



2023

JOHNSON HEALTH TECH
SUSTAINABILITY REPORT

JOINING
HAPPINESS
TRUST



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Words from the CEO 2-22

As the post-pandemic era unfolds and our daily lives gradually return to their pre-pandemic normal, the demand for fitness equipment has increased significantly. Without a doubt, 2023 was a year of growth and recovery for the fitness industry. Yet as much as the world and the fitness industry have changed, one thing has not: Johnson Health Tech (JHT) is still striving to be the top corporation contributing to human health, growing steadily despite risks and obstacles.

▶ **Leading the Way**

Thanks to the outstanding efforts of all employees, our revenue reached NTD 38.069 billion in 2023, a growth of 13.3% over the previous year. As a key player in the global fitness equipment industry, Johnson is committed to setting an example of sustainable industrial development, encouraging our supply chain partners to embrace our vision of sustainability. As part of our commitment to "Health, Value and Sharing," we have provided customers with industry-leading products and services while actively formulating and implementing sustainability strategies, aiming to create a better future for all our stakeholders.

▶ **Continuously Improving Sustainability**

For nearly half a century, JHT has upheld its original aspiration to deliver the highest quality and carefully manage our business with our customers' best interests in mind. At the same time, we've also paid close attention to the impact of our production process on the environment and ecosystem. In addition to introducing ISO 14001 certification in 2002, we lead the industry in the development of energy-saving products. In 2023, we introduced nine new methods to evaluate our carbon footprint and review in detail how products perform in each stage of the lifecycle, looking for any additional opportunity to reduce our carbon footprint. In recent years, we've also localized production to reduce transportation costs and carbon emissions.

▶ **Sustainability Through Lasting Products**

JHT is committed to extending the life of our products through continuous innovation. That means we're constantly reviewing and refining our manufacturing processes, warranty technologies and recycling methods to minimize resource waste. In packaging, we intentionally use biodegradable paper materials as an alternative to plastic. Throughout each stage of the product life cycle, we carefully manage environmental impacts and implement sustainability plans with a strong sense of corporate responsibility.

▶ **Ethical Governance & Global Reach**

JHT has consistently upheld the principles of ethical corporate management, compliance with laws and regulations, and strong corporate governance to best serve the fitness market. We have built a competitive edge through brand recognition, product quality and after-sales service, capturing 25% of the global commercial fitness equipment market. Guided by the philosophy of "Think Global, Act Local," we hire the majority of our employees at overseas subsidiaries from local communities, ensuring full respect for local laws and regulations. Additionally, JHT is fully vertically integrated in production, sales and maintenance, with over 450 retail locations worldwide. This combination of ethical governance and global reach lets us deliver fast, convenient service while maintaining industry-leading product quality.

▶ Sharing Insights

To better develop fitness industry talent around the world, JHT established a comprehensive digital learning platform called JHT Education. The platform offers a wide range of training tools and courses that enhance both the skill sets of our team and the professional image of our brand. Our Matrix commercial brand also offers a free, robust online resource for customers—the Matrix Learning Center—that provides tools and education to enhance their businesses, including industry research, service videos, an exercise library and more. To better support consumers, we launched the Treo and Welltivity online wellness platforms to deliver professional coaching and nutrition guidance through our retail equipment.

▶ Staff Development & Support

JHT has long recognized the importance of employee development and support. The Peter Lo Scholarship Program, named after our founder, is a US initiative that awards \$10,000 annually to employee dependents, while subsidiaries like JHT Japan provide financial support for language learning and continued education. Our global human resources policies ensure safe, fair working conditions by monitoring for child labor, discrimination and human trafficking. We promote health and wellbeing through regular health checkups, fitness programs, exercise during work hours and mental health support, with initiatives like clinic days, wellness coaching and mental health apps. Advanced safety measures, such as robotic welding and air purification systems, protect our employees in manufacturing. JHT is also committed to diversity, with efforts to balance our workforce across gender and ethnicity.

▶ Giving Back to Society

JHT demonstrates its commitment to giving back through a wide range of initiatives. Our subsidiaries worldwide actively engage in community causes through volunteering, donations and fundraising, supporting everything from after-school reading programs to the training of Olympic hopefuls. JHT Benelux, for example, supports physical fitness in schools and helps young adults prepare for the workplace through sports programs. Unique initiatives like serving Holy Beans Coffee, which supports the reintegration of individuals with criminal records, reflect our broader social responsibility.

▶ Looking to the Future

As JHT continues to grow and lead the fitness industry, we remain deeply committed to sustainability, ethical governance and social responsibility. Our focus on innovation, environmental stewardship and community engagement is unwavering as we strive to maximize human health while minimizing our environmental impact. By upholding the highest standards of corporate governance and giving back to society, we're creating a positive, lasting impact on the world around us. Together with our partners, employees and customers, we will continue to build a healthier, more sustainable future for generations to come.



