practical Award)
2007	Received the Innovation Award from the Taichung City General Industrial Association of Small and Medium Enterprise Administration, Ministry of Economic Affairs Received Specialized Innovation Partner status from Specialized Bicycle Components Inc Awarded second place in Complete Bikes by the Taiwan Bicycle Association
2008	China plant obtained ISO 9001 certificate Received Specialized Innovation Partner status from Specialized Bicycle Components Inc Awarded first place and Special Innovation Award in Complete Bikes by Taiwan Bicycle Association Received Taispo 2008 Recognition & Honor at the Taipei Inti Sporting Goods Show
2011	Awarded for 5,321,272 hours of injury-free environment by the Council of Labor Affairs, Executive Yuan China plant received SNI (Standar Nasional Indonesia) certification
2014	China plant received SA 8000 certification Awarded the Badge of Accredited Healthy Workplace from the Health Promotion Administration of MOHW Selected as an Excellent Exporter/Importer by the International Trade Administration
2015	Awarded Excellence Contribution, Service Business Cross-Straits by Taiwan Coalition of Service Industries Taiwan plant was awarded the fifth consecutive certificate of injury-free environment and selected as an outstanding unit that promoted incident-free working hours records in 2015
2016	Awarded bronze medal of Certificate of Talent Quality-management System (TTQS) by the Workforce Development Agency, MOL Selected as an Excellent Exporter/Importer by the International Trade Administration
2017	Awarded the Badge of Accredited Healthy Workplace for dedication to promoting tobacco harm prevention and health at the workplace China plant received ISO 9001:2015 quality system certification Taiwan plant received ISO 9001:2015 quality system certification
2018	Awarded the Badge of Accredited Healthy Workplace for dedication to promoting tobacco harm prevention and health at the workplace, as well as proactively implementing smoke-free and health promotion measures, and creating an excellent, healthy work environment
2019	The plant passed the inspection of the Vehicle Safety Certification Center and registered as an electric-assisted bicycle manufacturer.
2022	Taiwan plant passed ISO 45001 occupational safety and health management system certification The board of directors approved the timetable of the sustainable development strategic blueprint in response to regulatory requirements
2023	Published first sustainability report



Three: Market and Customers

Advantages of IDEAL

IDEAL's products are marketed globally, including in countries in Europe and the U.S. IDEAL adopts a one-stop approach from design, and R&D, to production (design and development, frame welding, painting, assembly services, etc.), in the hope that customers can enjoy the concept of one-stop shopping. To cater to the needs of the market, IDEAL has established plants in Poland and China to supply local markets with products with outstanding build quality. In addition, after acquiring the Fuji brand, IDEAL has also gained a product development opportunity (through unleashing the brand's image on sports gear, apparel, and accessories).

IDEAL has employed an innovative R&D method by introducing green, eco-friendly measures to the production process. For example, 3D printing jig production is used instead of the traditional CNC approach, automated processes are applied to welding, and processes that are hazardous to the human body (such as dust and grinding) are minimized. The use of solvent-based paint is reduced, to lower VOC emissions, while powder coating is applied to effectively reduce solvent usage by nearly 50% and achieve close to 100% powder recovery.

Important uses of main products



MTB

Sports and leisure bicycles designed for mountain trails, riversides, gravel, roads, and other road conditions. The wheel diameters are mostly 26 inches, 27.5 inches, and 29 inches.



ROAD

To make them lightweight, the frame of race bikes is designed to use aluminum alloy or composite materials.



E-BIKES

Bikes that use human power as the main power source, assisted by an electric motor, pedaling is required. Currently, there are two main areas: leisure/city bikes, and electrically-assisted mountain bikes that allow riders to ascend mountains effortlessly and enjoy the experience of riding mountain bikes through forest roads.



Folding

In order to meet the needs of modern urban office workers and the holiday travel trend, IDEAL has developed and designed folding bikes that do not take up too much space and require no separate roof racks. The diameter of the wheel diameter is mostly 20 inches.



Kids

Bikes designed to emphasize safety for children, are mostly 12", 16" and 20" in wheel diameter.



BMX

Emphasis is placed on bikes with 20-inch wheels for performing difficult maneuvers, stunts, and races.



Cruiser

Originally designed for young people to ride and play on the beach, the comfort and ease of handling of the bike have made it a favorite among senior citizens, and the wheels are mostly 26 inches in diameter.

Four: Role of the Supply Chain

The raw materials purchased by IDEAL include various systems and components used for assembling bikes that are sold to downstream customers.

IDEAL's main suppliers include domestic and overseas manufacturers. The main operations of the production site in Taiwan are painting and assembly of complete bikes. Since most bike components are metal, coupled with the bike industry's emphasis on organizational GHG inventory and product carbon footprint inventory in recent years, we have also discussed the topic of carbon reduction with our suppliers. Moreover, most of IDEAL's customers are located in Europe and the US, and we proactively respond to supply chain carbon reduction initiatives launched by our customers, such as the Shift Cycling Future and other advocacy organizations in Europe. IDEAL hopes to collaborate with the supply chain to maximize its contributions.

Item	Main product name	Primary source	Supply condition
Frame system	Frames, forks, suspension forks	Self-produced, domestic and foreign suppliers	Good
Transmission system	Chainwheel, freewheel, shift levers, chains	Domestic and foreign suppliers	Good
Wheels and brake systems	Rims, hubs, wheelsets, derailleur, brake set	Domestic and foreign suppliers	Good
Other parts	Saddle, bells, light sets, reflectors	Domestic and foreign suppliers	Good

01-5. Participation in External Associations and Initiatives Supported

Five: Participation in External Associations and Initiatives Supported

IDEAL is already a member of the Taiwan Transportation Vehicle Manufacturers Association, Taiwan Bicycle Association, and Intelligent Bicycle Manufacturing Technology Promotion Alliance, among others. In recent years, IDEAL has vigorously supported supply chain energy conservation and carbon reduction activities. In 2022, we joined Shift Cycling Future, Cycling Alliance for Sustainability, and other organizations to support energy conservation and carbon reduction initiatives.

Organization	Role
Shift Cycling Future	Support initiatives and respond to carbon reduction commitments as a supplier
Taiwan Transportation Vehicle Manufacturers Association	Member
Taiwan Bicycle Association	Member
Bicycling Alliance for Sustainability (BAS)	Member
Taiwan Coalition of Service Industries	Member
Intelligent Bicycle Manufacturing Technology Promotion Alliance	Member
Taiwan Smart Electric Bicycle Association	Director





02

Chapter Two: Sustainable Management

IDEAL BIKE

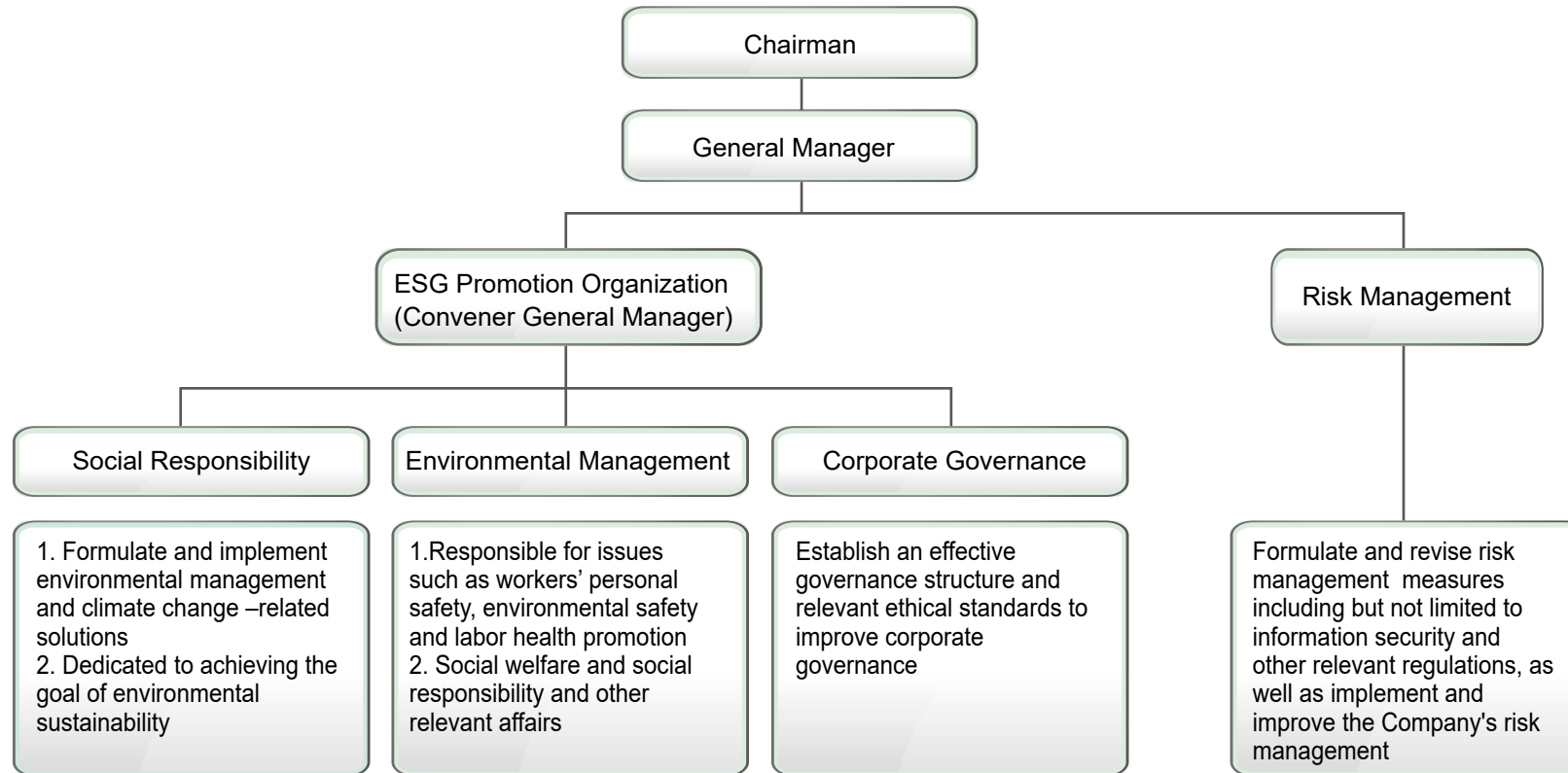
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One: ESG Organization

IDEAL began preparations for sustainability-related disclosure in 2021. The Taiwan headquarters took charge of consolidating and collecting data from various plants, as well as submitting them to the board of directors in 2022. An ESG working group was formed and commenced operation in 2023 with the general manager serving as the convener, coordinating the Company's sustainable development and setting targets, as well as reporting to the chairman. The last report to the board of directors was in December 2022. In the future, the ESG working group is expected to report to the board of directors every year in accordance with regulatory requirements.

The ESG working group comprises the environmental group, social group, and corporate governance group. Department-level managers are appointed as the head of each group, responsible for monitoring the timeliness and accuracy of the Company's data related to environmental/social/governance, and other indicators. Organization and responsibilities are illustrated below.



Two: Materiality Analysis and Stakeholder Engagement

We have taken GRI 2021’s materiality identification process into consideration to evaluate the level of IDEAL’s impact on the environment, economy, people/human rights, and various topics, as well as manage them based on their actual and potential impacts.

Four steps to materiality analysis:



Step 1: Understand the organizational context

Identify stakeholders

To determine the thoughts of various stakeholders, IDEAL has taken into account the five major dimensions of the AA1000 Stakeholder Engagement Standard (Dependence, Responsibility, Tension, Influence, and Diverse Perspectives) to identify seven major stakeholders for communication purposes:

1. Employees: They are important internal stakeholders who conduct the Company’s operations.
2. Shareholders/investors: Provide the Company’s working capital.
3. Customers: Buyers of the Company’s products and also the party whose product delivery terms we must accommodate.
4. Suppliers/contractors: Manufacturers who supply raw materials and equipment or contractors who work in IDEAL’s plants. The smooth execution of all operations relies on the materials supplied by suppliers/contractors and their cooperation.
5. Community (society/public): Organizations in the vicinity of the Company’s production plants. Including: nearby businesses, schools, communities, and industrial park management centers, etc
6. Government agencies: The competent authorities regarding the Company’s business sector (such as central agencies, county and city governments, fire, police, labor and safety, and environmental safety-related agencies, as well as the Financial Supervisory Commission, etc.).
7. Banks: Various financial institutions that provide loans to the Company. In future, the Company’s ESG performance and solutions will be evaluated.

02-2. Materiality Analysis and Stakeholder Engagement

Create a list of impact topics

According to the GRI 2021 Standards, an organization will exert a certain impact on the economy, the environment, and society (people) while conducting its business activities. These include impacts on economic performance, the environment (such as GHG emissions), human rights, etc. The impact is defined as “The effect an organization has on the economy, the environment, and people, including human rights”. These include actual or potential, passive or active, short-term or long-term, expected or unexpected, reversible or irreversible, positive or negative impacts. These impacts represent the positive or negative influence of the organization on sustainable development.

When considering IDEAL’s sustainable development-related impact topics, we also took into account the GRI Standards, SASB, TCFD recommendations, domestic and overseas market development trends, and climate change-related development trends, as well as approaches adopted by domestic and foreign industry players. A list containing 19 topics was proposed in accordance with IDEAL’s strategic development goals. These topics are categorized below according to the economic dimension (corporate governance and innovative products), environmental dimension, and social dimension:

Corporate governance topics GRI 200 series	Innovative product topics	Environmental topics GRI 300 series	Social engagement topics GRI 400 series
<ul style="list-style-type: none"> (1) Corporate governance (2) Financial performance (3) Ethical management (4) Sustainable supply chain (5) Information security 	<ul style="list-style-type: none"> (1) Green innovation R&D (2) Product life cycle evaluation (3) Chemicals and paint management (raw material safety management) 	<ul style="list-style-type: none"> (1) Water resource management (2) Waste management (3) GHG management (4) Climate change impact (5) Energy management (6) Biodiversity 	<ul style="list-style-type: none"> (1) Employee diversity and inclusion (2) Workers' human rights (3) Talent management and training (4) Occupational safety and health (5) Social impact

Step 2. Identify actual and potential impacts

Evaluate the impact of business activities on the economy, the environment, people/human rights (actual/potential, positive/negative, short-term/long-term), and incidence rate:

- We conduct impact assessments of IDEAL’s bike assembly activities during our internal management meetings, and positive/negative impact assessments are carried out for various categories
- We define a positive impact as a positive financial or non-financial influence on the economy, the environment, people, or human rights. For instance, the Company engages in R&D according to the standards of the international market and customers and continues to manufacture products by applying the highest specifications in order to provide the finest bike products, as well as fostering healthy industrial developments, it pays taxes according to the law, and stimulates economic growth in related industries.
- In terms of negative impacts, we have assessed whether possible gas emissions from paint used during the manufacturing process will affect the plant environment, or whether there are potential negative impacts on our colleagues’ health. Discussions were made based on conditions in 2021 and 2022. Actual and potential negative impacts are reviewed and managed, and relevant process improvement solutions are discussed.

02-2. Materiality Analysis and Stakeholder Engagement

The positive/negative impacts of all these topics are concluded in the following table, according to the main stakeholders identified

Number	Material topic	Positive impact analysis On economy/ environment/ people	Negative impact analysis On economy/ environment/ people	Impact influence and scope of involvement				
				Upstream suppliers	Shareholders	Customers	Employees	Communities
1	Corporate governance	High	Low	⊙	●		●	⊙
2	Financial performance	Moderate	Low	⊙	●	●	●	⊙
3	Ethical management	High	Low	⊙	●	●	●	⊙
4	Sustainable supply chain	Moderate	Low	⊙	⊙	⊙	●	⊙
5	Information security	Moderate	Low			⊙	●	
6	Green innovation R&D	Moderate	Low	⊙	⊙	●	●	⊙
7	Product life cycle evaluation	High	Low	⊙	⊙	●	●	⊙
8	Chemicals and paint management	Moderate	Moderate	⊙		⊙	●	●
9	Water resource manage	Moderate	Moderate			⊙	●	●
10	Waste managemen	Moderate	Moderate	⊙	⊙	⊙	●	●
11	GHG management	Moderate	Moderate	⊙			●	●
12	Climate change impact	Low	Moderate		⊙	⊙	⊙	●
13	Energy management	Moderate	Low	⊙			●	●
14	Biodiversity	Low	Low			⊙	⊙	●
15	Employee diversity and inclusio	Moderate	Low			⊙	●	⊙
16	Workers' human right	High	Low	⊙			●	⊙
17	Talent management and training	Moderate	Low	⊙	⊙	⊙	●	⊙
18	Occupational safety and health	High	Low	⊙	⊙	⊙	●	⊙
19	Social impac	Moderate	Low		⊙	⊙	⊙	●

Note 1: “●” denotes direct impact and influence, “⊙” denotes indirect impact and influence

Note 2: The above order does not represent the priority of material topics.

