

ESON and Stakeholders

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Material Topics and Value Chain Boundaries



ESON and Stakeholders



Overview of Business Operations

ESON Precision Engineering Co. Ltd. was established on June 17, 2008 and is headquartered in the Cayman Islands. The Group mainly engages in the design, development, manufacturing, and sales of molds, plastics, and hardware products. ESON has established 26 operational sites in Mainland China, Taiwan, Slovakia, Mexico, Vietnam, and Malaysia. The Group has a total of 3,613 employees. In 2024, the total revenue reached NTD 13,094,331 thousand, with a net profit after tax of NTD 566,427 thousand. For more information on financial performance, please refer to the Company's 2024 Annual Report.

Operating Revenue

Sales by Region (City/Country)

Unit: NT\$ thousand

Region/Country	Amount	Percentage (%)
China	526,617	4.02%
The Americas and Asia	9,232,127	70.50%
Others	3,335,587	25.48%
Total	13,094,331	100%

Proportions of Main Business Activities

Unit: NT\$ thousand

Business Item	2024					
Dusiliess itelli	Sales	Percentage (%)				
Automotive mechanism	7,560,337	57.74%				
Network communication mechanism	3,396,745	25.94%				
Consumer electronics mechanism	1,875,900	14.32%				
Others	261,349	2.00%				
Total	13,094,331	100%				

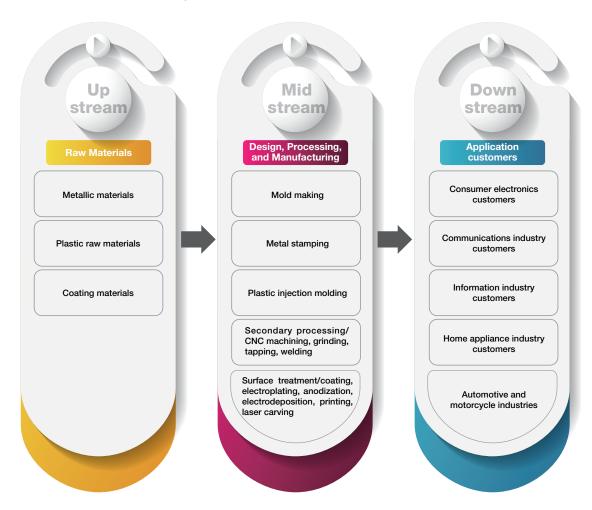
Value Chain Overview

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The Company is engaged in precision mold manufacturing, metal stamping, plastic injection molding, and other components products. Upstream raw materials are supplied by well-known domestic and foreign manufacturers and downstream customers are internationally renowned manufacturers. The Company's long-term stable operation management has established excellent partnerships with upstream and downstream manufacturers, and can obtain first-hand information to facilitate decision-making.

The figure on the right shows the upstream, midstream, and downstream relations of the industry at the current stage:





Downstream Customers

ESON is engaged in precision mold manufacturing, metal stamping, plastic injection molding, and other components products. In 2024, the Group's downstream customers in the server and consumer industries were mainly system manufacturers engaged in complete system assembly. The markets include North America, Europe, and Asia. In addition, for some communications industry customers, their products are directly delivered to the end-manufacturer, Space X. It is a low-earth orbit (LEO) satellite manufacturer. LEO satellites possess advantages such as lower latency, being unaffected by terrain and weather conditions, and communication coverage without dead zones. End products have been sold in 68 countries, including Europe, Asia, and Africa, and are under continuous development.

Suppliers

In 2024, Kunshan ESON cooperated with more than 170 suppliers. There is a total of 9 main procurement categories, including raw materials, purchased components, chemicals, packaging materials, equipment, and surface treatment. Key suppliers were then identified based on conditions such as the procurement amount and criticality of each category. "Key Suppliers," defined as direct material suppliers with the top 78% of procurement amount, totaled 140, representing approximately 82.3% of all suppliers. In 2024, the total procurement amount was approximately RMB 330 million (equivalent to NTD 1.488 billion, based on a yearly average currency exchange rate of 4.509922). The category with the highest procurement expenditure was automobile.