Johnson Group CEO

Jason Lo

Johnson Health Tech

Key performance of sustainability



Engage in Earth sustainability

Joining

- Completed the carbon footprint inventory of **9** products
- Expanded the scope of GHG inventory scope to **2** overseas locations
- Deepened the Task Force on Climate-related Financial Disclosures (TCFD) framework and conducted scenario analysis for **2** risks
- According to the packaging material improvement plan for mass-produced models, the proportion of paper packaging materials has been increased from **54.4%** to **97.7%**, and the use of Styrofoam has been reduced to **0%**.
- Installed solar power on the roof of the completed new building; solar power increased by **163.7%** compared to the previous year.
- Obtained **13** new patents
- Responded to customer complaints in 24 hours and all customer complaints have been handled.



Practice of happy life

Happiness

- Introduced the **ISO 45001** Occupational Health and Safety Management System
- The brand-new digital brand **Welltivity** offered tailored courses for fitness enthusiasts.
- Completed performance evaluation for all full-time staffs.
- All new employees completed 380 minutes of education training in three months.
- **4** million NT dollars have been invested into sports team training, marathon, and school sports.
- Collaborated with Warm Breeze Caring Association to provide education in remote areas and invested **2.5** million NT dollars.



Reliable ethical governance

Trust

- The proportion of female directors and independent directors both exceeded **25%**.
- No significant violation occurred.
- **100%** domestic and foreign supplier evaluation completion rate for Taiwan factories

Awards and Honors

Awards for 2023



2023 Fitness Professor, Best Buy

Best Commercial Cardio Products <i>Matrix Fitness</i>	Best Premium Cardio Products <i>Matrix Fitness</i>	Best Climber <i>C50</i>	Best Indoor Cycle: <i>ICR50 IX</i>
Best Premium Elliptical <i>A50</i>	Best Premium Recumbent <i>R50</i>	Best Premium Upright Bike <i>U50</i>	Best Premium Treadmill <i>T75</i>



2023 Plus X Award

- Best Brand of the Year, Training Platforms (*MATRIX*)
- Innovation & Ease of Use (*MATRIX Connected Solutions*)
- Product of the Year (*MATRIX Magnum VRS Platform*)
- Innovative Industry Solution (*MATRIX Connected Solutions*)
- Innovation and High Quality Award (*MATRIX Magnum VRS Platform*)
- Highest Customer Satisfaction (*HORIZON*)
- Best Product of the Year (*MATRIX Connected Solutions*)



- Johnson was selected as one of **"Taiwan's Top 25 International Brands"** by the Bureau of Industrial Industry, Ministry of Economic Affairs and International Brand Appraisal Institute for **18** consecutive years.
- Won the Silver Award of **"Happy Enterprises"** organized by 1111 Job Bank
- Matrix Performance Ascent Trainer was honored the 31st **Taiwan Excellence Awards(Silver)**.
- Matrix won the **"Best Commercial Fitness Product"** at the 2023 GYMSQUARE WELLNESS AWARDS

Company profile

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Operations overview

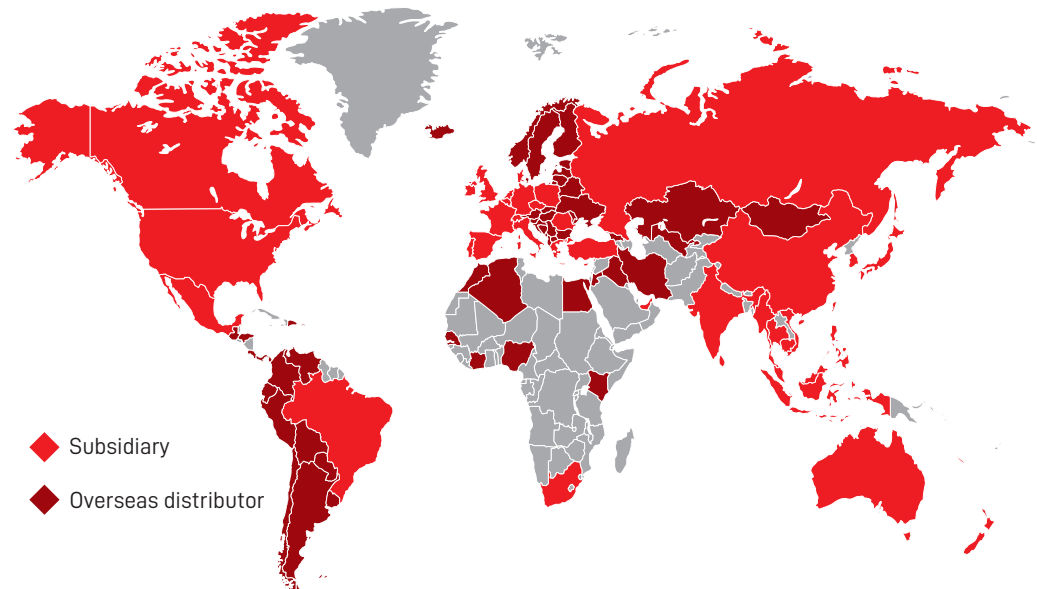
As a world-renowned gym equipment company, Johnson holds fast to the philosophy "Sincerity, Expertise, Initiative" and aspires to develop health business. In addition, Johnson offers high-quality products and services, and shares the corporate value with customers, employees, and society. We are actively expanding into the fitness equipment market, with products categorized into commercial and home-use segments. Johnson Health Tech has already established itself as a leader in the commercial fitness equipment sector and will continue to develop the end-user market to meet the needs of different types of customers, maintaining its competitive edge. We will also continue to launch integrated hardware and software platforms, creating new business models to maintain our dominant position in both the commercial and home-use markets.