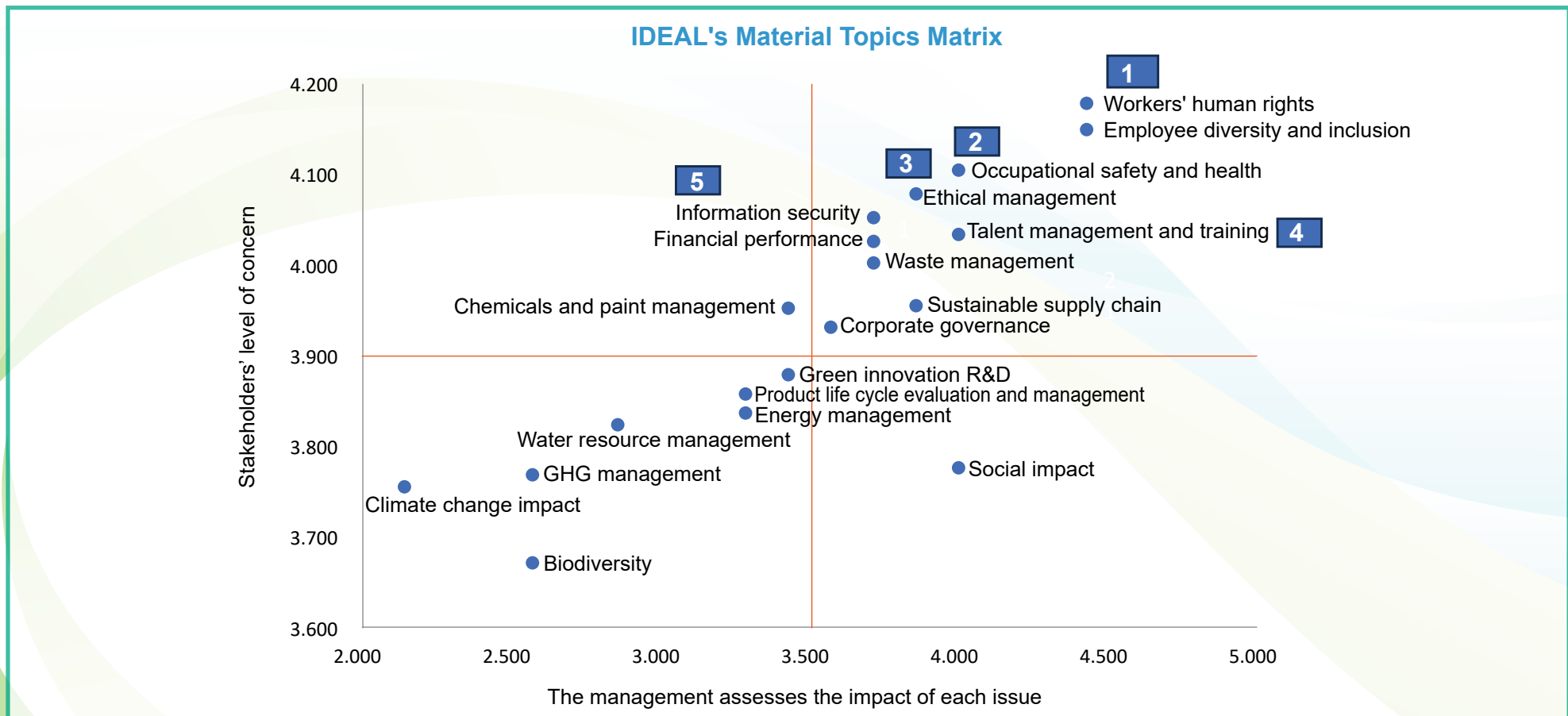
02-2. Materiality Analysis and Stakeholder Engagement

Refer to stakeholder topics of concern questionnaire

To fully understand various stakeholders' topics of concern, we conducted an extensive quantitative questionnaire survey in June 2022, where 381 valid questionnaires were recovered from stakeholders, including 289 from Taiwan, 48 from China, and 44 from abroad. The survey's targets included employees, shareholders, suppliers, and customers. After stakeholders' opinions were collated, the operations management evaluation of material topics was also taken into consideration. A total of 51 management-level executives from Taiwan, China, and Poland participated in the activity.

We produced a matrix based on the importance that stakeholders attach to various material topics (y-axis) and the management's perception of the impact level of these topics on the Company (x-axis), which is used as a reference for determining material topics.

Matrix of stakeholders' concern level towards topics and significance on the Company management's operations



Orange line: X-axis: Average score: 3.5 points; Y-axis: average score: 3.9 points

02-2. Materiality Analysis and Stakeholder Engagement

Step 3: Evaluate impact significance

We also assess the importance of the Company's future development direction through topics that have been given higher impact scores by management, and by referring to topics of greater concern to stakeholders. Material topics are listed in order, as illustrated in the following table.

Order of original topics	Topic content	Stakeholders' level of concern (above average)	Management evaluation and topics that are consistent with the Company's development direction	Material topic
1	Workers' human rights	○	○	1 Consolidated as one topic Human rights and diversity
2	Employee diversity and inclusion	○	○	
3	Occupational safety and health	○	○	2
4	Ethical management	○	○	3
5	Talent management and training	○	○	4
6	Information security	○	○	5
7	Social impact		○	
8	Financial performance	○	○	
9	Waste management	○	○	
10	Sustainable supply chain	○	○	
11	Corporate governance		○	
12	Water resource management			
13	GHG management	○ (according to regulatory requirements)		
14	Climate change impact	○ (according to regulatory requirements)		
15	Energy management			
16	Biodiversity			
17	Green innovation R&D			
18	Product life cycle evaluation and management			
19	Chemicals and paint management	○		

In particular, we have consolidated the two topics of workers' human rights and employee diversity and inclusion into a material topic for management purposes. The five final material topics are human rights and diversity, occupational safety and health, ethical management, talent management and training, and information security.

Step 4: Final material topics to be reported

We considered management's evaluation feedback, stakeholders' concerns, and the Company's future development directions to come up with five material topics. Relevant management guidelines and actions were also implemented. The outcome is illustrated in the following table:

Order	Material topic	Significance to IDEAL	Relevant management indicators	Implementation status
1	Human rights and diversity	As IDEAL taps into the international market, more attention must be paid to international human rights and diversity	<ul style="list-style-type: none"> ◆ Board of directors' commitment to human rights policy ◆ Education and training ◆ No violations 	2022 Target achieved
2	Occupational safety and health	Maintaining a safe and healthy workplace is our commitment to our employees and the bedrock of risk prevention	Implement an "occupational safety and health management system" (ISO 45001) to reinforce occupational safety awareness and minimize occupational safety and health-related risks.	2022 Target achieved
3	Ethical management	IDEAL has always complied with regulatory requirements and achieved the Company's corporate governance policy through ethical management	<ul style="list-style-type: none"> ◆ Board of directors' commitment to human rights policy ◆ Education and training ◆ No violations 	2022 Target achieved
4	Talent management and training	Talent development is the bedrock of corporate growth.	Number of education/training hours and planning	2022 Target achieved
5	Information security	Concerning the topic of information security, IDEAL is a TPEX-listed Company, it has established an information security system in accordance with domestic and overseas requirements to meet the goals and ensure these requirements are met	<ul style="list-style-type: none"> ◆ Information security policy ◆ Education and training ◆ No violations 	2022 Target achieved

02-2. Materiality Analysis and Stakeholder Engagement

In addition, we engage in stakeholder communication via diverse channels to ascertain their opinions on a range of potential topics, as well as communicate and discuss actual and potential negative impacts and conduct assessments based on suggestions from all parties involved. Also, the aim is to review and discuss possible improvements and realize bilateral interactions with stakeholders.

The situation regarding stakeholder communication in 2022 is illustrated in the following table:

Stakeholders	Concerned topics	Communication channels or methods	Frequency
Employees	Operations and profits, employee welfare and protection, labor conditions, labor relations	Various management regulations, reward and disciplinary announcements, publicity	From time to time
		Employee Welfare Committee, labor-management meetings	Regularly
Shareholders/ investors	Corporate governance, operations and profits, risk management	Annual shareholders meeting, annual report	Annually
		Financial statements	Quarterly
		Investors conferences, material information on MOPS, information disclosure on the corporate website	From time to time
Customers	Compliance with corporate governance, emissions, and environmental protection-related laws and regulations	Customer satisfaction survey	Annually
		Customer visits, latest news on the corporate website, email	From time to time
Suppliers	Compliance with procurement practices, raw materials, and environmental protection-related laws and regulations	On-site inspection, communication meetings	From time to time
Government agencies	Economic performance, raw materials, water and effluent, emissions, and environmental protection-related legal compliance, labor relations	Regulatory review	Regularly
		Government agencies organize forums, seminars, and education and training courses	From time to time
Banks	Operations and profits, corporate governance	Annual shareholders meeting, annual report	Annually
		Financial statements	Quarterly
		Investors conferences, material information on MOPS, visits	From time to time
Society/ general public	Compliance with procurement practices, raw materials, water and effluent, emissions, and environmental protection-related laws and regulations, communities	Regulatory review	From time to time
		Information disclosure on the corporate website	From time to time

Lastly, we have aligned material topics with the United Nations SDGs, hoping that the Company's sustainable development actions will contribute to the realization of SDGs

Order	Material topic	Correspond with the United Nations SDGs
1	Human rights and diversity	Goal 5: Achieve gender equality and empower all women and girls.
		Goal 16: Promote peaceful and inclusive societies, providing access to justice for all and building effective, accountable, and inclusive institutions at all levels.
2	Occupational safety and health	Goal 8: Promote inclusive and sustainable economic growth, employment, and decent work for all.
3	Ethical management	Goal 8: Promote inclusive and sustainable economic growth, employment, and decent work for all.
4	Talent management and training	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
		Goal 8: Promote inclusive and sustainable economic growth, employment, and decent work for all.
5	Information security	Goal 12: Ensure sustainable consumption and production patterns.
		Goal 17: Revitalize the global partnership for sustainable development.



03

Chapter Three: Corporate Governance

IDEAL BIKE

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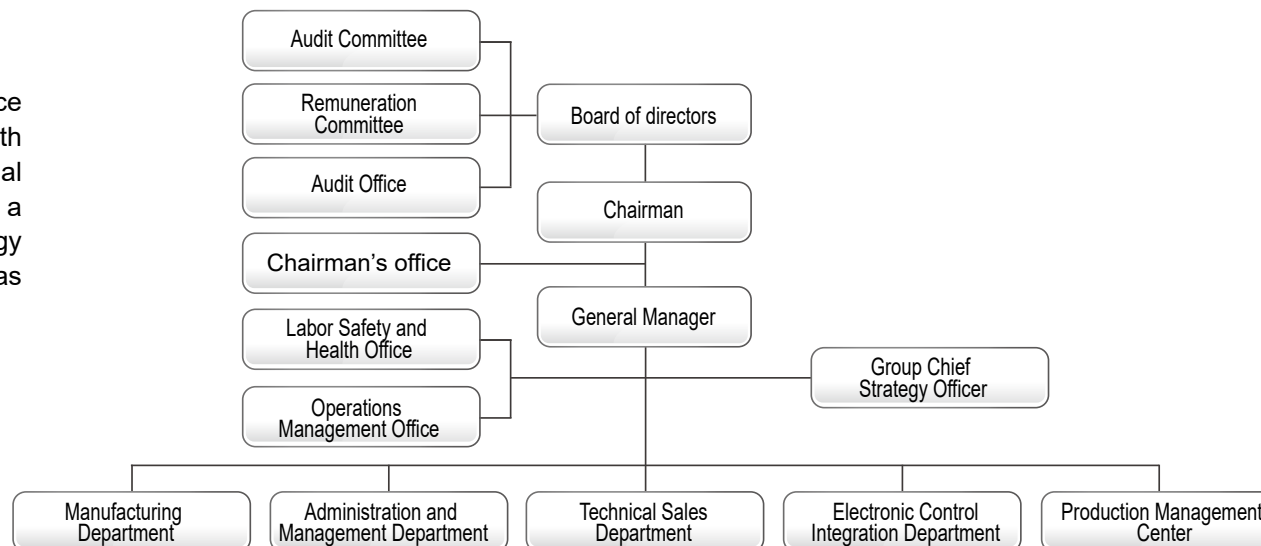
03-1. Corporate Governance Structure

One: Corporate Governance Structure

The organizational structure of the highest decision-making and governance unit

The Company's highest decision-making and governance unit is the board of directors, which is equipped with functional committees to facilitate its professional governance. Furthermore, the board of directors has a chairman, a general manager, and a group chief strategy officer. Besides the Taiwan headquarters, IDEAL also has business locations in China and Poland.

The organizational chart of the Taiwan headquarters is shown below:



Board of directors diversity and independence (GRI 2-9, 2-10, 2-11)

The Company vigorously implements the board of directors diversity and independence policy.

Currently, all directors are male, but the Company will strive to accomplish greater diversity by increasing the percentage of female directors.

The board members include three independent directors (accounting for 43% of the board, over 1/3), to ensure independence.

The Company's implementation of board diversity and independence is illustrated in the following table:

Full name	Job title	Gender	Term of office of independent director			Professional knowledge and skills	Age		
			Less than three years	Three to nine years	More than nine years		41-50	51-60	61-70
Hermes Chang	Chairman	Male			v	Business management	v		
Fang-Ming Chang	Director	Male			v	Business management		v	
Heng-Kuan Chen	Director	Male		v		Legal affairs		v	
Yung-Sheng Hsu	Director	Male		v		Financial accounting analysis		v	
Wen-I Lin	Independent director	Male		v		Financial accounting analysis			v
Hsien-Chun Chiu	Independent director	Male	v			Production management			v
Kun-Tien Liu	Independent director	Male	v			Legal affairs		v	

Board of directors performance review

An annual self-performance review of the entire board of directors, individual members, and functional committees is conducted at the end of the year in accordance with the “Board of Directors Performance Review Regulations”, and the results are submitted to the board of directors. In 2022, the board of directors' performance evaluation and the self-evaluation of board members both yielded a score of 24 points (out of 25 points). The Audit Committee's performance review and self-evaluation was 25 points (out of 25 points), while the Remuneration Committee's performance review and self-evaluation was 19.6 points (out of 20 points).

Ways to bolster the board of directors' performance (GRI 2-17)

To bolster the professional knowledge and skills of directors, relevant continuing education courses are arranged for directors annually to enhance their governance performance. Each director who was re-elected in 2022 received at least six hours of continuing education throughout the year. Beginning from January 1, 2022, to December 31, 2022, the directors received 63 hours of continuing education.

The following table shows the continuing education conditions of the directors:

Job title	Full name	Name of course arranged for 2022	Organizer	Hours
Chairman	Hermes Chang	Geopolitics and the post-pandemic era; global industrial development trends and outlook	Business Development Foundation of the Chinese Straits	3
		Geopolitics and the post-pandemic era; Analysis of China's current external challenges and global governance strategy		3
Director	Fang-Ming Chang	Geopolitics and the post-pandemic era; global industrial development trends and outlook	Business Development Foundation of the Chinese Straits	3
		Geopolitics and the post-pandemic era; Analysis of China's current external challenges and global governance strategy		3
Director	Heng-Kuan Chen	Geopolitics and the post-pandemic era; global industrial development trends and outlook	Business Development Foundation of the Chinese Straits	3
		Geopolitics and the post-pandemic era; Analysis of China's current external challenges and global governance strategy		3
Director	Yung-Sheng Hsu	Geopolitics and the post-pandemic era; global industrial development trends and outlook	Business Development Foundation of the Chinese Straits	3
		Geopolitics and the post-pandemic era; Analysis of China's current external challenges and global governance strategy		3
Independent director	Wen-I Lin	Geopolitics and the post-pandemic era; global industrial development trends and outlook	Business Development Foundation of the Chinese Straits	3
		Geopolitics and the post-pandemic era; Analysis of China's current external challenges and global governance strategy		3
Independent director	Hsien-Chun Chiu	Geopolitics and the post-pandemic era; global industrial development trends and outlook	Business Development Foundation of the Chinese Straits	3
		Geopolitics and the post-pandemic era; Analysis of China's current external challenges and global governance strategy		3
		Announcement of guidelines for the exercise of powers by independent directors and the Audit Committee, and publicity meeting for directors and supervisors	TWSE and TPEX	6
		Production cycle practices and audit checklist	The Institute of Internal Auditors-Chinese Taiwan	6
Independent director	Kun-Tien Liu	Practical seminar for directors and supervisors (including independent directors), and corporate governance management	Securities and Futures Institute	12
		Internal equity promotion briefing of OTC and emerging stock companies	TPEX	3



03-1. Corporate Governance Structure

Functional committees

IDEAL promotes operational transparency and focuses on shareholders' equity. Under this principle, the Audit Committee and Remuneration Committee established by the board of directors should assist it in performing its oversight responsibilities. The organization charter of each committee is approved by the board of directors.

The list of various functional committees is provided below:

Job title	Audit Committee	Remuneration Committee
Independent director Wen-I Lin	V (convener)	V (convener)
Independent director Hsien-Chun Chiu	V	
Independent director Kun-Tien Liu	V	V
Professor Hung-Chi Hung		V



Audit Committee

Consisting of three independent directors, including independent director Wen-I Lin, serving as the convener, the purpose of the Audit Committee is to assist the board of directors in fulfilling its responsibilities to uphold the quality and integrity of the Company's accounting, auditing, financial reporting processes, and financial controls. The matters reviewed by the committee include:

1. Financial statement auditing and accounting policies and procedures
2. Internal control system and relevant policies and procedures
3. Major transactions of assets or derivatives
4. Major lending, endorsement, or guarantees to an external party
5. Offering or issuance of securities
6. Corporate risk management
7. CPA's qualifications, independence, and performance appraisal
8. Appointment, dismissal, or compensation of CPA

Remuneration Committee

Consisting of three independent directors with a term of three years. Mr. Wen-I Lin acts as the convener who evaluates the remuneration policies and systems of the Company's directors and managers in a professional and objective manner. At least two meetings are convened every year, and a meeting may be convened whenever necessary to propose recommendations to the board of directors. The main purposes of the committee:

1. Establish and review regularly the annual and long-term performance targets outlined for the Company's directors and managers, as well as the policies, systems, standards, and structures of their compensation.
2. Regularly evaluate the accomplishment of performance targets by the Company's directors and managers, and determine the details and amounts of individual compensation.

Two: Ethical Management (Material Topic)

Management guideline

Ethical management is a material topic identified by IDEAL this year. The Company has formulated the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct" to regulate directors, managers, employees, and those having substantial control. While conducting business, unethical behaviors such as bribery, illegal political donations, etc. are expressly prohibited. In addition, adequate management actions are implemented to prevent ethical violations by management, uphold corporate ethics, and avoid conflicts of interest. Every year, the Company's managers and employees are made aware of relevant regulations to remind them to comply with the law. Relevant matters will be disclosed in accordance with the law.

External declaration of the ethical management policy

IDEAL discloses its ethical management policy via internal regulations, annual reports, corporate websites, or other publications. The policy is also announced at product launches, investor conferences, and other external activities, so that suppliers, customers, or other relevant organizations and personnel can all understand IDEAL's management philosophy and policies.

Ethical management policy

In conducting business, the Company's personnel should explain the Company's ethical management policy and relevant regulations to the other party during the transaction process. Moreover, they may not provide, promise, demand, or accept any form of improper benefit either directly or indirectly.

Stipulating ethical management in the contract

Target	Promotional method	Content
External personnel	IDEAL's corporate website	Disclose the content of the Company's Ethical Corporate Management Best Practice Principles
Senior management	Consignment agreement	Unethical behaviors such as fraud and bribery are expressly prohibited
Employees	Appointment agreement	Mandatory code of conduct
Contract	Contractor's agreement	Relevant personnel must comply with business practices, and they may not offer or accept bribes

Unethical conduct is prohibited

The Company's personnel may not provide, promise, demand, or accept any form of improper benefit either directly or indirectly, or engage in other unethical, unlawful activities, or breach fiduciary duty. The counterparties of the unethical conduct described in the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, independent directors, managerial officers, employees, persons having substantial control, or other stakeholders.



Whistleblower mechanism

The Company encourages internal and external personnel to report unethical behavior or misconduct, and rewards them according to the severity of the issues they report, in accordance with the reward and disciplinary measures. Insiders making false reports or malicious accusations shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

The company has established a complaint mailbox for whistleblowers to submit letters, either via the employee mailbox set up in the factory or via the HR section of the corporate website. They need to provide the following information: full name, ID card number, contact address, phone number, or email address where the whistleblower can be reached. Other necessary details for launching an investigation include the full name of the accused, information that can be used for identifying the accused, or other evidence.