Supplier Category	Number of Suppliers	Supplier Location	Procurement Amount (RMB 100 million)	% of Procurement	
Raw materials	32	China, Czech Republic, Mexico	1.3	41	
Purchased components	108	China, Malaysia, USA, Mexico	1.2	37	

Supplier Category	Number of Key Suppliers	Number of Non-key Suppliers	Grand Total
Raw materials	20	12	32
Purchased components	85	23	105





Preface

To fulfill corporate social responsibility, we must value the rights and interests of stakeholders. While pursuing sustainable operations and profitability, we should address environmental, social, and corporate governance issues, incorporating these considerations into the Company's management policies and operational activities to achieve the goal of sustainable development. Through the following effective communication platforms with stakeholders, ESON manages to understand the reasonable expectations and needs of stakeholders. Regardless of whether inquiries, grievances, or suggestions arise from internal or external issues related to economic, social, or environmental aspects, the Company, guided by the principle of integrity, addresses them appropriately and provides feedback or improvement plans to ensure effective communication.

Stakeholder Identification and Communication

The topics of concern and communication details with stakeholders in 2024 are as follows:

Category	Significance to ESON Precision	Issues of Concern	Communication Channels and Frequency		2024 Communication Details and Results	Point of Contact
			Employer-employee meetings	Quarterly	Employee opinions are heard and responded to through labor representatives. In 2024, the Taiwan Branch held its first employer-employee meeting in December, and will be held quarterly every year.	
			Kunshan Plant's union	When necessary	Employee opinions are heard and responded to through the union. Number of union meetings held by the Kunshan plant in 2024: 3 meetings.	
	Employees are an important component of the Company and the cornerstone of		Performance evaluations and meetings	Annually	Regular performance meetings help both supervisors and employees assess goal attainment. All performance evaluations were completed in 2024.	
su: Th for	sustainable development. They are the core drivers for the continuous growth		grievance mailbox Real-time co		The Company provides diverse, open, and transparent communication channels, continuously strengthening two-way and real-time communication with employees. Number of grievances/reported cases in 2024: 0.	
Employees	of the Company. Therefore, only by providing a friendly working environment and	Talent DevelopmentEmployee Care and Labor Protection	Internal announcements	When necessary	The Company announces and disseminates its important internal policies or implementation measures for employees' compliance.	speakout@eson.tw Deputy General Manager Tsai
can the a motiva empower full poter thereby business	reasonable labor conditions can the Company foster a motivated team that is empowered to unleash their	and Safety Annual employment of the amotivated team that is empowered to unleash their ull potential and passion, hereby creating better pusiness performance and value for the Company. Annual employment health examination to the company of the safety o	Annual employee health examinations	Annually	Each year, the Taiwan Branch works with contracted health management institutions to organize health examinations for employees to monitor their own health conditions. Number of employees receiving health examinations in 2024: 28.	
	full potential and passion, thereby creating better business performance and value for the Company.		Employee training	When necessary	The Company provides relevant training courses to improve employees' expertise and general competencies. In 2024, the Taiwan Branch conducted training for 86 people, totaling 86 hours. In 2024, the Kunshan Plant conducted training for 7,219 people, totaling 13,875.5 hours.	
			Safety production meetings	Monthly	Number of safety production meetings: 12. Number of occupational health and safety training sessions: 21. Number of participants: 630. Number of emergency drills: 13. Number of drill participants: 1,300.	

Category	Significance to ESON Precision	Issues of Concern	Communication Channels and Frequency		2024 Communication Details and Results	Point of Contact	
	Customers are the most	Operational Strategies and Economic Performance Risk Management Information Security GHG Emissions	Business meetings	Quarterly	In 2024, 12 customer meetings were held to stay informed of their development directions and jointly create economic performance.	eson-ir@eson.tw - Manager Liu	
Customers	influential stakeholders in the development and manufacturing of ESON's Customers products. They also follow		Customer- submitted GHG emissions reporting	Annually	The Company reported GHG emissions in the Impact of Environmental Information Disclosure once a year. In 2024, approximately 11,197 tons of wastewater from production was generated, with 11,197 tons discharged in compliance.		
ESON's efforts in the promotion of economic, environmental, and social issues.		Management Water Resource Management Customer Service and Product Quality	Customer quality monthly meetings	Monthly	The Company completed monthly quality reports for 21 customers in 2024.	managor Eu	
	Good suppliers and partners can provide a reliable supply of materials and	Legal Compliance	Supplier evaluations	Annually			
Suppliers/ partners	Suppliers/ services, ensuring ESON partners Precision to maintain stable production operations and	Operational Strategies and Economic Performance Interviews (on-si telephone, fax, er etc.)		When necessary	The Company evaluated 23 suppliers in 2024.	services@eson.tw Ms. Shih	
		Operational Strategies and Economic Performance Customer Service and Product Quality Information Security Occupational Health	Shareholders' meetings	Annually	 The Company held 1 shareholders' meeting, 6 board meetings, and 2 investor conferences to communicate market conditions, future trends, growth strategies, and profitability with investors. In addition, an IR mailbox has been set up as a communication channel with investors. All investors' calls or e-mails received a response in 2024. The Company published a total of 29 pieces of material information in 2024. 	eson-ir@eson.tw Manager Liu	
			Investor conferences	Annually			
			Interviews (telephone, fax, email, etc.)	When necessary			
	The opinions and suggestions from shareholders/investors for the management team		Release of financial reports	Quarterly			
			Market Observation Post System (MOPS)	When necessary			
when making operational decisions.	and Safety Hazardous Substance	Mailbox for investors	When necessary				
		Management	Company website	When necessary			
		Government reporting	When necessary	Kunshan ESON submitted reports on an irregular basis regarding hazardous waste inbound and outbound activities in the government-regulated system. A total of 29 tons of hazardous waste was generated in 2024, all of which was removed for treatment in accordance with the law.			