Global business locations

Johnson has operating offices across the globe, including North America, China, Great Britain, France, Spain, Japan, Thailand, Italy, Malaysia, Brazil, Germany, Australia, Vietnam, Poland, Greece, Philippines, Dubai, Mexico, Canada, Denmark, Russia, Indonesia, Czech Republic, Turkey and South Africa. Johnson has 40 subsidiaries, over 458 retailers and distributors, and about 8,131 employees. We attempt to become the company helping people achieve the best health condition. We offer excellent workout and health experience for different cultures, enhance the life and health level for all, and lead the world to a happier, healthier, sustainable new life.

Company name	Johnson Health Tech
Location of headquarter	Taiwan (No. 999, Sec. 2, Dongda Rd., Daya Dist., Taichung City)
Date of founding	October 7, 1975
Main types of products and services	We are a listed biomedical company and primarily focuses on manufacturing, trading and domestic and overseas sales of gym equipment, CPR workout equipment, weight training machine, massage chair, and relevant motor, gauge and electronic control board.
Nature of ownership and legal form of the Company	Johnson is a company limited by shares and has been listed in TWSE on January 9, 2003. Its common stock code is 1736.
Number of employees at headquarter	As of December 31, 2023, the total number of employees was 1,224 persons.
Paid-in capital	NTD 3,036,166,170

Note: The total number of employees refers to the number of the group headquarters, including permanent employees, contracted and dispatched employees, and consultants. Excluding the headcount of each operating vendor.



> Our brand

Johnson has operating offices and distributors around the world offering products and services to customers everywhere. Diverse options are provided to customers through different brands.

MATRIX

As a world-leading fitness brand, MATRIX is dedicated to serving fitness enthusiasts at home and in clubs. Through dynamic performance, stylish design, advanced features, exclusive training programs, and durability tested by years of rigorous use, MATRIX has redefined the professional fitness training experience.



The home fitness equipment designed by HORIZON is primarily used for helping people around the world reach their health goals. HORIZON can satisfy the needs of all family members, either for gym beginners or people who train for the next large event.



VISION is renowned for its versatile and high-value fitness products, catering to professional retailers and vertically integrated markets such as hotels, homes, and apartments. Its cardio equipment is designed to fit various spaces and budgets.

SYNCA

SYNCA Wellness is a luxurious health brand offering services to consumers seeking optimal mental and physical relaxation.

FUJIIRYŌKI

As a top health and beauty brand with over 60 years of history, FUJIIRYOKI was the first company to mass-produce massage chairs. Today, it has become a leading Japanese massage chair brand worldwide and has gradually expanded its product line to include home medical devices and alkaline water ionizers, dedicated to improving people's health and quality of life.



As the largest fitness retailer, Johnson is committed to providing personalized experiences, inspiring people of all ages, and helping them overcome obstacles through fitness. The goal is to assist individuals in becoming healthier and achieving their ideal physique.

Economic performance

As a global leader in fitness and health, rooted in family values, Johnson Health Tech quickly adapted its operational strategies in response to the fluctuating global pandemic and the impact of supply chain delays in 2023. We actively strengthened our retail and e-commerce channels, expanded various commercial models, and explored new markets. Despite the challenges, we achieved outstanding performance, with our 2023 financial results once again setting new records.

▶ Financial performance 201-1

Unit: Million in NTD

Item		2021	2022	2023
Direct economic value generated	Revenue	30,779	33,613	38,070
Distributed economic value	Cost of revenues	(16,873)	(19,007)	(19,642)
	Operating expense	(13,752)	(14,821)	(17,185)
	Employee salary and welfare expense	(6,993)	(7,133)	(8,618)
	Cash distribution to shareholders (dividend)	(151)	(182)	(303)
	Non-operating income and expenditure	10	519	92
	Political donation	0	0	0
	Social engagement	(3)	(3)	(3)
	Income tax expense	(64)	(79)	(625)

Note: The economic value retained in 2023 was NTD 404 million. Please refer to Johnson Health Technology [2023 annual financial report](#) for financial details.