When processing complaints, the Company will maintain the confidentiality of the identity of the whistleblower and the investigator, as well as the content of the complaint. It also promises to protect the whistleblower from improper treatment due to the complaint. The HR unit of the Company will process complaints in accordance with the following procedures:

- Complaints involving general employees should be reported to the department management; complaints involving directors or senior management should be reported to the Audit Committee.

- The Company's HR unit and the management or personnel receiving the complaint in the preceding paragraph shall immediately verify the facts, and the legal compliance department or other related departments will provide the necessary assistance.

- If the accused is confirmed to have violated applicable laws and regulations or the Company's ethical policies and regulations, the Company shall immediately require the accused to cease the conduct and make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation, rights, and interests. If the accused has any objections, he or she may file a complaint with the responsible unit, which will notify the outcome of the complaint in writing.

- Documentation of case acceptance, investigation processes, and investigation results shall be retained for five years and may be retained electronically. In the event of a lawsuit pertaining to the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the lawsuit.

If the complaint is proven to be true, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing improvement measures to prevent recurrence. The responsible unit of the Company shall submit to the board of directors a report concerning the whistleblowing case, actions taken, as well as subsequent reviews and improvement measures. No such complaints were received in 2022

Actions taken against unethical conduct by others towards the Company

If any personnel of the Company discovers that another party has engaged in illegal and unethical conduct towards the Company, the Company shall report the relevant facts to the judicial and prosecutorial authorities. Where a public service agency or public official is involved, the Company will notify the governmental anticorruption agency.

Ethical management achievements in 2022

Number of complaints toward IDEAL in 2022: 0

Number of anti-competitive behavior, antitrust and monopoly laws, and corruption-related cases involving IDEAL in 2022: 0

Additionally, when new employees report for duty, besides making them aware of the personnel management rules and work rules, the Company's ethical management procedures and codes of conduct are also explained in detail, while unethical behaviors such as engaging in fraud for personal gain and accepting bribes are explicitly prohibited.

Awareness training was carried out for 143 persons in 2022



Three: Quality Management

Since generating value through R&D and technological innovation, as well as product quality and service, are material topics identified by IDEAL, we have examined our product quality management procedures and quality policy to formulate management guidelines and actions.

Product quality management system and its procedural dimension

IDEAL is committed to product quality and safety. Thanks to the tireless efforts of the Company's employees, we have left a positive impression on our customers. Through the voluntary inspection of our manufacturing process and random inspections by the QA Department, we can monitor the quality of our products effectively in every production stage, allowing customers to enjoy a comfortable and safe bike.

The customer-oriented SPEED quality delivery service is the Company's quality policy

- S** Satisfactory quality & Service
- P** Punctual delivery
- E** Economical price
- E** Efficient production
- D** Designing & Developing

Quality commitment

1. Implement the ISO 9001 quality system and make sure our products comply with the requirements of customers and laws and regulations, etc.
2. Provide adequate resources to communicate and promote policies in order to improve the effectiveness of the quality system on an ongoing basis.
3. Implement a range of quality-related training to let our employees understand their responsibilities and participate in the implementation of the system.
4. Apply the philosophy of reservation in advance and continual improvement to formulate, execute, and review various operating procedures, to elevate product quality and procedural performance.

IDEAL implements continual improvement and promotion internally according to the ISO 9000 quality management system. The implementation status is shown below:

- (1) Internal management: Engage in the education and training of relevant personnel and carry out internal audits and management review meetings, as well as continue to promote quality improvement operations.
- (2) External certification: A professional third-party external auditing and certification firm was commissioned to conduct an audit. In 2017, we successfully passed the ISO 9001: 2015 certification transfer, and the Company has successfully passed the ISO 9001:2015 annual audit every year.

Taiwan plant
ISO 9001 certificate



China plant
ISO 9001 certificate



Scope	Validity period of the ISO 9001 certificate
Taiwan	2023/10/7
China	2023/9/9

Internal quality management process

IDEAL's approach to product quality control and management is, along with its innovative product R&D strategy, the key to customer satisfaction. The Company's relevant product quality management departments are:

- ♦ **Quality Assurance Department:** Responsible for stipulating relevant inspection regulations and quality goals at various plants, as well as supervising subsidiary units to implement material/processes and finished bike inspections in accordance with relevant operating standards, to make sure that product quality is in line with the ultimate requirements of customers.
- ♦ **Incoming Material Inspection Section:** Incoming Material Inspection Section: Responsible for the inspection and quality control of the main parts and accessories of bikes, including system components such as the frame, front fork, transmission and gear systems, and so on, to prevent defective products from entering the next production stage.
- ♦ **Process Inspection Section:** Process Inspection Section: Responsible for relevant inspections at various work stations including quality inspections for painting / pre-assembly / handlebars/ pouches / rims /suspension frame assembly, etc. This is to make sure that products manufactured by each work station comply with international regulations and factory specifications. Random inspections of finished bikes are also conducted from the customers' perspective to ensure that they comply with regulatory requirements and the special requirements of the importing country.
- ♦ **Laboratory:** Carry out relevant tests based on bike regulatory requirements to ensure that product quality meets the laws and regulations of the importing country. Furthermore, calibrate inspection tools, jigs, and measuring instruments used in plants to ensure that product quality complies with regulations and that its quality commitment can be traced.

Commitment to execute goals

To satisfy our customers' product needs and achieve the Company's quality policy goals, we have stipulated relevant quality goals and strive to increase customer satisfaction, meet customer delivery deadlines, and offer them outstanding product quality. The Company can realize its quality, delivery time, and service commitments through the proper education and training of relevant personnel.

The Company has taken out product liability insurance for all products assembled in Taiwan, China, and Poland, thereby providing customers with peace of mind for OEM products assembled by the Company, so that they can entrust the production and manufacturing of products to IDEAL.

In terms of innovation, R&D, and the patent laboratory (QA), we also continue to elevate standards in safety specifications and conduct tests in different plants (Taiwan, China, Poland) to realize exceptional manufacturing quality.



Four: Risk Management

IDEAL has not formed a Risk Management Committee, and the general manager is currently the highest-ranking management in this regard. IDEAL will progressively formulate and implement risk management measures in response to our sustainable development plan.

Risk management scope

The Company's risk management scope encompasses dimensions such as finance, market conditions, raw materials, climate change, information systems, and equipment maintenance. Risks are identified, analyzed, and measured based on the potential risks of various units, in order to respond to, supervise, and improve the risk management plan according to risk characteristics and impact. Centralized management and execution enable the effective control of all risks at all times. Also, we have conducted the following ESG-related risk evaluations and response strategies as per the Financial Supervisory Commission's requirement.

Risk categories	Potential risks	Control strategies and methods
Financial risks	Exchange rate Interest rate	<ul style="list-style-type: none"> The Accounting Department keeps a close eye on the exchange rate at all times to rigorously control foreign currency risks. The department also stays in touch with financial institutions to understand exchange rate trends and implement appropriate hedging measures in response. If interest expenses are increased due to the need to take out loans from banks, changes in interest rates will have a significant impact on IDEAL's profits and losses. IDEAL will monitor interest rate changes at all times, allocate floating and fixed financing ratios, and take necessary measures to minimize the impact of interest rates on the Company.
Information systems risk	Information equipment Virus detection Cyber security	<ul style="list-style-type: none"> The Information Integration Department purchased new backup storage media: Virtual tape library and network attached storage (NAS). Important system files, programs, and data files are backed up daily. An enterprise firewall and information security analysis system were installed to effectively prevent packet attacks on connections and network services originating from unknown sources, as well as filter and block the transmission of virus files. When introducing external data storage media, an application must be made with the Information Department in advance and an anti-virus scan must be performed. Reinforce employees' information security-related knowledge, education, and training, allowing them to pay attention to the authenticity of the source of emails and avoid sending or receiving non-business related emails or software through the Company's network.
Policy risks	EU anti-dumping policy CBAM Carbon Border Adjustment Mechanism	<ul style="list-style-type: none"> Closely monitor policy changes and respond by referring to industry practices, as well as partaking in joint carbon reduction initiatives in the industry chain.
Legal risks	Financial losses of litigation Damage to goodwill	<ul style="list-style-type: none"> A good management system and compliance with relevant laws and regulations will prevent violations from taking place.

Risk categories	Potential risks	Control strategies and methods
Market risks	Market competition Trade protection Changes in consumer behavior	<ul style="list-style-type: none"> Every business unit and staff unit will formulate and implement strategies according to the responsibilities they have, and carry out response measures based on analysis and evaluation of changes in the law, policies, and markets. Monitor domestic and overseas market conditions, improve product quality and delivery date, monitor and control inventory, and adjust the marketing strategy accordingly.
Raw material risks	Supply interruption Inferior quality	<ul style="list-style-type: none"> Create adequate safety stock inventory. Proactively develop raw material suppliers to prevent monopoly by a few suppliers.
Climate risks	Energy supply Environmental change Natural disasters	<ul style="list-style-type: none"> Replace obsolete equipment with new, energy-efficient equipment. Strengthen waste management, recycling, and reuse.
Equipment maintenance risks	Machines and equipment	<ul style="list-style-type: none"> Management and control of equipment, stipulate SOP. Disaster response drills, measures, and training.

COVID-19 pandemic management

At the start of the COVID-19 outbreak the Company immediately launched relevant plans, which meant our operations were unaffected by the pandemic. Our pandemic prevention and management measures are outlined below:

1. Establish COVID-19 prevention response plans
2. Install automatic thermal imaging systems to detect body temperatures in all plants
3. Install automatic isopropyl alcohol spray dispensers
4. Implementation of staggered shifts
5. Staggered lunch breaks at the employee cafeteria
6. Employee health monitoring and management
7. Provide isopropyl alcohol and bleach for various units
8. Disinfect the plants regularly for pandemic-prevention purposes
9. 70% of our employees have received the third dose of COVID-19 vaccination
10. Pandemic prevention measures are announced from time to time as per the Central Epidemic Command Center's regulations
11. Bolster pandemic prevention promotion by providing information

In the future, we will document our risk management procedures and achievements, reporting the risk situation to the board of directors annually to ensure the normal operation of the management framework and risk control functions.



03-5. Intellectual Property Management Plan

Five: Intellectual Property Management Plan

Management guidelines and methods

Due to IDEAL’s industry characteristics, we value intellectual property management, and our production lines are equipped with comprehensive protective measures such as access control and authorization, production line partition protection measures, banning of photography, and no unauthorized entry and visits, etc.

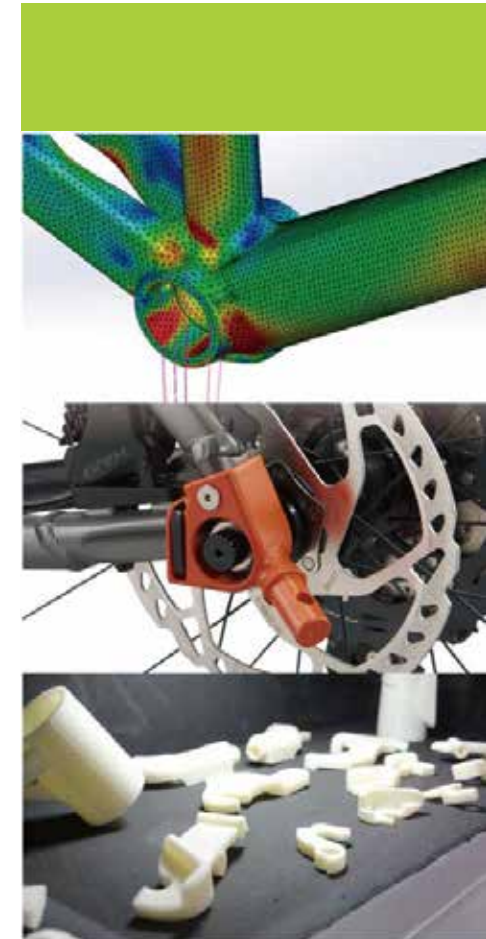
Continue to invest in R&D

Additionally, IDEAL also places great emphasis on R&D, investing in patent developments worldwide every year. We will continue to engage in innovative R&D and increase the R&D budget or the R&D expense percentage.

Achievements and specific actions

Most of IDEAL’s patents relate to bike frames. Patent application outcomes for the last several years are shown below:

Patent type	2019	2020	2021	2022	2023
Frames and bottom brackets	German new patent Taiwan invention patent	U.S. invention patent China invention patent		German invention patent	
Rod-connecting devices, bikes, and tandem bikes with rod-connecting devices		Taiwan invention patent		China invention patent	U.S. invention patent
Improved front fork design		Taiwan invention patent German new patent	China utility model patent	Dutch invention patent	



Six: Information Security Management (Material Topic)

Management guidelines and methods

The responsible unit of information security at IDEAL is the Information Management Department, which is equipped with a supervisor, several professional IT engineers, and equipment engineers responsible for formulating IDEAL's corporate information security policies, information security measures, system operation strategies, equipment maintenance engineering, and data decision-making analyses, as well as conducting daily maintenance management and the security of relevant information operations.

With emphasis on information security topics, the responsible unit will report the Company's information security governance and implementation status to senior management from time to time every year.

(One): Information Security Management Goals

- ♦ 1.Maintain information systems performance and continued operation
- ♦ 2.Prevent hackers and viruses from intruding and damaging the system environment and information infrastructure
- ♦ 3.Prevent improper intent and illegal use of information services
- ♦ 4.Prevent leakage of sensitive data
- ♦ 5.Prevent accidents caused by negligence
- ♦ 6.Maintain a safe workplace

(Two): Information Security Regulations and Management Methods for Information Facilities

1.Server and data center equipment management

- ♦ 1.Set up various systems, application servers, and other equipment in a specialized data center. Access to the data center is controlled by a password electronic lock, while access records are kept for future reference.
- ♦ 2.The data center is equipped with an independent air conditioning system to keep the environment at an adequate temperature and humidity for the computer equipment. It is also equipped with fire extinguishers for general or electrical fires.
- ♦ 3.It is equipped with a UPS system, and voltage stabilizing equipment, and connected to a generator to prevent unexpected power outages from causing system crashes. The setup also ensures that the servers and data center network operations will not be interrupted immediately during a temporary power outage so that contingency measures can be implemented.

2.Network security management regulations

- ♦ 1.Equipped with an enterprise firewall to protect external network connections and prevent unlawful intrusions.
- ♦ 2.The MPLS VPN was established in the Taichung headquarters and the Chinese production site. The system is coupled with data encryption to prevent the illegal capturing of data during the transmission process.
- ♦ 3.Plan the VPN account application and usage policy, and provide remote login service to the Company's intranet to facilitate the access of the ERM system and relevant resources during remote operations. All relevant user actions are recorded for future reference.
- ♦ 4.Install online action management and filtering equipment to control Internet access and prevent access to harmful or banned websites and service contents. The aim is to reinforce network security and prevent the improper use of bandwidth resources.

3.Virus protection and management regulations

- ♦ 1.System servers and computer terminals are equipped with endpoint protection software. The virus code and management policy server centrally manages automatic updates to ensure that new viruses are blocked. It can also detect and prevent potentially threatening installations and block unauthorized external storage devices from connecting to computer terminals, to prevent data leakage and virus infection.
- ♦ 2.The email server is equipped with an email anti-virus function, spam filtering mechanism, and abnormal access anti-blocking detection to block viruses or spam from entering users' PCs. It also works together with the PC's local anti-virus software to enhance the protection of the operating environment.

4.System access control strategy

- ♦ 1.Through the Company's system authorization process, applications are approved by the responsible supervisor. Thereafter, the Information Management Department will create a system account, where various system administrators or operators can access relevant services, after obtaining authorization for the functions they applied for.



03-6.Information Security Management

2.The account and password must comply with regulations on the number of characters allowed, and it must contain a combination of alphanumeric characters and special symbols to ensure adequate password strength.

3.When applying for resignation, the employees must contact the Information Management Department to carry out various system account deletion operations along with the return and reset of relevant equipment in order to minimize the risk of improper system access.

5.System sustainability policy

- ◆ 1.System/data backup: Create a multi-location backup strategy and perform daily or monthly backups depending on data characteristics. Tape storage is performed on top of NAS backup. Make sure that various backups and media are stored in multiple locations to guarantee system data security and lower natural disaster-related risks.
- ◆ 2.Disaster recover drills: Various system drills are conducted once a year. After deciding on the restoration date, the backup media is restored to the system mainframe, and various user units will confirm the accuracy of the restored data to ensure the accuracy and effectiveness of the backup media.
- ◆ 3.A backup strategy involving multiple telecom companies and multiple data lines is applied to external connections. Multiple lines serve as backups for one another to ensure uninterrupted external network communications and mitigate the risk of accidental disconnections.

6.Information security promotion and implementation regulations

- ◆ 1.Announcements: Announce information security-related information or knowledge from time to time to improve colleagues' information security awareness.
- ◆ 2.Lectures: Provide internal colleagues with information security-related education and training lectures to create a learning environment.
- ◆ 3.System regulations: Mandatory principles are set via system parameters. Rules such as password length/complexity, regular password changes, etc. are conducted through the system's functions to uphold account security.

7.Information equipment management

- ◆ 1.Control the information equipment using the ERP system and update the system records during equipment transfer.
- ◆ 2.Anti-virus software must be installed on various equipment terminals and updated by connecting to the management server, and they must be managed by the information security policy.
- ◆ 3.Specific users may take advantage of the VDI operating environment to increase equipment application flexibility.

(Three): Achievements and specific actions

Information security promotion measures/plans/actions/achievements: There were no violations in 2022, and promotional campaigns were conducted for all employees. Achieved a 100% completion rate in 2022

愛地雅工業股份有限公司		
資訊系統連結網		
1 電子簽核系統 (Easy Flow)	內網	外網
2 企業入口網站 (Portal)	內網	
3 郵件系統 (e-Mail)	內網	外網
4 電子採購平台 (e-Purchase)	內網	外網
5 LCD 電子看板 (LCD EKB)	內網	
6 郵件備份系統 (Mailbase)	內網	
7 公司官方網頁 (Idealbike)		外網
8 電子簽核系統測試機 (Easy Flow Tester) <small>(測試用機器, 非指定人員請勿使用)</small>	內網	

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Seven: Supplier Management

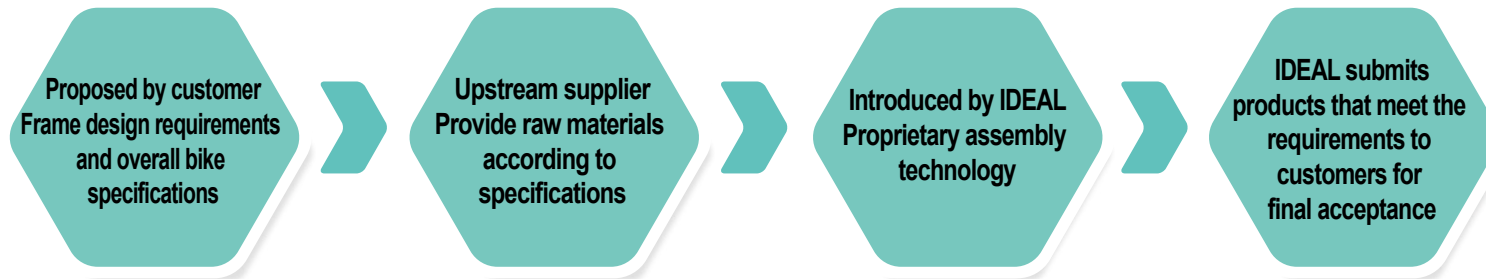
The Company and its suppliers are long-term partners. In addition to competitiveness, quality, delivery, and cost requirements, we will place more emphasis on supplier management, and environmental and social dimensions in the future, making suppliers our partners in the pursuit of sustainable development.