1.3 Identification of Material Topics

Material Topic Identification Process

In accordance with the reporting principles outlined in the GRI Standards (2021), ESON conducted materiality analysis to identify sustainability issues that have significant impacts on the economy, environment, and society (including impacts on people and human rights). The analysis served as the foundation for information disclosure in the report, ensuring effective communication with stakeholders. In 2024, ESON conducted stakeholder communication and material topic identification through the following five steps:

Identify Stakeholders for Communication

Following the five major aspects of the AA1000 Stakeholder Engagement Standard (AA1000SES): influence, tension, responsibility, dependency, and diverse perspectives, ESON distributed stakeholder identification surveys to its employees (including management). After the survey results were approved by the Company, stakeholders were categorized into four groups based on importance: employees, customers, suppliers/partners, and shareholders/investors.



Collect Sustainability Issues

To effectively understand the organizational context, ESON took the GRI Standards, the Company's core values and goals, ESG reports published by industry peers in Taiwan, topics of concern to the industry, stakeholders, business activities, and sustainable development trends into consideration. The Sustainable Development Department conducted discussions and identification of each issue, consulted with external advisors, and consolidated the results into a list of 22 sustainability issues for 2024.



Assess Impacts

The Company conducted a Sustainability Issue Impact Assessment Survey among its internal and external stakeholders, internal unit supervisors, and senior management to assess the likelihood and scale of the actual and potential positive and negative impacts of each sustainability issue on the economy, environment, and society.

- Negative impacts: The Company's assessment was conducted based on severity and likelihood, and took negative impacts on human rights into consideration.
- Positive impacts: The Company's assessment was conducted based on the scale, scope, and likelihood of impacts.



Rank Issues by Impact **Significance**

The Company consolidated survey results, totaled scores for positive and negative impacts, and ranked each issue by the significance of their impacts. Internal management conducted discussions on the rankings, taking into account material issues in the industry, international trends, and external advisor opinions. A threshold score was then set to determine materiality, with the top 8 topics based on their total scores - meeting the threshold. Priority was given to these qualifying topics for further discussions.

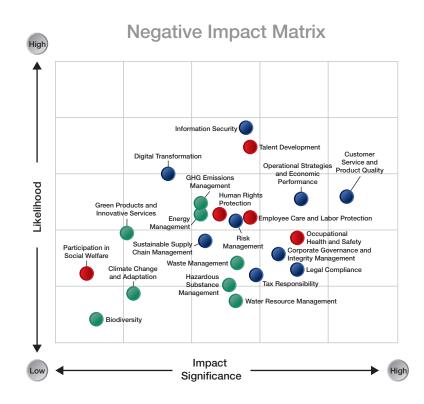


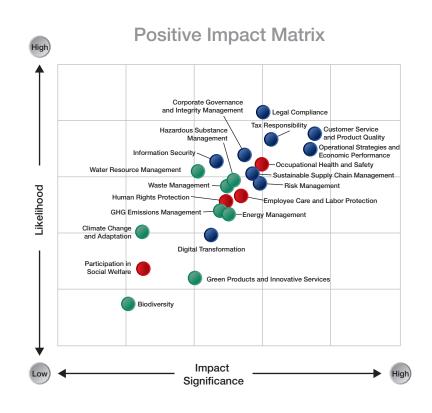
Confirm and Disclose **Material Topics**