▶ Government subsidy 201-4

Financial aid from the government in 2023

Unit: Thousand in NTD

The unit offering the aid	The project to be subsidized	Subsidy amount
National Development Council	Subsidy of interest rate on borrowings for Taiwan entrepreneurs	628
Bureau of Labor Insurance, Ministry of Labor	Wage subsidy for prenatal checkup	3
Bureau of Labor Insurance, Ministry of Labor	Wage subsidy for paternity leave	16
Ministry of Finance	Exemption for profit-seeking enterprise income tax in the Statute for Industrial Innovation	6,098
Total		6,745

▶ Annual production

Unit: Piece

Product Category	Production volume
Electric Treadmill	6,240
Recumbent bike	1,474
Exercise bike	13,984
Elliptical trainer	7,350
Climber	13,474
Rowing machine	4,957
Other products (e.g. meters, fitness equipment peripherals)	51,241
Total	98,720

Note: The production volume for 2023 is mainly based on the information in the annual report (parent company's parent company only statement).

▶ Public Associations 2-28

Name of Organization	Position held
Taiwan Medical And Biotech Industry Association	Members
Taiwan Sporting Goods Manufacturers Association	Members
Taichung Medical Instruments Commercial Association	Members
Shanghai Sports Industry Association	Members

Establish (or Initiate) Sustainable Management

Structure of sustainable development

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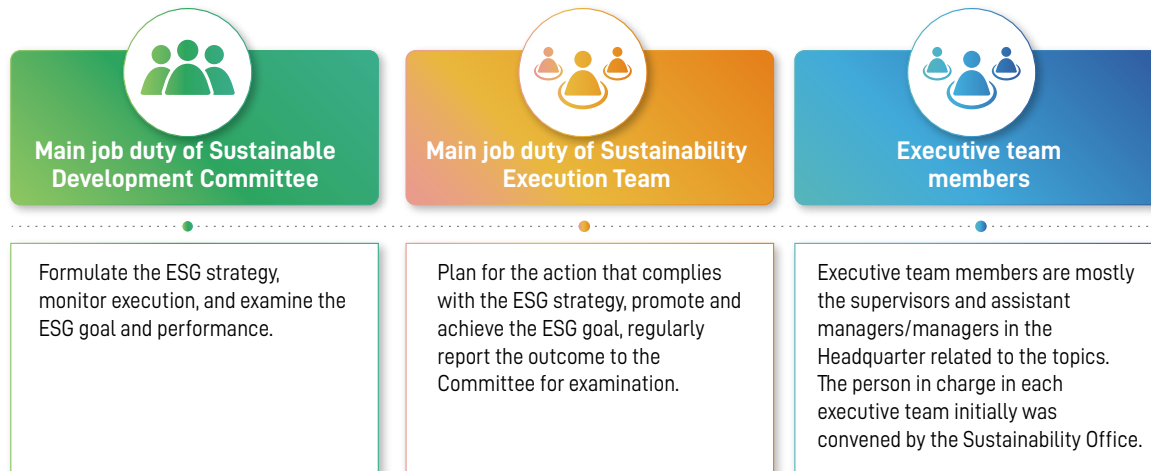
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2-24

Being a world-renowned gym equipment company, Johnson endeavors to build an excellent, safe workplace, and a technology industry facilitating healthy life for humans. We established the Sustainable Development (ESG) Committee in 2022. Jason Lo, the Group CEO, serves as the Chairman of the Committee, and the supervisors of all departments serve as the members of the Committee. Together they regularly supervise the outcome of sustainable development and abide by corporate governance and sustainable development regulations. In addition, under the Sustainable Development Committee, we establish three sustainability execution teams, Earth sustainability, happy life and ethical governance, according to three ESG sustainable development aspects. These teams consist of supervisors of the units related to various sustainable topics, and plan the way to achieve the sustainable goal. The outcome is reported to the Sustainable Development Committee annually, which reports the outcome to the Board of Directors.

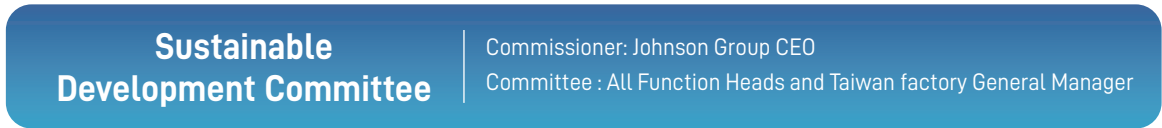
▶ Sustainable development organization

Job duty of members on all levels of Sustainable development organization:



▶ Johnson's sustainability promise





Green Operation Team

- Product quality and safety
- R&D and innovation
- Supplier management
- Climate management
- Energy management
- Water resource management
- Waste management

- Quality assurance
- Development
- Procurement
- General affairs
- Factory affairs



Social Care Team

- Talent attraction and retention
- Talent development
- Human rights
- Labor relations
- Occupational safety and health
- Social engagement
- Customer relationship

- Human resource
- Business
- Customer service
- Digital Marketing



Operational Governance Team

- Corporate governance
- Ethical management
- Compliance
- Tax policy
- Economic performance
- Information security

- Legal affairs
- Financial affairs
- Accounting
- Audit
- Information

▶ Strategy of sustainable development

2-22

Johnson has been developing in fitness and health equipment industry for years and continuing to promote the culture of healthy life for a long time. Our vision is to build a corporation best for human health. Our mission is to become the best, largest global fitness equipment group. Since founded in 1975, Johnson has been steadfast to the corporate value "Sincerity, Professional, Ambition." We care about all topics related to sustainable development and put them into consideration for risk evaluation, and actively respond to the UN Sustainable Development Goals (SDGs). Three aspects of sustainable strategy, "Engage in Earth sustainability," "Practice of happy life" and "Reliable ethical governance," have been formulated, implemented, discussed regularly, and reported to the Sustainable Development Committee to examine and adjust execution of these aspects.