1. Industry value chain

The Company mainly conducts its business in the bike industry, manufacturing products such as finished bikes, frames, and wheels. Upstream raw materials include frames, front forks, transmission systems, as well as wheels and brake systems.

Supply chain flowchart

IDEAL's main products are assembled bikes, and its relationship with upstream suppliers and customers is as depicted below:



2. Major changes to the organization and its supply chain

In 2021, countries around the world implemented measures such as lockdowns or static management at different times due to the pandemic. As a result, some raw materials experienced supply shortages or interruptions, so the Company urgently purchased alternative materials based on risk evaluation outcomes, while the evaluation of alternative manufacturers was also conducted for materials with single suppliers, and we also spread risk by focusing on different production sites. In addition, due to severe port congestion worldwide, shipping schedules could not be estimated, so besides increasing the safety stock, the Company also adopted sea and air transportation simultaneously to reduce transportation time in a bid to ensure that product manufacturing and supply were not affected by the pandemic.

3. Local procurement percentage

The Company defines local procurement by the place of production. In 2022, the Company's local procurement percentage was 84%.

Source	2022	Ratio
Local procurement	314 manufacturers	84%
Non-local procurement	65 manufacturers	16%



Supply chain risk evaluation

The Company regularly conducts risk evaluation on its main raw material suppliers. This includes evaluation of raw material supply, financial capability, quality, delivery date, overall service, etc. We will continue to monitor medium/high-risk supply sources. Furthermore, as per the requirements of the customer survey, raw materials were investigated in accordance with BOM. In 2023, 60 suppliers were investigated to ascertain their level of compliance with environmental and social indicators. The outcome is as follows:

The content and outcome of the investigation are shown below:

1. Level of understanding and development conditions of corporate sustainability/ESG-related topics

- Of the 60 suppliers, 11 have published CSR/ESG reports and are robustly formulating material topic management guidelines (such as carbon management), 37 have yet to publish such reports but have begun internal preparations for the collection of ESG/CSR data and are engaging in various material topic-related actions. Only two suppliers have never heard of ESG-related topics.

2. Were there any violations of the law in the past year?

- One out of 60 suppliers violated environmental laws. The remaining 59 suppliers did not violate any environmental laws. For the supplier that violated environmental laws, the Company has taken steps to evaluate its improvement measures.
- 97% of the suppliers met the social indicators: Two of them violated the Labor Standards Act due to exceeding the overtime work limit. Both have been informed and given advice.

3. Have they implemented GHG inventory/carbon footprint/water footprint assessment?

- Of the 60 suppliers, 25 have implemented GHG inventory, carbon footprint inventory, and water footprint inventory.

Most of IDEAL's suppliers are compliant and observe various ESG topics closely. We will continue to promote the concept of ESG to achieve the common good and co-prosperity with our suppliers.



03-8. Compliance with Laws and Regulations

Eight: Compliance with Laws and Regulations

The Company's primary goal is legal compliance, thus we comply with various domestic and foreign laws and regulations, and uphold the principle of legal compliance in everything we do. The relevant authorities and responsible units closely monitor the changing situation regarding laws and regulations to ensure that their operations, rights, and obligations comply with the law. There were no major fines or non-monetary sanctions due to violations of the law from 2021 to 2022.

Dimension	Prevention
Corporate governance	Participate in promotional meetings and briefings organized by competent authorities such as the Financial Supervisory Commission, Securities and Futures Bureau, TWSE, and TPEX, as well as present proposals to meetings of the board of directors to discuss the formulation or revision of regulations to meet actual conditions.
Environmental protection	Regularly check the Ministry of Environment Laws and Regulations Retrieving System to identify and collect information relevant to various departments of the Company. Subsequently, propose response strategies in internal meetings and promote the information on the Company's internal website.
Workers' rights	According to the Labor Standards Act, the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment" provides regulations on human rights protection-related measures. No cases of child labor, discrimination, violation of freedom of association, forced labor, or complaints were received through formal channels.

Impact assessment	Positive contributions: IDEAL Group has always strived to comply with regulations, and there were no major violations in recent years.
Policies and commitments	<ul style="list-style-type: none"> ● Corporate governance: Ethical management and insider trading prevention, ● Human rights: The Company has formulated relevant management policies and procedures based on domestic and foreign human rights conventions. ● In terms of customer health and safety as well as marketing, labeling, and customer privacy: We have complied with the requirements of all brands and downstream customers on product quality. ● Environmental laws: Effective management of environmental law-related risks to ensure legal compliance and reduce negative environmental impacts.
Responsible units	Audit Office, unit supervisors of various departments.
Management indicators	Zero safety violations; minimize and prevent various negative impacts
Ways to ensure the effectiveness of actions	Through various ISO management systems, we ensure effective execution and operation via the PDCA approach.
Stakeholder engagement	Regularly published on the corporate website, annual report, and sustainability report.



03-8. Compliance with Laws and Regulations

Apart from changes in regulations and policies in response to climate change, IDEAL also attaches great importance to legal compliance related to corporate governance, environmental protection, and labor rights.

In terms of corporate governance:

To ensure the Company abides by relevant laws and regulations, we keep a close eye on domestic and foreign policies and laws that may have an impact on the Company's business and finances. Besides being dedicated to legal compliance, we have also established an internal control system, accounting system, Corporate Governance Best Practice Principles, Corporate Social Responsibility Best Practice Principles, Procedures and Behavioral Guidelines for the Prevention of Unethical Conducts, Procedures for Lending Funds to Other Parties, management of endorsements and guarantees, liabilities, commitments, and contingencies, Personal Data Protection Management Regulations, and Pollution Prevention Regulations. We abide by the law in conducting business to contribute to creating a high-quality industry environment and ensure corporate sustainability.

In terms of market competition:

IDEAL Group upholds the principles of fairness, openness, and legitimacy to engage in industrial competition, and we do not collude with other manufacturers to engage in inappropriate activities such as price fixing, market division, customer division, bidding, agreements, monopoly and joint boycott of suppliers or customers. The Company has always complied with relevant laws to ensure that market competition is conducted in a fair and open environment. No violations of relevant antitrust regulations took place in 2022. In relation to products and services, IDEAL Group values the confidentiality and privacy of customers' information, hence there were no violations of product or service-related information and labeling laws in 2022.

In terms of human rights protection:

IDEAL Group values employees' professional skills and provides equal employment opportunities. There will be no discrimination based on race, gender, age, physical or mental disability, religion, ethnicity, zodiac sign, blood type, or any other characteristic protected by relevant laws. We respect human rights at work, gender equality, and equal pay between men and women, and regard equality and anti-discrimination as core principles when dealing with people and conducting business. When recruiting new employees, we focus on social responsibility concepts such as employment equality, respect for human rights, employee diversity, prohibition of child labor, and forced labor. Moreover, labor conditions are maintained according to the Labor Standards Act. There were no gender or racial discrimination-related cases or human rights violation-related labor practice lawsuits in 2022, no were there incidents involving the violation of indigenous peoples' rights, external human rights reviews, or impact evaluations. We did not receive any complaints or incidents about forced labor, child labor, restrictions on freedom of association, discrimination, or overtime work.

In terms of environmental protection:

IDEAL Group engages in the manufacturing industry. To mitigate environmental impact during the production process, we have implemented a lean management system to manage operations. No penalties were received due to violations in 2022. In 2022, IDEAL Group did not commit any violations concerning corporate governance, product safety, and labor-related topics, and prompt improvements have been made.

Category	Item	2022 Penalty amount	Incidents with non-monetary sanctions	Reason
Corporate governance-related	Ethics and corruption-related topics	0	0	
	Other (tax laws, anti-competition, etc.)	0	0	
Environmental protection	Air pollution emissions	0	0	
	Water pollution discharge	0	0	
	Waste management	0	0	
	Toxic and concerning chemicals	0	0	
Society-related	Labor Standards Act-related	80,000	2	1. Excessive overtime 2. Failure to verify and document workers' daily attendance up to the minute
	Occupational safety and health-related	0	0	

04

Chapter Four: Environmental Sustainability

IDEAL BIKE

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04-1. Sustainable Environment Management Guidelines

One: Sustainable Environment Management Guidelines

To ensure that the air pollution, water pollution, and waste generated by IDEAL's plants, along with chemicals used, comply with relevant laws to minimize environmental impact, the Company has stipulated and enforced the "Air Pollution Prevention and Production Management Regulations", "Water Pollution Prevention and Production Management Regulations", "Waste Operation Management Regulations", etc.

IDEAL has always focused on the management of environmental protection and occupational safety and health in a bid to achieve zero environmental pollution and maximum workplace safety. All products are manufactured with strict control of any factors that may cause pollution, and the production of wastewater and waste gas during the process complies with the relevant legal standards.

According to the law, enterprises such as IDEAL must own a pollution discharge permit, pay pollution control fees, and appoint an environmental protection unit with full-time personnel. To comply with the new environmental protection laws, IDEAL has obtained operating permits for various pollution prevention and control facilities, installation permits for pollution facilities, and pollution discharge permits. The relevant items and permits are illustrated below: :

Pollution category	Pollution source	Pollutant	Pollution treatment equipmen	Treatment method
Waste gas	Produced during the painting process	Volatile organic compounds and particulate pollutants, etc	Water curtain	Removes particulate pollutants and absorbed substances
Waste water	Domestic sewage of employees			
	Process water	COD, BOD, SS, PH, etc.	Water wellr	After the wastewater is treated with chemicals, sludge is produced by the sludge machine, and the top layer of the sludge is returned to the pumping well. Treated wastewater that meets the appropriate standards is discharged to the outlet well before it is discharged to the sewers in the industrial zone.
			PH adjustment tank	
			Rapid mixing tank	
			Slow mixing tank	
			Chemical sedimentation tank	
Outlet well				
Domestic waste	Generated by employees	Domestic garbage	Stored in temporary waste storage areas to prevent secondary pollution and disposed of by qualified waste disposal firms	Incineration, recycling
Industrial waste	Generated during production process	1. Paint residue and sludge 2. Paper, plastics		1. Incineration, heat treatment 2. Recycling

Item	Permit (letter) name and content
Stationary pollution source operating permit	Taichung City Government Environmental Air Pollution Operation Permit No. 0535-04
Full-time air pollution prevention personnel	TClass A Air Pollution Control Specialist (2018) Ministry of Environment Training Certificate No. FA190140
Full-time air pollution prevention personnel	Taichung City Environmental Water Permit No. 00132-05
Waste disposal plan permit number	Taichung City Environmental Waste Permit No. 1100134957 - Application for changes approved
Payment of pollution control fees	The Company has paid pollution control fees according to the law



04-2.Environmental Cost Investment and Environmental Performance Demonstration

Two: Environmental Cost Investment and Environmental Performance Demonstration

Environmental expenditures prevent or control environmental burdens and eliminate environmental impacts. As the world strives to realize sustainable development, more attention will be paid to environmental cost accounting in the future.

The Company's environmental expenditures are shown in the following table:

Item	Fee	Category	Note
Update wastewater treatment facility		Water	Completed in 2021 with an investment of NTD1.3 million
Water cooler inspection fee	NTD50,000	Water	
Soil and groundwater pollution remediation fee	NTD10,000	Water	
Waste inspection fee	NTD170,000	Waste	
Discharge water meter calibration fee	NTD50,000	Water	
Waste disposal fee (contractor)	NTD840,000	Waste	Paint residue, sludge, domestic garbage
Air pollution remediation fee	NTD400,000	Air	
Wastewater treatment chemical fee	NTD60,000	Water	
Process water inspection fee	NTD80,000	Water	
Stationary pollution source inspection fee	NTD600,000	Air	
Sewage treatment fee	NTD60,000	Water	
Total	NTD2.32 million		

Total environmental expenditure in 2022 as shown in the table is NTD2.32 million. Currently, the Company complies with all environmental protection laws. If environmental expenditures are expected to be revised or increased in the next three years, budgets will be allocated to improve major equipment. Meanwhile, the plant will allocate a budget for purchasing stationary pollution source exhaust ducts and wastewater treatment equipment in order to treat environmental pollution.

In 2022, IDEAL did not incur losses, compensation, or penalties caused by environmental pollution.





Three: Air Pollution Control

To control air pollution and ensure that the substance and type of air pollution generated by plant operations can be treated correctly and safely for the sake of protecting citizens' health, improving their quality of life and that of the environment, and complying with relevant laws, IDEAL has implemented various control measures according to air pollution control operation management regulations. Furthermore, full-time air pollution control personnel have been appointed.

IDEAL operates in areas with low to moderate water stress. Water is only used in the painting process and not the assembly process.



Powder coating equipment



Four: Water Pollution Control

IDEAL operates in areas with low to moderate water stress. Water is only used in the painting process and not the assembly process.

To ensure wastewater generated in the plants is treated correctly, safely, and legally, as well as to minimize environmental impacts and comply with the law, the Company has conducted management according to the “Water Pollution Control Operation Management Regulations”.

Total water withdrawal in 2022

Total water withdrawal in 2022 was 1.366 mega liters, consisting mainly of process water, domestic water, cooling tower usage, and chillers. Water consumption figures are derived from the water bill and wastewater discharge meters.

Water resource uses

Business locations	Water source	Water supplier	Use (● denotes included)		Discharge location (● denotes included)	
			Process	Domestic	Sewage treatment plant	Surface water
Taiwan	Groundwater 23% Tap water 77%	Taiwan Water Corporation	●	●	●	

Water discharge statistics

In 2022, the Taiwan plant discharged 1.257 mega liters of wastewater, mainly from the painting process. Various sewage test values complied with effluent discharge limits.

Water consumption

In 2022, water consumption at the Taiwan plant was 0.109 megaliters, mainly accounted for by cooling towers, chillers, and domestic water. Currently, IDEAL’s water does not come from areas with water stress.

Evaluation of water withdrawal sources in 2022

		All regions	Regions with water stress	Ratio of water from regions with water stress
Water withdrawal by source	Surface water (total) Freshwater (≤1,000 mg/L total dissolved solids)	1.161 megaliters	0	0
	Groundwater (total) Freshwater (≤1,000 mg/L total dissolved solids) Other water (>1,000 mg/L total dissolved solids)	0.205 megaliters	0	0
Total water withdrawal	Surface water (total), groundwater (total)	1.366 megaliters	0	0

Water pollution control

The Company’s wastewater quality is regularly tested, and the various water quality test results all comply with effluent discharge limits.

In 2021, IDEAL updated its wastewater treatment facilities. The benefits are:

1. Water sludge content is reduced from 95% to 85%.
2. Sludge collection shifted from manual collection to automatic.

Currently, water is only used for the Company’s painting process, not the assembly process, thereby minimizing water waste. In 2022, the Company did not incur any major penalties or non-monetary sanctions due to violations of water resource-related laws or regulations.

04-5.GHG Emissions and Energy Management

Five: GHG Emissions and Energy Management

IDEAL's production process does not involve heavy use of electricity and energy, hence the total annual electricity consumption was 6357.096GJ. Also, we have estimated the GHG emissions of existing plants according to the ISO 14064-1 GHG inventory method. In particular, most GHG emissions (79.03%) are scope 2 emissions from electricity. The overall GHG emissions statistics are illustrated below. Since the pandemic came under control in 2022, our total emissions and intensity have increased, due to increased production. In the future, we will continue to make improvements in energy conservation and carbon reduction.

IDEAL's GHG emissions intensity in 2022

Region	Item	2022
Taiwan	Scope 1 (A)	239.8788 tonnes
	Scope 2 (B)	905.6139 tonnes
	Total tCO ₂ e (1)	1145.493 tonnes
	Output (NTD million) (2)	2805.955 million
	GHG emissions intensity (1) ÷ (2)	0.408236



Six: Waste Management

IDEAL's sources of waste and waste categories include raw material packaging, waste paint residue and sludge from the production process, and domestic garbage. At present, IDEAL's waste can be divided into self-recycling and outsourcing. Outsourcing involves waste disposal by a qualified third-party waste disposal firm. Waste disposal is elaborated below:

- Packaging materials of raw materials purchased: Paper can be recycled. In 2021 and 2022, totals of 181.8 tonnes and 191.57 tonnes were recycled, respectively. Unrecyclable waste was disposed of by qualified contractors and incinerated.
- Waste paint residue from production: This is stored centrally before being handed over to qualified contractors for disposal and incineration. In 2021 and 2022, totals of 7.37 tonnes and 9.25 tonnes of waste paint residue were disposed of, respectively.
- Sludge from filtering wastewater: Stored centrally before being handed over to qualified contractors for disposal and heat treatment. A total of 1.76 tonnes of sludge were disposed of in 2021-2022.
- General domestic garbage generated by employees is stored in garbage bins and handed over to qualified contractors for disposal every week. Since the disposal amount is calculated in barrels, no weight data can be provided.

Waste disposal methods and amounts for 2021-2022 are illustrated below

Unit: Tonne

Plant	Category	2021			
		Treatment method			
		Reuse and recycling	Incineration	Heat treatment	Total
Taiwan	Hazardous	0	0	0	0
	Non-hazardous	181.8	7.37	0	189.17
	Total amount of waste	181.8	7.37	0	189.17

Unit: Tonne

Plant	Category	2022			
		Treatment method			
		Reuse and recycling	Incineration	Heat treatment	Total
Taiwan	Hazardous	0	0	0	0
	Non-hazardous	191.57	9.25	1.76	202.58
	Total amount of waste	191.57	9.25	1.76	202.58

Seven: Climate-Related Risks and Opportunities Evaluation

In response to the global climate change situation, IDEAL has referred to the Financial Stability Board (FSB)'s Task Force on Climate-related Financial Disclosures (TCFD) to conduct climate change risk and opportunity assessment. By analyzing climate-related risks in different scenarios, we can calculate financial evaluations and propose response strategies. The following discussion is centered on the TCFD framework:

Governance

1.1 Describe the board's oversight of climate-related risks and opportunities.

The board of directors is IDEAL's highest governing body for managing climate-related risks and opportunities. The board of directors is responsible for overseeing and reviewing strategic development and policy formulation. Including risk identification and strategy formulation in all aspects of the Company to ensure that IDEAL will reduce future impacts and develop potential opportunities.