Considering changes in the Company's operations and industry trends, along with stakeholder feedback and discussion outcomes from internal meetings, the Company decided to add "Climate Change and Adaptation" as a material topic to ensure more comprehensive information disclosure. This topic includes aspects such as Energy Management, GHG Emissions Management, Water Resource Management, and Waste Management. "Customer Service and Product Quality," "Legal Compliance," and "Tax Responsibility" are determined as general topics. In summary, the six confirmed material topics were "Operational Strategies and Economic Performance," "Information Security," "Corporate Governance and Integrity Management," "Climate

Change and Adaptation," "Talent Development," and "Occupational Health and Safety." Upon approval of the Chairman, internal management further discussed and confirmed the boundaries of these material topics for internal and external considerations, ensuring that important sustainability information was fully disclosed in the report.

The Sustainable Development Department has specified relevant response strategies, management actions, indicators, and goals in this Report based on the requirements for major topic reporting, ensuring that this Report appropriately and faithfully reflects the Company's ESG implementation status. In addition, the Company will use this as the focus of communication and improvement in daily operations, regularly evaluating the effectiveness of management approaches to material topics.





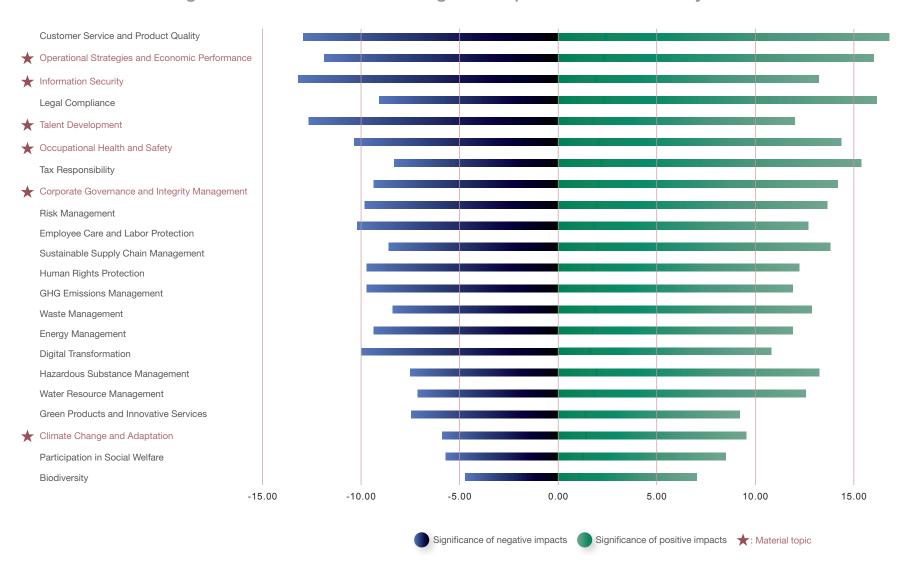
Aspects of Sustainability Issues

Environment	Society	Governance/Economy
Green Products and Innovative Services	Employee Care and Labor Protection	Operational Strategies and Economic Performance
Energy Management	■ Talent Development	Tax Responsibility
GHG Emissions Management	Human Rights Protection	Corporate Governance and Integrity Management
Waste Management	Participation in Social Welfare	Legal Compliance
Water Resource Management	Occupational Health and Safety	Risk Management
Hazardous Substance Management		Information Security
Climate Change and Adaptation		Digital Transformation
Biodiversity		Customer Service and Product Quality
		Sustainable Supply Chain Management

Preface



Assessment of the Significance of Positive and Negative Impacts of Sustainability Issues



Material Topics and Value Chain Boundaries

Corresponding SDGs	Aspest	Material Topic	Value Chain Boundary Impact		
Corresponding ands	Aspect	Material Topic	Upstream	ESON Operations	Downstream
8 DECENT WORK AND 9 INDUSTRY, INNOVATION 16 PEACE, JUSTICE AND STRONG		Corporate Governance and Integrity Management	•	•	•
S ECONOMIC GROWTH S AND INFRASTRUCTURE I O AND STRONG INSTITUTIONS	Governance/Economy	Operational Strategies and Economic Performance		•	
		Information Security		•	•
9 INDUSTRY, BNOWATON PAND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION AND PRODUCTION CONSUMPTION AND PRODUCTION	Environment	Climate Change and Adaptation	•	•	•
3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY	Society	Talent Development		•	
8 DECENT WORK AND TO INEQUALITIES 10 REDUCED INEQUALITIES		Occupational Health and Safety Management	•	•	

Direct impact

Indirect impact