▶ Johnson's sustainable strategy pyramid



▶ Johnson's sustainable development strategy (JHT)



Joining

Engage in Earth sustainability

Optimize its operation efficiency, develop low-carbon, sustainable products and services, guide sustainable consumption, and elaborate its climate leadership.



Happiness

Practice of happy life

Start from human rights, develop employee capacity, promote complete welfare, and build a happy workplace and society.



Trust



Reliable ethical governance



Strengthen corporate governance system, be responsible for stakeholders, and disclose sustainability information in an ethical, transparent way.




Sustainable development goal

To fulfill the three sustainable strategies "Earth sustainability," "Happy life" and "Ethical governance," Johnson has convened the Sustainability Execution Team to set up the short, medium and long-term sustainability goals for all sustainability topics. We will reach our goal by carrying out the sustainable action plan, regularly examine the progress, report the progress to the Sustainable Development Committee, to execute supervision, examination, and adjust strategies.

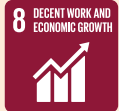
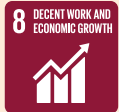
➤ Earth sustainability goal



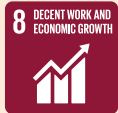




Theme of strategy	Sustainability topic	2023 Goals and Achievements	Short-term (2024) goals	Medium-term (2025-2026) Goals	Long-term (2027-2030) Goals	Sustainability Execution Team
Earth sustainability	Development and innovation  9.4	<ul style="list-style-type: none"> ✓ Research and develop dual-mode products (products that can be plugged in or powered by an internal generator) that are classified as energy-saving products ✓ R&D expenses as a percentage of revenue approximately 2.79% ✓ The number of new patent applications reached 17 cases, and the number of patents granted reached 13 cases. 	<ul style="list-style-type: none"> • Develop innovative energy-saving products. • The expense for R&D is 2.2% of the revenue. • The goal is to apply for 15 patents. 	<ul style="list-style-type: none"> • Develop innovative energy-saving products. • The expense for R&D is 2.2% of the revenue. • The goal is to apply for 15 patents. 	<ul style="list-style-type: none"> • Increase the percentage of the revenue of innovative, energy-saving products. • The expense for R&D is 2.2% of the revenue. • The goal is to apply for 15 patents. • Introduce the intellectual property management system (e.g. Taiwan Intellectual Property Management System (TIPS), ISO 56005) 	Green Operation Team
	Climate action  13.3	<ul style="list-style-type: none"> ✓ Inventory and assurance of the ISO 14064-1 greenhouse gas inventory standard for the Group's headquarters, Taiwan factory, two Shanghai factories, and Vietnam factory. ✓ Complete climate-related risk scenario analyses, and quantify the impacts of transition and physical risks. ✓ Completed carbon footprint inventory of 9 products of Taiwan Factory, Shanghai Factory, and Vietnam Factory. 	<ul style="list-style-type: none"> • Continue to complete Johnson's individual GHG verification and assurance. • Further draw up and implement response strategy according to the analysis result of climate-related risk scenario. 	<ul style="list-style-type: none"> • Continue to complete Johnson's individual GHG verification and assurance. • Participate in the international evaluation (CDP climate change survey, DJSI). • Set up the carbon reduction goal, participate in science-based target (SBTi) initiative, promise to follow the 2030 and 2050 net-zero carbon emission route. 	<ul style="list-style-type: none"> • Expand the boundary of GHG verification and assurance to the entire Group (including domestic and overseas factories and sales locations, consistent with the boundaries of the entities included in the consolidated financial statement). • Plan to set the internal carbon pricing, clarify the concrete carbon reduction performance for more effective financial evaluation and goal management. • Proceed with enhancement based on the result of international evaluation participated in. 	Green Operation Team