The board members possess an extensive understanding of the importance and impact of climate change, hence they have already considered the topic of climate change when making major investment decisions. For example, topics such as carbon management and how to utilize resources in response to the risk of climate change have been fully understood and discussed. In response to the Financial Supervisory Commission's climate governance-related requirements for TWSE and TPEX-listed companies, IDEAL's parent company must complete the ISO 14064-1 organizational GHG inventory before 2026 and obtain third-party verification by 2028. The above information was reported to the board of directors for the first time in May 2022 (parent company GHG inventory implementation schedule), and the third report will be presented in August 2023 (GHG inventory implementation progress).

1.2 Describe management's role in assessing and managing climate-related risks and opportunities.

With the board of directors' authorization, IDEAL is expected to form an ESG working group in 2023 with the general manager as the convener and the chairman as the chairperson, reporting to the board of directors. Due to the extensive scope of climate change-related topics, the ESG working group will select departmental representatives according to functional units to partake in the evaluation of risks and opportunities, and response strategies. Departments and units involved in the climate change-related topic evaluation include the Innovation and R&D Department, Operations, Production, Procurement, Finance, Labor Safety and HR, etc.

Supervisors at or above the division level from various departments participated in the discussions to determine how climate change will affect future market opportunities and the Company's operating conditions, as well as how significant (scale and scope) and how frequent (intensity) the impact will be. Under the premise of maintaining corporate operations, find ways to respond to possible risks and adopt appropriate mitigation and adjustment measures.



04-7. Climate-Related Risks and Opportunities Evaluation

Strategy: The impact of climate change-related risks and opportunities on the Company's operations and future market development:

2.1 Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-terms.

IDEAL focuses on its main businesses and future market development conditions to evaluate the 17 climate change-related risks and 20 relevant opportunities by following the TCFD guidelines. Furthermore, discussions and rankings were conducted to produce a risk matrix.

Climate change-related topic identification outcome

	Risk category	Risk description	Urgency	Impact	Probability
			(short-/medium-/long-term)	(High, moderate, low)	(High, moderate, low)
1	Transition risks	Rising cost of raw materials	Short (1-3 years)	3	4.4
2	Physical risks (long-term)	Rising sea level	Medium- to long-term (3-10 years)	2.82	4.2
3	Transition risks	Changes in customer behavior	Medium- to long-term (3-10 years)	3.6	3.4
4	Physical risks (long-term)	Rising average temperature	Medium- to long-term (3-10 years)	2.45	4.4
5	Physical risks (long-term)	Rainfall (water) pattern changes and extreme changes in the climate model	Medium- to long-term (3-10 years)	2.64	4
6	Transition risks	Market information uncertainty	Medium- to long-term (3-10 years)	3.4	3.2
7	Physical risks (immediate)	Intensification of extreme weather events such as hurricanes and floods	Medium- to long-term (3-10 years)	3	3.6
8	Transition risks	Increasing cost of transitioning to low-carbon technologies	Medium- to long-term (3-10 years)	2.45	3.6
9	Transition risks	Changes in consumer preference (for low-carbon products)	Medium- to long-term (3-10 years)	2.4	3.6
10	Transition risks	Strengthening GHG emissions reporting obligations	Medium- to long-term (3-10 years)	2.09	3.8
11	Transition risks	Increasing prices for GHG emissions	Medium- to long-term (3-10 years)	2.45	3.4
12	Transition risks	Replace the Company's existing products and services with low-carbon products	Medium- to long-term (3-10 years)	2.6	3
13	Transition risks	Failed investments in new technologies	Medium- to long-term (3-10 years)	3.18	2.4
14	Transition risks	Mandate/legislate carbon emissions disclosures for existing products and services	Medium- to long-term (3-10 years)	2.27	3.2
15	Transition risks	Increasing stakeholder concerns and negative feedback	Medium- to long-term (3-10 years)	3	2.2
16	Transition risks	Stigmatization of the industry	Medium- to long-term (3-10 years)	3.18	2
17	Transition risks	Climate-related litigation risks	Medium- to long-term (3-10 years)	2.27	2.2

*Impact: We have adopted a 1-5 point scoring mechanism: 4-5 points represent a high impact: Will incur significant financial costs or capital expenditures; 3 points represent a moderate impact: Will incur considerable (moderate) financial costs or capital expenditures; 1-2 points represent a low impact: Will incur some financial costs or capital expenditures

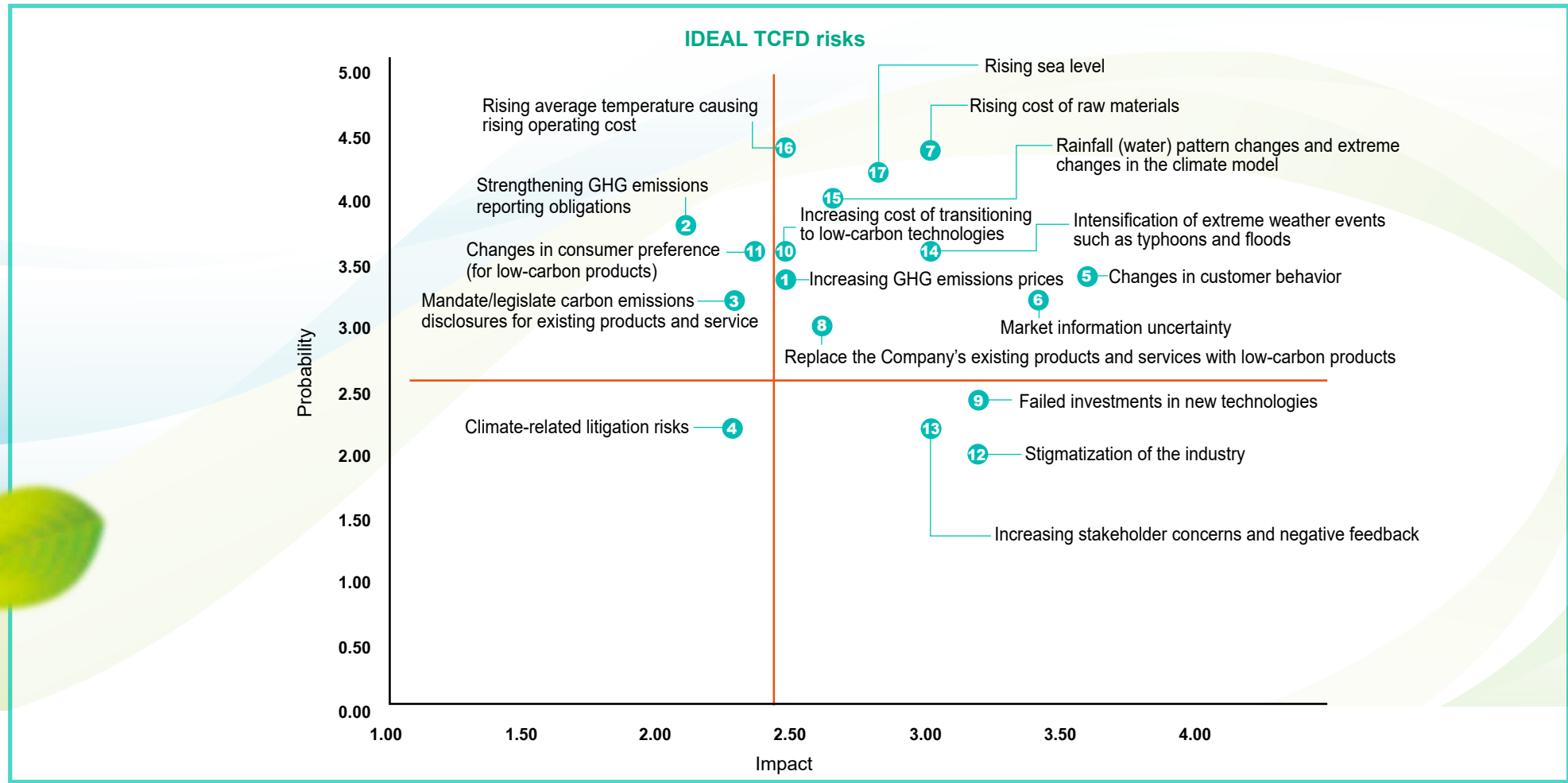
*Probability: We have adopted a 1-5 point scoring mechanism: 4-5 points represent a high incidence rate: Occurring once a month or frequently every year; 3 points represent a moderate incidence rate: Occurring once every five years; 1-2 points represent a low incidence rate: Occurring approximately once every decade.



04-7. Climate-Related Risks and Opportunities Evaluation

TCFD risk matrix outcome

We have categorized climate change-related risk topics based on the level of impact and incidence rate, to determine the relative quantified impact of each risk topic as well as the corresponding opportunities and strategies. The climate risk matrix is shown in order of importance, as illustrated below:



To further assess the potential financial impact of climate change risks, IDEAL has used the risk matrix to determine the most important climate-related risk topics before implementing relevant financial evaluations and response strategies. The purpose of this is to ensure uninterrupted operations and corporate sustainability.

04-7. Climate-Related Risks and Opportunities Evaluation

TCFD risk impact evaluation

We have evaluated the above four transition risks and one physical risk to surmise the potential financial impact. This is elaborated on below:

	Time	Risk category	Impact on IDEAL	Subsequent financial calculation needs	Estimated level of impact
1	Short-term 1-3 years	Transition risks: Rising cost of raw materials	Raw material shortages caused by climate change, resulting in increased procurement costs. Ultimately leading to increased manufacturing costs.	(1) Raw materials that may be affected and level of impact (2) Products affected and scope of impact (3) Impact start time	+++
2	Medium- to long-term: 3-10 years	Transition risks: Changes in customer behavior	Increased environmental awareness means that customers are paying more attention to energy-saving and carbon-reducing products, thus the market and R&D departments need to invest more resources in research, resulting in increased operating costs.	(1) Cost of ongoing operational planning (2) Cost of alternative solutions	++
3	Medium- to long-term: 3-10 years	Physical risks(immediate): Intensification of extreme weather events such as hurricanes and floods	The probability of extreme weather events such as hurricanes and floods occurring will increase, possibly causing flooding in the plant or nearby communities. Furthermore, external transportation from the plant may also be hindered, resulting in reduced income or increased costs.	(1) Cost of ongoing operational planning (2) Cost of alternative solutions	+
4	Medium- to long-term: 3-10 years	Transition risks: Market information uncertainty	If IDEAL is not effectively using relevant low-carbon product technologies, or if the competitors have already unveiled their low-carbon products, the Company's market share may be eroded in the future, resulting in reduced income.	(1) Failure to monitor the market trend results in decreased revenue (2) Cost of alternative solution	++
5	Medium- to long-term: 3-10 years	Physical risks: Increasing cost of transitioning to low-carbon technologies	Although the world is set on the net zero target after the COP27, peak global carbon is expected to be reached by 2025, and thereafter, demand for carbon	(1) Downstream sectors affected (2) Cost of importing low-carbon technology (capital expenditure) (3) Rising overall costs due to low-carbon technology (increase in cost per unit)	+

Possible starting timetable for the above risks

*Impact level description: +++high impact, ++moderate impact, +low impact

		Department affected	Impact level	2022	2023	2024	2025	After 2030
1	Rising cost of raw materials	Procurement, sales, finance	+++	High intensity	High intensity	Moderate-high intensity	Moderate-high intensity	
2	Changes in customer behavior	Procurement, sales, finance	++		Moderate-high intensity	Moderate-high intensity	Moderate-high intensity	High intensity
3	Intensification of extreme weather events such as hurricanes and floods	General affairs, environmental safety and health	+		Relatively low impact and frequency, but we will monitor closely			
4	Market information uncertainty	Procurement, sales, finance	++				Moderate-high intensity	Moderate-high intensity
5	Transitioning to low-carbon technologies	R&D, procurement	+				Moderate intensity	Moderate-high intensity

*Impact level description: +++high impact, ++moderate impact, +low impact

04-7. Climate-Related Risks and Opportunities Evaluation

(2) Outcomes of climate change-related opportunity identification

	Opportunity description	Urgency (short-/medium-/long-term)	Impact (High, moderate, low)	Probability (High, moderate, low)
1	Use a more efficient production and distribution process to increase resource efficiency	Medium to long (3-10 years)	2.80	4.00
2	R&D and innovation in developing new products and services	Medium to long (3-10 years)	2.80	3.80
3	Tap into new markets	Short (1-3 years)	3.00	3.22
4	Diversification of business activities	Medium to long (3-10 years)	2.56	3.60
5	Employ more efficient modes of transport to increase resource efficiency	Medium to long (3-10 years)	2.20	3.80
6	Changes in consumer preferences	Medium to long (3-10 years)	2.56	3.40
7	Use more efficient buildings to increase resource efficiency	Medium to long (3-10 years)	2.56	2.80
8	Perform recycling to increase resource efficiency	Medium to long (3-10 years)	2.20	3.00
9	Use new energy sources	Medium to long (3-10 years)	2.20	3.00
10	Use alternative energy/energy diversification (from Taiwan Power, solar power, etc.)	Medium to long (3-10 years)	1.60	3.60
11	Capitalize on public sector incentives	Medium to long (3-10 years)	1.67	3.40
12	Use low-carbon energy as the energy source	Medium to long (3-10 years)	2.00	3.00
13	Develop and/or increase low-carbon products and services	Medium to long (3-10 years)	1.80	3.20
14	Participate in renewable energy projects and employ energy conservation measures	Medium to long (3-10 years)	1.80	3.20
15	Lower water usage and consumption to increase resource efficiency	Medium to long (3-10 years)	1.80	3.00
16	Participate in carbon markets as an energy management option	Medium to long (3-10 years)	2.00	2.80
17	Apply incentive policies to encourage energy management	Medium to long (3-10 years)	1.60	3.00
18	New assets and areas acquired must be insured	Medium to long (3-10 years)	1.89	2.56
19	Develop climate adaptation and insurance risk solutions	Medium to long (3-10 years)	1.80	2.60
20	Shift to non-centralized energy	Medium to long (3-10 years)	1.40	2.60

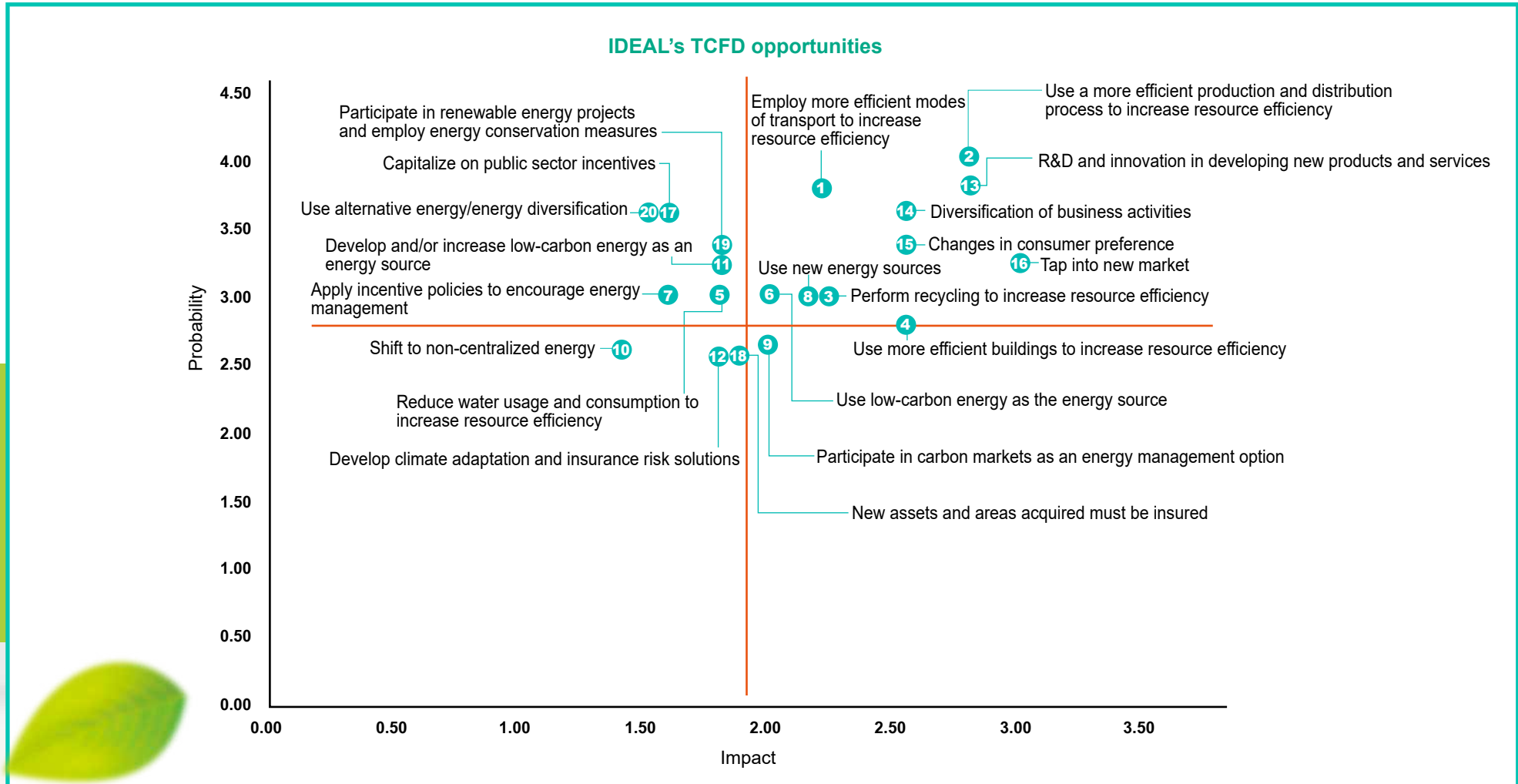
*Impact: We have adopted a 1-5 point scoring mechanism: 4-5 points represent a high impact: Will incur significant financial costs or capital expenditures; 3 points represent a moderate impact: Will incur considerable (moderate) financial costs or capital expenditures; 1-2 points represent a low impact: Will incur some financial costs or capital expenditures

*Probability: We have adopted a 1-5 point scoring mechanism: 4-5 points represent a high incidence rate: Occurring once a month or frequently every year; 3 points represent a moderate incidence rate: Occurring once every five years; 1-2 points represent a low incidence rate: Occurring approximately once every decade.

04-7. Climate-Related Risks and Opportunities Evaluation

TCFD opportunity matrix outcome

We have categorized climate change-related opportunities according to the level of impact and incidence rate. The outcome is shown below. The IDEAL team believes that the greatest opportunities come from product and service-related climate opportunities. These include R&D and innovation for developing new products and services, where more efficient production and distribution processes are implemented to increase resource efficiency and tap into new markets.



04-7. Climate-Related Risks and Opportunities Evaluation

TCFD risk opportunity evaluation

We have evaluated the potential financial impact of the aforementioned transition opportunities, as illustrated below:

	Time	Source of opportunity	Impact on IDEAL	Subsequent financial calculation needs	Estimated level of impact
1	Short-term 1-3 years	Market	Tap into new markets	Increase revenue (requires downstream market forecast, new product introduction rate estimation, green product revenue estimation), etc.	+++
2	Medium- to long-term 3-10 years	Resource efficiency	Use a more efficient production and distribution process to increase resource efficiency		++
3	Medium- to long-term 3-10 years	Products and services	R&D and innovation in developing new products and services	Downstream market forecast New product introduction speed	++

*Impact level description: +++high impact, ++moderate impact, +low impact

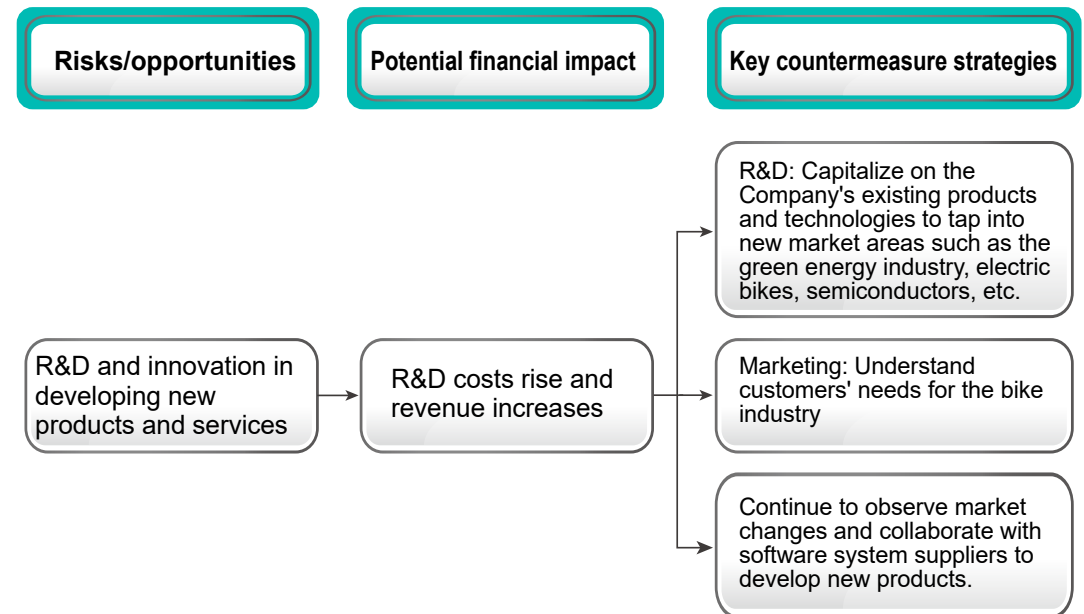
Possible starting timetable for the above opportunities

		Impact level	2023	2024	2025	After 2030
1	Tap into new markets	+++	High intensity, continue to invest in new product development			
2	Use a more efficient production and distribution process to increase resource efficiency	++	Moderate to high intensity	Moderate to high intensity	Moderate to high intensity	High intensity
3	R&D and innovation in developing new products and services	+++	Moderate to high intensity	Moderate to high intensity	Moderate to high intensity	High intensity

*Impact level description: +++high impact, ++moderate impact, +low impact

2-2 The impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning

After evaluating risks and opportunities, IDEAL's team adopted the following processes to determine climate adaptation and response strategies. Responses to financial impacts, such as rising costs of materials, caused by climate risks, which may lead to increased product costs, and reduced gross profits. Consequently, IDEAL's team has launched key response strategies that include corresponding measures proposed by the R&D, Procurement, and Manufacturing Departments. The table right illustrates the decision-making process:



04-7. Climate-Related Risks and Opportunities Evaluation

Climate change-related risks

IDEAL's team has identified one transition risk, one physical risk, and one transition opportunity to conduct an impact assessment on and explain the actions and strategies that can be adopted by various departments:

	Item	Impact	Key strategies that can be adopted by the various departments
1	Transition risk - Rising cost of raw materials	<ol style="list-style-type: none"> 1. Increased overall manufacturing cost 2. Process change 3. Limited availability of development resources 	<ol style="list-style-type: none"> 1. Increase customer base 2. Increase efficiency 3. Increase room for bargaining 4. Automation (process optimization) 5. Rigorous supplier selection 6. Use renewable energy
2	Physical risk - Intensification of extreme weather events such as hurricanes and flood	<ol style="list-style-type: none"> 1. Deteriorating working conditions affect employees' willingness to work for the Company 	<ol style="list-style-type: none"> 1.1. Review ventilation equipment capabilities and make adjustments if necessary 1.2. Implement equipment maintenance and service to ensure that it performs as expected 1.3. Adjust working hours based on the nature of the job or outsource 1.4. Consider replacing manual labor with machines and enhanced automation

Climate change-related opportunities

	Item	Impact	Key strategies that can be adopted by the various departments
1	Tap into new markets (such as creating new communities due to electric bikes, etc.)	<ol style="list-style-type: none"> 1. Increasing demand in the electric bike market 2. New markets created by changing consumer groups 	<ol style="list-style-type: none"> 1. Reinforce global supply chain deployment 2. Stay market-driven and understand customers' needs 3. Improve the development and technology of electric bike production to meet market demand 4. Develop low-carbon products - frames

2-3 Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios (including the 2°C or more drastic scenarios).

To further evaluate our organizational resilience, we considered the following three scenarios to assess the potential carbon reduction strategies:

- BAU (business as usual): No changes are made and global warming continues to develop
- 2°C: According to the simulation scenario of global warming within 2°C developed by the International Energy Agency (IEA).
- 1.5°C: According to the simulation scenario of global warming within 1.5°C developed by the International Energy Agency (IEA). The most aggressive carbon reduction target implies that more vigorous carbon reduction practices will be implemented. Due to the Company's proactive engagement in low-carbon transition, more transition costs will be invested at the beginning, but it will yield the greatest and longest-term competitive advantages. The Company must invest in more efforts more quickly than is needed for the 2°C scenario, in order to achieve net zero by 2050.

We also evaluated the potential impacts of risks and opportunities described by the TFCFD recommendations under different scenarios. When more intense climate responses are needed, IDEAL will make additional investments in transitioning to low-carbon technology and provide more low-carbon products and services. Although the short-term costs will increase, it will bring about more benefits in the long run.

Under the 1.5°C scenario, the Company will vigorously seek carbon reduction methods for scope 1 and scope 2 emissions. Currently, IDEAL has not formulated more detailed carbon peak targets and carbon reduction targets, but we will begin to discuss more reasonable and scientific carbon reduction targets in 2023.

From the above analysis, we can see that regardless of the transition risk (2°C or 1.5°C), IDEAL must develop more low-carbon products and services more quickly and improve key measurement technologies in the green energy industry/energy storage fields, continue to accumulate carbon reduction benefits and performance for customers, and strive to become a standard setter.



04-7. Climate-Related Risks and Opportunities Evaluation

Risk management

3-1 Describe the organization's climate-related risk identification and evaluation process

To evaluate climate-related risks, IDEAL has referred to TCFD recommendations, the Global Risks Reports, and the Taiwan Climate Change Research Report's estimates for 2050. After considering the actual conditions of the markets in which the Company operates, we have individually assessed the 13 transition risks and 4 physical risks listed in the TCFD recommendations.

We evaluate the urgency of every risk (short-, medium-, and long-term), incidence rate (a 5-point scale is used to describe high, moderate, and low levels), as well as potential negative impacts (a 5-point scale is used to describe high, moderate and low levels). IDEAL considers customers' conditions to determine the severity and priority of climate-related risks.

Our evaluation principles:

	Urgency	Incidence rate	Impact level	Outcome of various risk and opportunity assessments, and response principles
1	Short-term (1-3 years)	High (>3)	High (>3)	Listed as short-term risks that must be dealt with, and that are controlled through various departments
		Moderate (=3)	Moderate (=3)	Evaluate future development conditions before deciding how to address the problem
		Low (<2)	Low (<2)	Do nothing for now
2	Medium- to long-term (3-10 years)	High (>3)	High (>3)	Evaluate according to incidence rate and impact level to determine whether it is consistent with short-term risk management.
		Moderate (=3)	Moderate (=3)	Evaluate future development conditions before deciding how to address the problem
		Low (<2)	Low (<2)	Do nothing for now

*Impact: We have adopted a 1-5 point scoring mechanism: 4-5 points represent a high impact: Will incur significant financial costs or capital expenditures; 3 points represent a moderate impact: Will incur considerable (moderate) financial costs or capital expenditures; 1-2 points represent a low impact: Will incur some financial costs or capital expenditures.

*Probability: We have adopted a 1-5 point scoring mechanism: 4-5 points represent a high incidence rate: Occurring once a month or frequently every year; 3 points represent a moderate incidence rate: Occurring once every five years; 1-2 points represent a low incidence rate: Occurring approximately once every decade.

	Policy and legal risks	Technical risks
Transition risks	<ol style="list-style-type: none"> Increased GHG emissions pricing Bolster emissions reporting obligations Mandate/legislate carbon emissions disclosures for existing products and services Litigation risks 	<ol style="list-style-type: none"> Replace the Company's existing products and services with low-carbon products Failed investments in new technologies Cost of transitioning to low-carbon technologies
	Market risks	Reputation risks
	<ol style="list-style-type: none"> Changes in customer behavior Market information uncertainty Rising costs of raw materials 	<ol style="list-style-type: none"> Changes in consumer preferences Stigmatization of the industry Increasing stakeholder concerns and negative feedback
Physical risks	Immediate risks	Long-term risks
	Intensification of extreme weather events such as hurricanes and floods	<ol style="list-style-type: none"> Rainfall (water) pattern changes and extreme changes in the climate model Rising average temperature Rising sea level

04-7. Climate-Related Risks and Opportunities Evaluation

3-2 Describe the organization's management process for climate-related risks

IDEAL will conduct risk evaluations every year in the future and manage climate-related risks and opportunities that have already been identified. After reporting them to the board of directors, outcomes will be disclosed in the corporate sustainability report.

3-3 Describe how climate-related risk identification, evaluation, and management processes are integrated into the organization's overall risk management system

IDEAL has conducted an organizational GHG inventory in 2023, estimating that the Taiwan plant's carbon emissions in 2022 was 1145.493 tonnes CO₂e. Inventory operations for other plants will be carried out progressively in 2023. In the future, more vigorous scientific reduction goals will be set. Furthermore, IDEAL lacks a comprehensive climate risk management mechanism. In 2023, we will begin to integrate the evaluation of all operational risks including the climate risk evaluation process for environmental risks, and also implement the specific methods applied for resolving different risks in various departments. Relevant risk evaluations will be conducted annually to make sure we fully understand and control risk changes, thereby formulating relevant reduction management regulations and measures.



Indicators & targets

4.1 Disclose indicators used by the organization to evaluate climate-related risks and opportunities according to its strategy and risk management process

IDEAL will implement a quantified evaluation, tracking, and management system based on the above strategy and risk management process in 2023.

4-2 Disclose category 1 and category 2 GHG emissions and relevant risks

We have used the ISO 14064-1 standard to calculate that GHG emissions for 2022 were 1145.493 tonnes CO₂e. This figure will be used to estimate future growth in production capacity and GHG emissions in order to set reduction targets.

4-3 Describe targets used by the organization in managing climate-related risks and opportunities, as well as its performance in reaching the targets

In response to the international zero emissions trends and branded customers' requests, IDEAL has explored feasible carbon reduction solutions after a preliminary carbon inventory in 2022. We will plan these solutions by focusing on energy conservation, carbon reduction, and process carbon reduction simultaneously.





05

Chapter Five Diverse and friendly workplace

IDEAL BIKE

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05-1. Human Rights and Diversity

Workers' human rights and diversity is a material topic we have identified. Due to the international nature of our business, IDEAL attaches great importance to protecting workers' human rights and diversity. We will continue to demonstrate our commitment to this important topic.

One: Human Rights and Diversity (Material Topic)

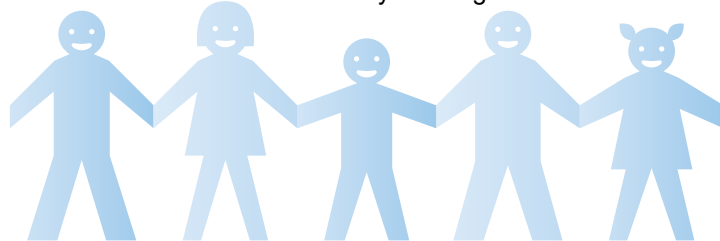
Human rights policy

The Company supports and complies with international human rights regulations and principles including the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Organization's Declaration of Fundamental Principles and Rights at Work, as well as abiding by local labor laws to prevent violations of human rights.

The human rights policy applies to all units across all levels to ensure that employees and customers are treated with dignity, as well as to continue to elevate and improve management concerning human rights-related topics. At the same time, we comply with labor laws to create a safe and diverse workplace. We do not tolerate any violation of employees' dignity and human rights, or any form of discrimination, to foster a good management style and corporate culture.

Human rights implementation achievements in 2022

1. Enforce the equality principle: Regardless of their nationality, all IDEAL employees are equally entitled to employee dinner parties, company trips, and employee benefits from the Welfare Committee.
2. Equal work opportunities: In 2022, we hired more employees with disabilities than required by the law.
3. Prohibit child labor: We do not hire people under the age of 18.
4. Diversity and inclusion: Staffing policies within the work rules stipulate that personnel selection, hiring, training, and promotion are carried out without any unfair or differential treatment based on race, religion, gender, age, nationality.
5. Create a harassment-free workplace: Stipulate a sexual harassment prevention policy to protect colleagues from workplace harassment.
6. Ban forced and compulsory labor: (1) No non-volunteer workers are hired (2) Overtime must be applied for in advance, with the consent of the parties concerned. No forced labor is permitted. The number of total overtime hours for the month is calculated on the 15th of every month. Employees with 30 hours of overtime will receive an early warning notice. Make sure colleagues maintain work-life balance.



Two: Workforce Composition

As of the end of 2022, IDEAL has 363 employees, of which 180 are male and 183 female. The ratio between male and female employees is very close, which demonstrates diversity. Compared with 2021, the number of employees increased from 322 to 363 in 2022, representing a growth of 12.73%.

Employee gender ratio over recent years						
Business locations	2021 Male employees	2021 Female employees	2021 Total employees	2022 Male employees	2022 Female employees	2022 Total employees
Taiwan plant	162 persons (50.31%)	160 persons (49.69%)	322 persons (100%)	180 persons (49.6%)	183 persons (50.4%)	363 persons (100%)

Plant workforce structure

As of late 2022, the Taiwan plant area has 363 employees. IDEAL proactively cultivates local management talent, where 89% of the Company's middle and senior management (supervisors above the section level) consists of local residents.

Local management percentage

Senior management (above section level)	42.9%(3/7)
Middle management (section or department level)	91.7%(22/24)
Other employees	95.5%(321/332)

Note: Regarding legal requirements. In 2021, 3.2 people with disabilities should have been hired but 4 were. In 2022, 3.6 people with disabilities should have been hired but 6 were, exceeding the quota set by law. Although the overall workforce increased by 12.73% compared with last year, most employees of both genders are young adults aged 31-50 who possess abundant work experience and expertise.



Taiwan plant

Company workforce structure of the Taiwan plant in 2022			
Item	Male	Female	Total
Number of employees	180	183	363
Percentage	49.59%	50.41%	
Seniority			
Middle and senior management (above section level)	20	11	31
Percentage	64.52%	35.48%	100%
Junior management (group level)	18	14	32
Percentage	56.25%	43.75%	100%
General staff	142	158	300
Percentage	47.33%	52.67%	100%
Age			
Below the age of 30 (16-30)	70	53	123
31-50 years old	90	105	195
Above the age of 51	20	25	45
Employment category			
Full-time employee	180	183	363
Part-time employee	0	0	0

Committed to diverse recruitment

Realizing that diversity can enhance corporate resilience and benefit the Company's overall business performance, IDEAL strives to create a diverse and friendly workplace in a bid to become a happy enterprise. In terms of employee recruitment, IDEAL has applied the principle of matching the right talent to the right roles according to its business needs, irrespective of the employees' race, religion, skin color, nationality, or gender.

New employees and resigned employees

As of the end of 2022, IDEAL Group had 363 employees compared to 322 in 2021, representing a growth of 12.73%.

In terms of employee recruitment, despite the impact of the pandemic in 2022, the Company's overall orders increased which, coupled with personnel needs in the plant, meant that the number of new employees in 2022 increased by 43% compared to 2021 (100 new employees), of which new male and female employees account for 53.85% and 46.15% respectively.

Age distribution of the Company's new employees in 2022					
Category	Group	Number of new male employees	Percentage of new male employee	Number of new female employees	Percentage of new female employee
Age of new employees	Below 30	43	55.84%	32	48.48%
	31-50	31	40.26	33	50.00%
	Above the age of 51	3	3.90%	1	1.52%
	Subtotal	77	100%	66	100%

Note: 'New employees' does not include those who reported for duty within the last seven days. New employee ratio (%)= The number of new employees in this category in the year/the total number of employees in this category at the end of the year

New and resigned employees of various plants

The Taiwan plant hired 143 new employees in 2022, equivalent to a new employee ratio of 39.39%; a total of 103 employees resigned, equivalent to a resignation ratio of 28.37%.

Management gender percentage

In addition to upholding the principle of equality in employee recruitment, the Company also actively trains management talent. In 2022, the percentage of women in management increased by 3% from 2021.

Age distribution of the Company's resigned employees in 2022					
Category	Group	Number of resigned male employees	Percentage of resigned male employee	Number of resigned female employees	Percentage of resigned female employee
Age of resigned employees	Below 30	35	59.32%	21	47.73%
	31-50	23	38.98%	23	52.27%
	Above the age of 51	1	1.69%	0	0
	Subtotal	59	100%	44	100%

Note: The number of resigned employees includes employees who left the Company voluntarily or were terminated, retired, or killed in the line of duty. Resignation rate (%)=The number of resigned employees in this category in the year/the total number of employees in this category at the end of the year

Management gender ratio					
	Male (number of people)	Female (number of people)	Male (percentage)	Female (percentage)	Total
2022 management	38	25	60.32%	39.68%	63
2021 management	38	22	63.33%	36.67%	60

Three: Employee Care and Talent Development

IDEAL values the rights and well-being of employees, providing them with a workplace that offers good work-life balance and reasonable benefits, including a friendly work environment. To show our appreciation for their hard work and efforts, occupational health promotions, as well as employee group courses and activities, are conducted to take care of their physical and mental wellbeing. Moreover, the comprehensive education and training system facilitates employees' career development and endows them with a sense of accomplishment from their work.