Theme of strategy	Sustainability topic	2023 Goals and Achievements	Short-term (2024) goals	Medium-term (2025-2026) Goals	Long-term (2027-2030) Goals	Sustainability Execution Team
Earth sustainability	Product quality and safety  12 RESPONSIBLE CONSUMPTION AND PRODUCTION 12.5 12.6	<ul style="list-style-type: none"> ✓ No product recall incidents occurred at Johnson. ✓ The unpacking defect rates for Taiwan factory and Shanghai manufacturer's products are 0.23% and 0.25%, respectively; the unpacking defect rate for Vietnam manufacturer's products is 0.58%. ✓ The "Guarantee Letter of REACH Compliance and "Guarantee Letter of RoHS Compliance" have been acquired from all material suppliers by the Group Headquarters. 	<ul style="list-style-type: none"> • No product will be recalled. • The DOA rate of business product is below 0.3%. The DOA rate of home product is below 0.6%. • The "Guarantee Letter of REACH Compliance and "Guarantee Letter of RoHS Compliance" have been acquired from all material suppliers. 	<ul style="list-style-type: none"> • No product will be recalled. • Plan to introduce the ISO 20957 sports facility safety standard. • The DOA rate of business product is below 0.3%. The DOA rate of home product is below 0.6%. • The "Guarantee Letter of REACH Compliance and "Guarantee Letter of RoHS Compliance" have been acquired from all material suppliers. 	<ul style="list-style-type: none"> • No product will be recalled. • Obtain the ISO 20957 sports facility safety standard certification. • The DOA rate of business product is below 0.3%. The DOA rate of home product is below 0.6%. • The "Guarantee Letter of REACH Compliance and "Guarantee Letter of RoHS Compliance" have been acquired from all material suppliers. 	Green Operation Team
	Customer complaint management	<ul style="list-style-type: none"> ✓ The factory responds to the subsidiary in 24 hours after receiving the customer complaint. ✓ The subsidiary must complete repair in 48 hours after receiving request. ✓ The factory closes 95% of the complaint from the subsidiary and satisfaction survey is delivered 100%. 	<ul style="list-style-type: none"> • The factory responds to the subsidiary in 24 hours after receiving the customer complaint. • The subsidiary must complete repair in 48 hours after receiving request. • The factory closes 95% of the complaint from the subsidiary and satisfaction survey is delivered 100%. 	<ul style="list-style-type: none"> • The factory responds to the subsidiary in 24 hours after receiving the customer complaint. • The subsidiary must complete repair in 48 hours after receiving request. • The factory closes 95.5% of the complaint from the subsidiary and satisfaction survey is delivered 100%. 	<ul style="list-style-type: none"> • The factory responds to the subsidiary in 24 hours after receiving the customer complaint. • The subsidiary must complete repair in 48 hours after receiving request. • The factory closes 96% of the complaint from the subsidiary and satisfaction survey is delivered 100%. 	Social Care Team
	Energy management  7 AFFORDABLE AND CLEAN ENERGY 7.2 7.3	<ul style="list-style-type: none"> ✓ Continue to implement existing energy-saving measures, and the unit power consumption of the products of the Taiwan factory decreased by 1%. ✓ An additional solar power device was installed on the roof of the newly completed building, and the use of green electricity accounted for 8.95% of the total electricity consumption. 	<ul style="list-style-type: none"> • Plan to introduce the ISO 50001 Energy Management System and set up the energy management regulations. • Strengthen or enhance energy saving measures. Request to reduce 1.5% of unit power consumption of the product in the factory in Taiwan. • Plan to add renewable energy power generation devices (such as solar panels), continue to implement existing energy-saving measures, and reduce the unit power consumption of products of the Taiwan factory by 1%. 	<ul style="list-style-type: none"> • Plan to introduce the ISO 50001 Energy Management System and set up the energy management regulations. • Strengthen or enhance energy saving measures. Request to reduce 1.5% of unit power consumption of the product in the factory in Taiwan. 	<ul style="list-style-type: none"> • Obtain certification of ISO 50001 Energy Management System. • Strengthen or enhance energy saving measures. Request to reduce 2% of unit power consumption of the product in the factory in Taiwan. • Participated in the corporate green power initiative "RE 10x10" and planned to purchase green power. 	Green Operation Team