Employee welfare and remuneration system (GRI 2-19) (GRI 202-1)

The Company abides by labor laws to attract and retain outstanding talent. In addition, the average remuneration of employees is calculated based on TWSE's "Regulations on the Declaration of Non-management, Full-time Employees' Remuneration". After a review and calculation were conducted by accountants, the weighted average of non-management, full-time employees in 2022 was 311. The average remuneration of full-time employees who do not hold supervisory positions is NTD527,000, and the median salary of employees is NTD474,000.

	2021	2022
Average number of employees	261	311
Average salary (NTD thousand/person)	529	527
Median salary (NTD thousand/person)	489	474

Employee care and concern (GRI 201-3) (GRI 401-2)

IDEAL is committed to creating a friendlier workplace and ideal quality of life. The following benefits are offered by the Taiwan plant:

Employee Welfare Committee

IDEAL has created an Employee Welfare Committee as per the Ministry of Labor's regulations, with the chairman acting as the ex officio member. For the remaining members, eleven candidates are nominated by various units, and nine candidates with the highest number of votes received are appointed as members of the Employee Welfare Committee. The chairperson of the committee is appointed via recommendations of the Employee Welfare Committee.

In 2022, the Employee Welfare Committee convened seven meetings. As of June 6, 2023, three meetings have been convened.

1. Welfare funding: The Employee Welfare Committee's regular funding comes from monthly company revenue, employee salary allocations, as well as interest income from bank deposits, income from providing venues for vending machines, and occasional income from providing venues outside the employee restaurant for external vendors to set up stalls.

Welfare fund income in 2022	Amount (NTD)
Contributions from sales income (0.05%)	\$1,578,808
Contributions from remuneration	\$743,135
Other income	\$36,000
Interest income	\$33,890
Total income	\$2,391,833





05-3. Employee Care and Talent Development

2. Welfare fund expenditures: These include cash gifts for three major festivals, birthday cash gifts, wedding cash gifts, maternity cash gifts, consolation money for injuries, illnesses, and funerals, scholarships for employees or their children, company trips, and year-end banquet, etc. The welfare committee also provides subsidies for mountain hiking and cycling club activities organized by the Labor Safety Office

Welfare fund expenditures in 2022	Content description	Total amount (NTD)
Cash gifts for three major festivals	<ul style="list-style-type: none"> ◆Labor Day cash gifts ◆Dragon Boat Festival cash gifts ◆Moon Festival cash gifts 	\$615,000
Birthday cash gifts	Birthday cash gifts	\$190,200
Various congratulatory cash gifts or consolation money	<ul style="list-style-type: none"> ◆Employee wedding cash gifts ◆House warming congratulatory gifts for new houses owned by employees or their spouses ◆Childbirth gifts for employees or their spouses ◆Employee hospitalization consolation money ◆Employee death condolence money ◆Condolence money for the funeral of employees' families 	\$73,800
Scholarships for employees or their children	<ul style="list-style-type: none"> ◆Employee scholarships ◆Scholarships for employees' children 	\$24,500
Other	The event was canceled in 2022 due to the pandemic and gift vouchers were handed out instead	\$284,960
Leisure and travel activities	Company trips	\$2,157,125



Return to work and retention rates after parental leave (GRI 401-3)

IDEAL's Taiwan plant has implemented the unpaid parental leave policy for employees of both genders in accordance with the Labor Standards Act. In 2022, two female employees applied for parental leave without pay, and one of them has already returned to work.

	2021		2022	
	Female	Male	Female	Male
Number of people eligible for parental leave without pay (A)	12	6	8	6
Number of people who applied for parental leave without pay (B)	2	0	2	1
Number of people who should be reinstated after parental leave without pay (C)	2	0	1	0
Number of people who were reinstated after parental leave without pay	2	0	1	0
Number of people who continued to work 12 months after they were reinstated from parental leave without pay	0	0	0	0
Parental leave without pay application rate (B)/(A)	16.67%	0	25%	16.67%
Reinstatement rate after parental leave without pay (D)/(C)	50	0		
Retention rate one year after reinstatement (E)/previous year (D)	0	0		

Note: 1. Eligibility for parental leave is calculated based on the total number of people who applied for maternity/paternity leave in the last three years.
2. This year, two parental leave applicants applied for extended parental leave, and both applications were approved by the Company.



Employee performance evaluation and career development (GRI 404-3)

IDEAL measures target achievement through performance evaluation. The Taiwan factory had 143 new employees in 2022, including 77 men and 66 women, and 90 of the 143 employees are still working for the Company. As of December 31, 2022, 73 new employees have worked for three months and passed the evaluation.

	Number of people in the Taiwan plant who received regular performance reviews in 2022
Male	39
Percentage	53.42%
Female	34
Percentage	46.58%
Total	73
Middle and senior management	1
Percentage	1.37%
Junior management	0
Percentage	0
General staff	72
Percentage	98.63%



Talent development and education and training

IDEAL offers employees a comprehensive education and training system. In addition to job functions, relevant bike industry-related education and training are also included.

In 2022, the Company sent 39 people to receive 364 hours of professional skills education and training courses held by external organizations, at a cost of NTD63,756. Internal colleagues held 35 internal training courses to teach product-related knowledge, matters to watch out for during the production process, and customer service. A total of 552 people attended 732 hours of this training.

Since IDEAL is wholeheartedly tapping into the overseas market, we are also proactively cultivating and recruiting foreign talent. Through training provided by the Taiwan headquarters, we want to assist colleagues willing to work abroad to be able to do so.

Retirement system at the Taiwan plant

For employees on the old pension fund system, the Company has stipulated labor pension regulations according to the relevant provisions of the Labor Standards Act. IDEAL has appointed an actuary to perform calculations, set aside labor pension reserves monthly, and deposit them in a special account in the Bank of Taiwan. The pension calculation methods and payments are conducted in accordance with the provisions of the Labor Retirement Regulations.

For employees on the new pension fund system, the Company will transfer 6% of their salary to their pension account every month according to the provisions of the Labor Pension Act to look after their post-retirement life.

Provide a comfortable workplace including:

- ♦Workplace cooling measures: The assembly and painting production line workshops are equipped with air conditioners or large water-cooled fans to create a more comfortable working environment. Office environments are equipped with central air conditioners or split-type air conditioners to control the temperature and create a comfortable workplace.
- ♦Employee cafeteria: Allows employees to enjoy lunch in an air-conditioned environment. Outside vendors set up stalls here from time to time to let employees shop freely (no outside vendors were invited in 2021 due to the pandemic).
- ♦Free meals: Free lunch is provided. If employees require supper for overtime, free meals will also be provided as long as they register in advance.
- ♦Fixed break time: There is a 10-minute break at 10:00 and 15:00 every day, allowing direct unit employees to rest or enjoy snacks in the employee rest area.
- ♦Employee rest area: The assembly line and painting line feature employee rest areas that are equipped with chairs, air conditioners, and televisions for employees to eat or rest during break time or lunch break.
- ♦Smoking area: Smoking is prohibited throughout the Company, but there is a smoking area for smokers to smoke during break time.
- ♦Soothing fish pond: The plant is equipped with a fish pond featuring several magnificent koi for employees to feed fish and relieve stress during break time.
- ♦Water cooler: Water coolers are installed in various locations to offer employees hot and cold water.
- ♦Home appliances: The pantry is equipped with a fridge and microwave oven for employees' convenience.
- ♦Employee housing: Accommodation is available for those who need it, only water and electricity bills will be charged.

Employee health activities and plans

To promote colleagues' physical and mental wellbeing, the Labor Safety Office has regularly organized a wide range of health promotion activities at the Taiwan plant since 2014, including weight loss competitions, aerobic courses, mountaineering and hiking activities, badminton, nutrition lectures, stress relief activities, etc. Most of the dynamic courses are conducted in an interactive and hands-on manner, enabling colleagues to exercise and attain physical and mental relaxation. The cost of health promotion activities including course material fees will be borne by the Company, except lecture fees. The Company's senior management is very supportive of these health promotion activities, thus they will continue to be organized despite the unfavorable economic outlook due to the pandemic.

In addition to colleagues, their families are also invited to participate in activities such as the annual health walk. Furthermore, to enhance employee participation, the Company guarantees that the activities will have no impact on the employee performance evaluation. Top-performing colleagues in weight loss and badminton activities will receive public commendation and awards. In terms of internal promotion, after the activities are confirmed, the Company will promote them via email, announcements, and occupational safety meetings in addition to activity posters posted by various units on bulletin boards. Moreover, various unit supervisors will be asked to encourage colleagues to partake in the activities.

Overall evaluation of activity satisfaction in 2022

2022 activities	Number of participants	Satisfaction score
Nutrition lecture - Healthy pan pizzas	20	94.6
Stress relief activity: Knead pottery cups	22	96.3
Weight loss contest	17	99
2022 activity satisfaction score	Averaging 20 participants per activity	96.6

Future goals of health promotion activities

Item	Average number of participants	Activity score
2023 activity achievements	20-25	95
Goals to be achieved by 2023 activities	Reach 10% of all employees	96

2022-2023 activity plans: We have already planned health promotion-related activities for 2023, inviting the Company's employees and management to join five major themed activities including weight loss, nutrition lectures, health walks, badminton, and stress relief, hoping to attract employees to participate in these static and dynamic activities in a bid to raise their health awareness.



Four: Occupational Safety and Health (Material Topic)

As a professional bike OEM, IDEAL is dedicated to offering safe and healthy working conditions, promoting relevant awareness campaigns, education, and training, implementing independent safety and health management, as well as conducting regular reviews and ongoing improvement in order to achieve the goal of total participation.

In 2021, IDEAL commissioned an external consultant to facilitate the introduction of the occupational safety and health management system. The Company obtained ISO 45001 occupational safety and health management certification in 2022.

Occupational safety and health policy, policy commitment (GRI 403-1)(GRI 403-8)

IDEAL's occupational safety and health policy was approved by the chairman and implemented according to the following occupational safety and health policy statement.

Responsible units

Taiwan plant: Convene an Occupational Safety and Health Committee meeting every quarter. The Occupational Safety and Health Committee comprises 12 members, of which 4 are labor representatives.

Management actions

IDEAL has introduced and implemented the "Occupational Safety and Health Management System" to regulate occupational safety management-related affairs, serving as an occupational safety guideline for employees. Furthermore, the safety and health assessment of equipment in the plant is also conducted regularly.

Occupational safety management goals (GRI 403-2) and implementation achievements

1. Ensure the legal compliance of the ISO 45001 occupational safety and health management system and its continued effectiveness
2. Maintain a zero major incident record every year
3. Carry out annual fire drills

2022 implementation achievements

1. Passed ISO 45001 third-party certification in 2022
2. No major incidents took place in 2022
3. Two fire drills were conducted in 2022



Occupational safety and health policy statement

The Company is a professional bike OEM. From early transportation to the current technology-assisted production process, we have been dedicated to providing safe and healthy working conditions, promoting relevant awareness campaigns, education, and training, implementing safety and health independent management, as well as conducting regular reviews and ongoing improvement in order to achieve the goal of total participation.

To fulfill our corporate responsibilities, we promise to:

Comply with the law:

Comply with domestic environmental safety and health laws and regulations.

Commitment to eliminating sources of danger:

Maintain a safe and healthy environment to minimize accidents.

Implement safety and health management:

Implement a good environmental safety and health system.

Performance evaluation and improvement:

Reward extraordinary performance and implement measures to remedy inadequacies immediately.

Internal/external consultation and participation:

Continual development to achieve the best interests of stakeholders.

Chairman: CHIANG YUAN PIN

Date: 2022. 4. 25

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05-4. Occupational Safety and Health

Hazard identification and risk evaluation process



Item	Management content	2022 implementation achievements
Hazard identification, risk evaluation, and control	Establish and implement relevant management plans for the identification, evaluation, and control of work environment or operational hazards to comply with safety and health regulations.	Convened two meetings and identified 64 risks.
Occupational safety and health education and training	Regularly implement education and training (including occupational safety and health education and training, and license holders regularly receive training).	A total of 55 sessions were conducted, completing 1,751 hours of training. 100% training completion rate.
Automatic inspection	Implement automatic inspections regularly, according to the law, where various departments perform inspections based on the plant and statutory inspection items. Abnormalities should be documented in the operation record and repaired.	Prepare 22 automatic inspection checklists for inspectors to conduct a pre-operation inspection.
Safe operation standards	Establish an SOP for workers in the plant to comply with to make sure that work is performed correctly, thereby preventing occupational incidents among new employees and shift workers.	In 2023, descriptions of various unsafe factors before, during, and after operations and prevention measures are expected to be added to let employees better understand and work safely.
Hearing protection	Workplaces with noise levels higher than the legal standard must continue to make improvements to reduce or keep out noise, thereby protecting workers from hearing damage.	1. Wear protective equipment. 2. One construction noise reduction project.
Hazardous chemical management	Hazardous chemicals used in the product process are managed according to the "Hazard Communication and Operation Instructions", where operators check the on-site environment, ventilation, operating procedures, and personal protective equipment (PPE) every day, and the organic solvent operation supervisor is responsible for overseeing and managing the use of such solvents.	There were 0 cases of occupational disease caused by exposure to chemicals.
Protective equipment management	PPE is provided in the workplace depending on the operation being performed. If there is any damage or defect in the equipment, or there is inadequate protection, employees need to fill out the PPE collection form to apply for a replacement.	Replaced depending on the usage condition.
Emergency response	Create an emergency response plan and instructions to identify events with potentially serious consequences based on the risk evaluation, as well as conduct regular drills and improvements.	Conduct an emergency response drill every six months.
Occupational safety consultation and communication	Besides participation and consultation conducted through the "Occupational Safety and Health Committee" on behalf of workers, colleagues with relevant proposals for enhancing workplace safety and health, as well as process improvement suggestions and employee complaints, may issue an "Occupational Safety and Health Feedback Form" and report the problem to department management. The Labor Safety Office must file the case for management and tracking purposes.	1. Convene the "Occupational Safety and Health Committee" meeting every quarter.
Monitor the work environment	Commission a qualified monitoring agency approved by the MOL's Occupational Safety and Health Administration to implement various monitoring projects (such as noise, dust, illumination, CO2, and other items required by the law) to protect the physical and mental health of colleagues at work.	All 13 items monitored met the legal requirement.
Contractor management	Contractors entering the plant must comply with relevant contractor management regulations to ensure construction safety.	There were 0 cases of contractor-related occupational incidents.

05-4. Occupational Safety and Health

Occupational safety and health training

IDEAL values employees' work safety, hence it has conducted nearly 100 environmental safety and health training sessions in the Taiwan plant since 2020. In 2022, a total of 1,971 training hours were conducted on new employee training (general safety and health), internal audit training for the ISO-45001 management system, as well as general safety and health training and chemical hazard training for employees.

For venues of the Company that have passed the ISO 45001 certification, a hazard identification, risk and opportunity evaluation, and control procedure has been established according to Clause 6.1 of ISO 45001 - actions to address risks and opportunities. Moreover, workers in various units participate in the hazard identification and risk evaluation of activities within the unit. The workers mentioned above have all completed pre-job training, on-the-job training, and necessary license training (for special operations), thus they are equipped with the ability to identify hazards and evaluate risks.

In 2022, the fire protection training and self-defense fire protection group conducted two drills involving 448 people (293 people and 155 people in the first and the second half of the year, respectively). This comprehensive training covers fire-fighting, evacuation, and reporting.

2022 on-the-job training and education statistics

Month	New (general) three hours per session	On-the-job (general) three hours per session	New (hazardous chemicals) six hours per session	On-the-job (hazardous chemicals) six hours per session	New (mobile construction machinery)	On-the-job (mobile construction machinery) six hours per session	Internal audit training three hours per session	Total training hours
1	5	122						381
2	8						33	123
3	21		7				25	180
4	8		9					78
5	1		16					99
6			8	30				228
7			16					96
8	4		7					54
9			17					102
10			9					54
11		11	8	45		32		543
12	1		5					33
Total	48	133	102	75	0	32	58	1971



Occupational injury and accident statistics

The Company abides by safety and health management-related laws and strives to achieve the goal of zero occupational incidents by creating a healthy, safe, and friendly workplace.

Accident reporting, investigation, and handling

Accident reporting, investigation, and handling regulations have been established for the Taiwan plant.

1. Accident handling

1.1 When an accident takes place, the person who discovered the accident/parties involved must implement necessary measures immediately and notify the on-site supervisor to execute emergency incident prevention measures and first aid or medical treatment to minimize incident hazards and prevent secondary incidents. However, their safety should be considered a top priority. If a traffic accident occurs outside the plant during on-duty or off-duty hours, contact the police immediately and seek medical treatment if necessary, before alerting the unit supervisor and labor safety personnel.

1.2 Upon receiving the alert, the unit supervisor and labor safety personnel should quickly take control and assess the situation. The plant resident nurse should provide injured individual(s) with first aid, if hospitalization is required, the on-site supervisor will accompany the patient or visit them in the hospital in order to assist with the investigation and handling process. If necessary, labor safety personnel may also be asked to attend.

1.3 If a major occupational incident occurs, labor safety personnel will report it to the Taichung City Labor Inspection Office via telephone within eight hours. Except for necessary emergency rescue purposes, the scene may not be moved or altered without the permission of government inspectors from judicial authorities or inspection agencies.

1.4 If an accident occurs during the delivery of a contracted project, the contractor's operations supervisor and relevant supervisors will, if necessary, collaborate with outside experts to form an accident investigation team to determine the cause of the accident.

1.5 If someone has been injured, first aid should be administered before completing an occupational incident outpatient form/occupational disaster hospitalization form from the HR unit.

2. Accident reporting

2.1 After an accident or traffic incident occurs, the on-site supervisor must complete the "Accident Investigation Report" within three working days. The report should be reviewed by the unit supervisor and submitted to labor safety personnel for countersigning.

2.2. After receiving the "Accident Investigation Report", labor safety personnel should offer advice on improvement measures proposed by the on-site supervisor and monitor their effectiveness.

2.3 For an occupational incident, the "Accident Investigation Report" should be filled out to apply for occupational sickness leave, which also requires the submission of a diagnosis certificate issued by a public hospital, NHI-affiliated hospital, or an outpatient center, as well as a traffic accident investigation report. The diagnosis certificate must state the number of days needed for recuperation, and the information provided must be legitimate. If relevant laws and company rules are violated, the application will not be approved.

2.4 The Accident Investigation Report should be countersigned by labor safety personnel and the HR unit, and submitted to the responsible supervisor for approval before being delivered to the HR unit calculating attendance.

2.5 After the Accident Investigation Report is approved by the responsible supervisor, HR should log the attendance data based on the number of authorized leave days and archive it for future reference.