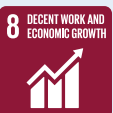
Theme of strategy	Sustainability topic	2023 Goals and Achievements	Short-term (2024) goals	Medium-term (2025-2026) Goals	Long-term (2027-2030) Goals	Sustainability Execution Team
Earth sustainability	Water resource management  6.3 6.4	<ul style="list-style-type: none"> ✓ Targets for reduction in water withdrawal have been set, and water consumption has been continuously tracked and monitored. ✓ Organize the water saving action. ✓ Plan for recycling of process water. 	<ul style="list-style-type: none"> ● Implement water-saving actions, saving 1% of water per employee per year (total annual water consumption (groundwater + tap water)/total annual employee). ● Increase recycling of process water and set the goal for recycling rate. 	<ul style="list-style-type: none"> ● Implement water-saving actions, saving 1% of water per employee per year (total annual water consumption (groundwater + tap water)/total annual employee). ● Increase recycling of process water and set the goal for recycling rate. 	<ul style="list-style-type: none"> ● Plan to introduce the ISO 46001 Water Resource Efficiency Management System. ● Implement water-saving actions, saving 1.5% of water per employee per year (total annual water consumption (groundwater + tap water)/total annual employee). 	Green Operation Team
	Waste management  12.5	<ul style="list-style-type: none"> ✓ The waste reduction goal has been set up for factory management. ✓ Continue to use more paper packaging materials for product packaging design, reduce the use of styrofoam, minimize the size of packaging material and use less packaging materials. 	<ul style="list-style-type: none"> ● Continue to use more paper packaging materials for product packaging design, minimize the size of packaging material and use less packaging materials. ● Due to organizational changes, new processes (turning-milling, welding line) have been added. In 2024, the company started to use it as a complete waste recording mechanism for waste source classification and inventory checks. 	<ul style="list-style-type: none"> ● Continue to use more paper packaging materials for product packaging design, minimize the size of packaging material and use less packaging materials. ● Set the waste weight indicator per product unit, and the base year (2025). 	<ul style="list-style-type: none"> ● Continue to use more paper packaging materials for product packaging design, minimize the size of packaging material and use less packaging materials. ● Optimize the design and enhance the manufacturing process to reduce the waste generated per product unit by 1% compared to the baseline year. 	Green Operation Team
	Biodiversity  15.2	<ul style="list-style-type: none"> ✓ Formulation of the Johnson Biodiversity Pledge ✓ Continue to pay attention to relevant issues. ✓ Plan to perform internal evaluation for how the factory location and product lifecycle impact biodiversity. 	<ul style="list-style-type: none"> ● Continue to pay attention to relevant issues. ● Make commitments to biodiversity maintenance on the public website or report. 	<ul style="list-style-type: none"> ● Continue to pay attention to relevant issues. ● Make commitments to biodiversity maintenance on the public website or report. 	<ul style="list-style-type: none"> ● Continue to make commitments to biodiversity maintenance on the public website or report. ● Plan to introduce the TNFD framework. Identify nature-related risks and opportunities. Set up the management approach and adaptive strategies. 	Sustainability Office







▶ Create Your Happiness

Theme of strategy	Sustainability topic	2023 Goals and Achievements	Short-term (2024) Goals	Medium-term (2025-2026) Goals	Long-term (2027-2030) Goals	Sustainability Execution Team
Happy life	<p>Talent attraction and retention</p>  <p>8.5 8.6</p>	<ul style="list-style-type: none"> ✓ The group headquarters has planned an employee engagement survey and formulated improvement plans based on the survey and analysis results. ✓ The voluntary resignation rate of the employees of the Group's headquarters is less than 18%. ✓ Set the percentage of female employees in the Group's headquarters to more than 32%. 	<ul style="list-style-type: none"> ● Employee engagement survey response rate is over 90%. ● Employee voluntary resignation is less than 18%. ● Over 32% of employees are female. 	<ul style="list-style-type: none"> ● Employee engagement survey response rate is over 90%. ● Employee voluntary resignation is less than 18%. ● Over 32% of employees are female. ● Commitment to establishing the proportion of local employees. 	<ul style="list-style-type: none"> ● Employee engagement survey response rate is over 90%. ● Employee voluntary resignation is less than 18%. ● Over 32% of employees are female. ● Commitment to establishing the proportion of local employees. ● Set up long-term incentive measures and plans (e.g. equity compensation system). 	Social Care Team
	<p>Talent development</p>  <p>8.6</p>	<ul style="list-style-type: none"> ✓ Addition of ESG-related courses to education and training (including courses on anti-corruption and prevention of insider trading). ✓ Hold weekly English workshop and elearning course. 	<ul style="list-style-type: none"> ● Plan for and hold employee functional training courses to adapt to the needs of all units. ● 90% of the required courses for employees are completed. ● Employees receive allowance for external on-job-training courses related to their function. Three employees are subsidized per year. 	<ul style="list-style-type: none"> ● Plan for and hold employee functional training courses to adapt to the needs of all units. ● 95% of the required courses for employees are completed. ● Employees receive allowance for external on-job-training courses related to their function. Three employees are subsidized per year. 	<ul style="list-style-type: none"> ● 100% of the required courses for employees are completed. ● Employees receive allowance for external on-job-training courses related to their function. Five employees are subsidized per year. 	Social Care Team