3. Preventive measures

3.1 Labor safety personnel should fill out the "Accident Cause Analysis Form" based on the "Accident Investigation Report" and on-site investigation outcome. Furthermore, a risk evaluation of the on-site supervisor's improvement measures should be performed to determine whether the improvement strategies can effectively mitigate or control the type of accident that occurred, and the risk of non-compliance. They should also continue to monitor the situation.

3.2 Various units and the Labor Safety Office should publicize the outcome of the accident investigation or incorporate it into their education and training programs in order to bolster workers' safety awareness.



05-4. Occupational Safety and Health

2022 occupational injury statistics (GRI 403-9)

Accident statistics

In 2022, there were no serious injuries caused by occupational incidents and there were 13 occupational injuries (including cuts, bruises, and lacerations) documented. We will conduct an investigation and cause analysis after every accident, and propose rectification and improvement measures if necessary, to enhance the personnel's hazard awareness and improve workplace safety.

2022 disabling injury statistics

Worker	Number	Total work hours	Number of deaths	Disabling Injury Frequency Rate (FR)	Disabling Injury Severity Rate (SR)	Lost Day Rate (LDR)	Number of recordable occupational injuries	Recordable occupational injury rate
Employee	363	72747621.7	0	0	0	0	13	17.87%



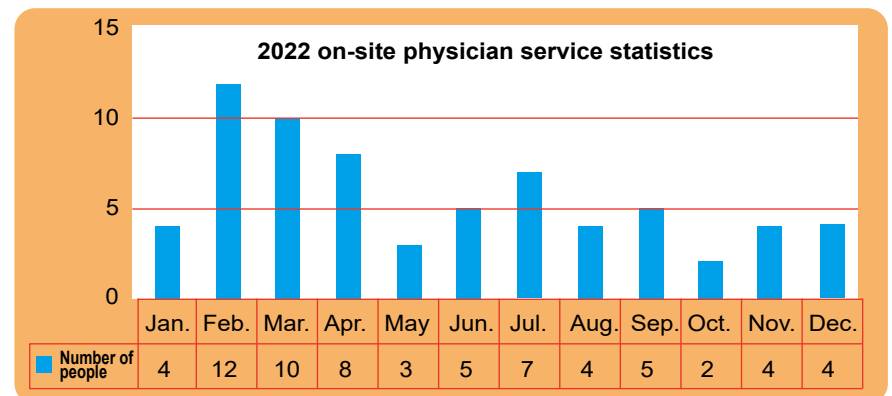
Note:

1. Work injury category statistics are derived from work injuries.
2. Total work hours = Total number of people * 8 hours * number of scheduled working days in a year.
3. Disabling Injury Frequency Rate (FR) or injury frequency: The total number of disabling injuries per one million hours worked. The total number of disabling injuries includes deaths, permanent total incapacitation, permanent partial incapacitation, and temporary total incapacitation.
4. Disabling Injury Severity Rate (SR) or injury severity rate: The total number of days lost due to disabling injury for every million hours worked.
5. Lost Day Rate (LDR)=(The total number of days lost due to disabling injury/total work hours)*1000000
6. Recordable occupational injury rate=(Number of recordable occupational injuries/total work hours)*1000000

Organize health services and promotion activities to minimize health risks (GRI 403-3)(GRI 403-6)(GRI 403-10)(RT-CH-320a.2)

IDEAL's Taiwan plant has hired full-time healthcare workers to provide health promotion-related services and employee healthcare consultations. Every month, physicians are invited to provide medical consultations in the plant and evaluate the work environment and relevant measures. In 2022, 68 cases of physician services were provided in the plant.

Type of problem	Follow-up of abnormal health check results	Maternal health protection plan	Ergonomic hazard prevention plan	Prevention plan for illnesses caused by abnormal workload
Number of people interviewed	27	8	9	9
Type of problem	Unlawful infringement prevention plan	Work suitability evaluation for middle-aged and older persons	Reinstatement evaluation	Individual illness consultation
Number of people interviewed	0	0	7	8





05-4. Occupational Safety and Health

Promotion of employee health:

IDEAL has applied standards beyond the statutory requirements, allowing employees to receive annual health examinations, and providing special health examinations for employees conducting certain operations, to protect their health at work. We also assess the working environment and adjust conditions accordingly to look after employees.

Risks in the health check results are classified by plant resident nurses according to four major plans, while health education and doctor consultations are arranged for individuals with moderate to high risk.

2022 annual employee health check	Number of people
General worker health check	326
Special health check - Noisy work	42
Special health check - Work involving the use of n-Hexane	
Special health check - Dusty work	



Plan	Implementation description	2022 performance
Maternal health protection	After receiving notification of maternity cases, the Labor Safety Office will perform a risk evaluation and medical consultation to implement maternal health protection measures. Female workers who have given birth are given 60 minutes of breast-feeding time at work daily. Furthermore, a breastfeeding room equipped with nursing pillows and a sofa has also been established in the plant, allowing mothers to pump breast milk in a comfortable, discreet space.	Provide mothers with relevant books and information such as on the Company's maternity subsidy Provided care for mothers and followed up on their conditions every month, achieving a care rate of 100%. All of the five maternity cases received 100% prenatal care check-ups.
Ergonomic hazard prevention	Every year, employees are asked to fill out the online Nordic Musculoskeletal Questionnaire (NMQ) during health check-ups, and high-risk units and cases are selected according to the outcome of the on-site ergonomic hazard inspection.	Utilize the KIM evaluation tool to ascertain hazard factors and organize health-promotion activities (aerobics, yoga, etc.). The program was postponed to 2023 due to the pandemic.
Illnesses caused by abnormal workload	Employees are required to fill out the online overwork scale during the annual health check, as a self-evaluation. Employees' overtime hours are tallied to select people with moderate to high cerebral and cardiovascular disease risks, and physicians in the field of occupational medicine are invited to offer them health guidance at work.	Offer health guidance, regular health management, and follow-up, achieving a 100% physician interview rate. Organize a wide range of stress-relief activities, scoring an average of over 95 points for course satisfaction.
Unlawful infringement prevention at work	Stipulate and announce the "Declaration on Prohibition of Workplace Violence" in accordance with the "Act of Gender Equality in Employment" and the "Sexual Harassment Prevention Act".	Regularly organize education, training, and publicity activities, evaluate hazard factor identification and risk control measures at the workplace, inspect the workplace and work suitability, and improve the workplace based on evaluation outcomes. Consequently, we have achieved zero complaints.

Five: Social Engagement

IDEAL is passionate about public welfare and cares about policy developments and the socially disadvantaged. Since the Company is in the health-related business, it endeavors to facilitate industry-academia collaboration and care for the community, hoping to contribute to community engagement. In 2022, we donated the following funding and materials to relevant groups.

Unit	Item
Taipei Forum Foundation	Donated NTD150,000 for policy research
National Pingtung University	Donated NTD250,000
Wuqi Branch, Fourth Emergency and Rescue Corps.	Donated 100 residential smoke detectors
Gaomei Police Station of Qingshui Precinct organized sending warmth in cold winter activities	Donated 100kg of white rice



Appendix

One: GRI Content Index

Terms of use	IDEAL has referred to the GRI Universal Standards to compile the report for the reporting period from January 1 to December 31, 2022.
GRI 1 applied	GRI 1: Foundation 2021
Applicable GRI industrial guidelines	None

GRI Standards/other sources	Disclosure item	Chapter	Page number
GRI 2: General Disclosures 2021	2-1 Organization details	Chapter One - Company Organization Overview: About IDEAL	6
	2-2 Entities included in the organization's sustainability reporting	Chapter One - Company Organization Overview: About IDEAL	6
	2-3 Reporting period, frequency, and contact point	Reporting boundaries and editorial principles	3
	2-4 Restatement of information	Since the report is being published for the first time, there is no restated information	None
	2-5 External assurance	The report has not been externally assured	None
	2-6 Activities, value chain, and other business relationships	Chapter One - Company Organization Overview: Business Performance, Business Activities, and the Value Chain, Customers and Markets, Supply Chain Management	7.10.11
	2-7 Employees	Chapter One Company Organization Overview: About IDEAL Chapter Five - Diverse and Friendly Workplace: Workplace Compositio	6 . 57
	2-8 Workers who are not employees	None	None
	2-9 Governance structure and compositio	Chapter Three - Corporate Governance: Corporate Governance Structure	22
	2-10 Nomination and selection of the highest governance body	Chapter Three - Corporate Governance: Corporate Governance Structure	22
	2-11 Chair of the highest governance body	Chapter Three - Corporate Governance: Corporate Governance Structure	22
	2-12 Role of the highest governance body in overseeing the management of impacts	Chapter Two - Sustainable Management: ESG Promotion Organization	14
	2-13 Delegation of responsibility for managing impacts	Chapter Two - Sustainable Management: ESG Promotion Organization	14
	2-14 Role of the highest governance body in sustainability reporting	Chapter Two - Sustainable Management: ESG Promotion Organization	14
	22-17 Collective knowledge of the highest governance body	Chapter Three - Corporate Governance: Ethical Management	25
	2-16 Communication of critical concerns	Chapter Two - Sustainable Management: Materiality Analysis and Stakeholder Engagement	15
	2-17 Collective knowledge of the highest governance body	Chapter Three - Corporate Governance: Board of Directors Continuing Education and Collective Wisdom	23
	2-18 Evaluation of the performance of the highest governance body	Chapter Three - Corporate Governance: Board of directors performance evaluation	23
	2-19 Remuneration policies	Chapter Five - Diverse and Friendly Workplace	59
	2-20 Process to determine remuneration	Chapter Three - Corporate Governance: Remuneration Committee	24
	2-21 Annual total compensation ratio	Chapter Five - Diverse and Friendly Workplace	59
	2-22 Statement on sustainable development strategy	Management' Statement	4
	2-23 Policy commitments	Chapter Five - Diverse and Friendly Workplace: Human Rights Policy	56
	2-24 Embedding policy commitments	Chapter Five - Diverse and Friendly Workplace: Human Rights Policy	56
	2-25 Processes to remediate negative impacts	Chapter Two - Sustainable Management: Materiality Analysis and Stakeholder Response	19 . 20
	2-26 Mechanisms for seeking advice and raising concerns	Chapter Two - Sustainable Management: Materiality Analysis and Stakeholder Engagemen Chapter Three - Corporate Governance: Whistleblower System/Complaint Mechanism	18 . 26
	2-27 Compliance with laws and regulations	Chapter Three - Corporate Governance: Compliance with Laws and Regulation	36
	2-28 Membership associations	Chapter One - Company Organization Overview: Participation External Associations and Initiatives Supported	12
	2-29 Approach to stakeholder engagement	Chapter Two - Sustainable Management: Materiality Analysis and Stakeholder Engagement	15
	2-30 Collective bargaining agreements	No unions	None

GRI Standards/other sources	Disclosure item	Chapter	Page number
Material topic			
GRI 3: Material topics 2021	3-1 Process to determine material topics	Chapter Two - Sustainable Management: Two: Materiality Analysis and Stakeholder Engagement	15
	3-2 List of material topics	Chapter Two - Sustainable Management: Two: Materiality Analysis and Stakeholder Engagement	19
1. Ethical management			
GRI 3: Material topics 2021	3-3 Management of material topics	Chapter Two - Sustainable Management: Two: Materiality Analysis and Stakeholder Engagement	19
		Chapter Three - Corporate Governance: Two: Ethical Management	25
2. Information security			
GRI 3: Material topics 2021	3-3 Management of material topics	Chapter Two - Sustainable Management: Two: Materiality Analysis and Stakeholder Engagement	19
		Chapter Three - Corporate Governance: Six: Information Security	32
3. Human rights and diversity			
GRI 3: Material topics 2021	3-3 Management of material topics	Chapter Two - Sustainable Management: Two: Materiality Analysis and Stakeholder Engagement	19
GRI 405: Diversity and equal opportunities	405-1 Diversity of governance bodies and employees	Chapter Five - Diverse and Friendly Workplace: One: Human Rights and Diversity	57
	405-2 Percentage of basic salary and remuneration between women and men		59
GRI 406: Non-discrimination		Chapter Five - Diverse and Friendly Workplace: One: Human Rights and Diversity Two: Workforce Composition	56 . 57
GRI 407: Freedom of association and collective bargaining		Chapter Five - Diverse and Friendly Workplace:	無
GRI 408 Child labor		Chapter Five - Diverse and Friendly Workplace: One: Human Rights and Diversity Two: Workforce Composition	56
GRI 409: Forced or compulsory labor		Chapter Five - Diverse and Friendly Workplace: One: Human Rights and Diversity Two: Workforce Composition	56
4. Employee care and talent development			
GRI 3: Material topics 2021	3-3 Management of material topics	Chapter Two - Sustainable Management: Two: Materiality Analysis and Stakeholder Engagement	19
		Chapter Five - Diverse and Friendly Workplace: Three: Employee Care and Talent Development	61
GRI 404: Training and education	404-1 Average hours of training per year per employee	Chapter Five - Diverse and Friendly Workplace: Three: Employee Care and Talent Development	61 . 65
	404-2 Programs for upgrading employee skills and transition assistance programs	Chapter Five - Diverse and Friendly Workplace: Three: Employee Care and Talent Development	61 . 65
	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter Five - Diverse and Friendly Workplace: Three: Employee Care and Talent Development	61
5. Occupational safety and health			
GRI 3: Material topics 2021	3-3 Management of material topics	Chapter Two - Sustainable Management: Two: Materiality Analysis and Stakeholder Engagement	19
		Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	63
GRI 403: Occupational health and safety	403-1 Occupational health and safety management system	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	64 . 66
	403-2 Hazard identification, risk assessment, and incident investigation	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	67 . 68
	403-3 Occupational health services	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	67 . 68
	403-4 Worker participation, consultation, and communication on occupational health and safety	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	67
	403-5 Worker occupational health and safety training	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	65
	403-6 Promotion of worker health	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	62 . 67 . 68
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	64 . 68
	403-8 Workers covered by occupational health and safety management system	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	57
	403-9 Work-related injuries	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	67
	403-10 Work-related illness	Chapter Five - Diverse and Friendly Workplace: Four: Occupational Safety and Health	68

Two. SASB Content Index (Toys & Sporting Goods)

Category	Indicator number	Indicator description	Report content description	Page number
Product chemicals and safety hazards	CG-TS-250a.1	Recycling frequency and quantity (total amount)	No product recalls	None
	CG-TS-250a.2	Number of “improvement suggestions” or letters received (number of cases)	No product recalls	None
	CG-TS-250a.3	Financial compensation as a result of product safety-related litigation	None	None
	CG-TS-250a.4	Qualitative discourse- How the Company evaluates and manages chemical processes used in products	The Company’s painting process involves the use of small quantities of chemicals	64
Labor conditions in the supply chain	CG-TS-430a.1	Comply with social responsibility code of conduct audit Number of facilities	97% Refer to 3.7 Supplier management	35
	CG-TS-430a.2	Comply with social responsibility audit (1) Nonconformance rate (2) Percentage of nonconforming suppliers and other suppliers that have implemented corrective measures	(1) 3% (2) Suppliers have been persuaded to implement corrective measures	
Activity indicators	CG-TS-000.A	Annual output	In 2022, the Taiwan plant sold 92,800 complete bikes	7
	CG-TS-000.B	Number of production facilities and outsourcing percentage Confirm the definition of production facility	None	None



Three. TCFD Content Index

Indicator description		Report content description	Page number
1. Governance	1.1 Describe the board's oversight of climate-related risks and opportunities.	The board members possess an extensive understanding of the importance and impact of climate change, hence they have already considered the topic of climate change when making major investment decisions.	45
	1.2 Describe management's role in assessing and managing climate-related risks and opportunities.	With the board of directors' authorization, IDEAL is expected to form an ESG working group in 2023 with the general manager as the convener and the chairman as the chairperson, reporting to the board of directors.	45
2. Strategy	2.1 Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-terms.	We have categorized climate change-related risk topics based on the level of impact and incidence rate, to determine the relative quantified impact of each risk topic as well as the corresponding opportunities and strategies. The climate risk matrix is arranged in order of importance.	47
	2-2 The impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	After evaluating risks and opportunities, IDEAL's team adopted relevant climate adaptation strategies in response to financial impacts such as rising costs of materials caused by climate risks, which may lead to increased product costs and reduced gross profits. Consequently, IDEAL's team has launched key response strategies that include corresponding measures proposed by the R&D, Procurement, and Manufacturing Departments.	52
	2-3 Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios (including the 2°C or more severe scenarios).	To further evaluate our organizational resilience, we considered the following three scenarios to assess the potential carbon reduction strategies: <ul style="list-style-type: none"> ♦BAU (business as usual): Indicates the worst-case scenario and no changes are made. ♦2°C: According to the simulation scenario of global warming within 2°C developed by the International Energy Agency (IEA). 1.5°C: According to the simulation scenario of global warming within 1.5°C developed by the International Energy Agency (IEA). 	52
3. Risk Management	3-1 Describe the organization's climate-related risk identification and evaluation process.	To evaluate climate-related risks, IDEAL has referred to TCFD recommendations, the Global Risks Reports, and the Taiwan Climate Change Research Report's estimates for 2050. After considering the actual conditions of the markets in which the Company operates, we have individually assessed the 13 transition risks and 4 physical risks listed in the TCFD recommendations.	46
	3-2 Describe the organization's management process for climate-related risks.	IDEAL will conduct risk evaluations every year in the future and manage climate-related risks and opportunities that have already been identified. After reporting them to the board of directors, outcomes will be disclosed in the corporate sustainability report.	54
	3-3 Describe how climate-related risk identification, evaluation, and management processes are integrated into the organization's overall risk management system.	IDEAL has conducted a preliminary ISO 14064-1 GHG inventory in 2023, estimating the Taiwan plant's carbon emissions in 2022 to be 1145.93 tonnes CO2e. Inventory operations for the plants in China and Poland will continue in 2023. In the future, more vigorous scientific reduction goals will be set.	43
4. Indicators & targets	4.1 Disclose indicators used by the organization to evaluate climate-related risks and opportunities according to its strategy and risk management process.	Based on the above strategies and risk management process, IDEAL has identified response measures that must be implemented immediately along with future indicators to be followed up: As of 2023, we will apply a quantified follow-up management mechanism for the above indicators.	54
	4-2 Disclose category 1 and category 2 GHG emissions and relevant risks.	Currently, IDEAL has completed the category 1 and category 2 GHG inventory operations for individual companies based on the ISO 14064-1:2018 principle, it will obtain third-party verifications before 2028, in accordance with the law, and complete the inventory of subsidiaries in consolidated statements before 2027. It will also obtain third-party verification before 2029.	45
	4-3 Describe targets used by the organization in managing climate-related risks and opportunities, as well as its performance in reaching the targets.	In response to the international zero emissions trend and branded customers' requests, IDEAL has conducted an internal inventory in 2022 and reported the GHG inventory and disclosure plan to the board of directors in late 2022 and 2023, as per the Financial Supervisory Commission's request. (2022/12/30 : 2023/3/13)	45



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