Theme of strategy	Sustainability topic	2023 Goals and Achievements	Short-term (2024) Goals	Medium-term (2025-2026) Goals	Long-term (2027-2030) Goals	Sustainability Execution Team
Happy life	Human rights  5.1 5.2  10.2 10.3 10.4	<ul style="list-style-type: none"> Publicize the human rights policy on the official website. Conduct employee human rights due diligence and formulate relevant management measures based on the investigation results. 	<ul style="list-style-type: none"> Provide a comprehensive current human rights policy based on the result of human rights due diligence. Communicate human rights issues with stakeholders regularly. Extend the scope of human rights due diligence to suppliers. 	<ul style="list-style-type: none"> Provide a comprehensive current human rights policy based on the result of human rights due diligence. Communicate human rights issues with stakeholders regularly. Extend the scope of human rights due diligence to suppliers. 	<ul style="list-style-type: none"> Communicate human rights issues with stakeholders regularly. 	Social Care Team Green Operation Team
	Occupational safety and health  8.8	<ul style="list-style-type: none"> ISO 45001 Occupational Safety and Health Management System Implementation Project has been initiated. The occupational injury rate is below 1.5. All hours of occupational safety and health education training have been completed. 	<ul style="list-style-type: none"> Introduce the ISO 45001 Occupational Health and Safety Management System The occupational injury rate is below 1.5. All hours of occupational safety and health education training have been completed. Encourage employees to join our clubs for better physical and mental health development. 	<ul style="list-style-type: none"> Pass the certification of ISO 45001 Occupational Health and Safety Management System. The occupational injury rate is below 1.5. All hours of occupational safety and health education training have been completed. Encourage employees to join our clubs for better physical and mental health development. 	<ul style="list-style-type: none"> Pass the re-review of ISO 45001 Occupational health and safety management system. The occupational injury rate is below 1.5. All hours of occupational safety and health education training have been completed (or the course completion rate is 100%.) 	Green Operation Team
	Social health  1.1 1.4  2.1  3.4 3.d  4.1 4.2 4.5	<ul style="list-style-type: none"> The total expenditure for charity event reached NTD 6 million. (Or, set a goal based on the operating expense.) 20,000 people participated in health promotion. 	<ul style="list-style-type: none"> The total expenditure for charity event reaches NTD 6.25 million (Or, set a goal based on the operating expense). 30,000 people participate in health promotion. 	<ul style="list-style-type: none"> The total expenditure for charity event reaches NTD 6.25 million (Or, set a goal based on the operating expense). 30,000 people participate in health promotion. 	<ul style="list-style-type: none"> The total expenditure for charity event reaches NTD 6.5 million (Or, set a goal based on the operating expense). 40,000 people participate in health promotion. 	Social Care Team

► Be Your Trusty Company

Theme of strategy	Sustainability topic	2023 Goals and Achievements	Short-term (2024) Goals	Medium-term (2025-2026) Goals	Long-term (2027-2030) Goals	Sustainability Execution Team
Ethical governance	<p>Corporate governance</p>  <p>16.6 16.7</p>	<ul style="list-style-type: none"> At least 25% of the directors and independent directors are female. Directors have participated in functional courses for at least 6 hours. The attendance rate of the Board of Directors is 95.9%, the attendance rate of the Audit Committee is 100%, and the attendance rate of the Remuneration Committee is 100%. Provided complete information disclosure on the official website to adapt to corporate governance evaluation requirements. 	<ul style="list-style-type: none"> At least 25% of the directors and independent directors are female. Help directors join the functional course and take at least six hours of courses per year, including at least two hours of sustainability-related courses. Attendance of Board of Directors' meeting and Functional Committee's meeting is 100%. No major internal audit mistakes occur. Provide complete information disclosure on the official website to adapt to corporate governance evaluation requirements. 	<ul style="list-style-type: none"> Make sure that at least 25% of the directors and independent directors are still female. Help directors join the functional course and take at least six hours of courses per year, including at least two hours of sustainability-related courses. Attendance of Board of Directors' meeting and Functional Committee's meeting is 100%. No major internal audit mistakes occur. Provide complete information disclosure on the official website to adapt to corporate governance evaluation requirements. Increase risk identification management performance. 	<ul style="list-style-type: none"> Make sure that at least 25% of the directors and independent directors are still female. Help directors join the functional course and take at least six hours of courses per year, including at least two hours of sustainability-related courses. Attendance of Board of Directors' meeting and Functional Committee's meeting is 100%. No major internal audit mistakes occur. Provide complete information disclosure on the official website to adapt to corporate governance evaluation requirements. Increase risk identification management performance. 	Operational Governance Team
	<p>Ethical management</p>  <p>16.3 16.5 16.6</p>	<ul style="list-style-type: none"> The completion rate of ethical education and training for governing units has reached 100%, and also 100% for ethical education and training for employees. The completion rate of the ethics promotion at the supplier conference was 72% (calculated based on the transaction amount), and the goal of over 70% was achieved. Established the "Ethical Corporate Management Best Practice Principles" and propose to the Board of Directors. 	<ul style="list-style-type: none"> The completion rate of ethics education and training for employees of relevant departments is over 70%. Achieve 100% completion rate for supplier integrity promotion (SRM system for suppliers). Set up the ethical management principles. 	<ul style="list-style-type: none"> Completion rate for employee integrity education and training of over 80%. Ethics principles have been promoted to 100% of suppliers (Supplier Conference). 	<ul style="list-style-type: none"> Completion rate for employee integrity education and training of over 90%. Ethics principles have been promoted to 100% of suppliers (Supplier Conference). 	Operational Governance Team Social Care Team Green Operation Team
	<p>Economic performance</p>  <p>8.1 8.2 8.3</p>	<ul style="list-style-type: none"> Maintain positive profitability. Increased operational efficiency. Developed cooperation with various platform partners (SmartTV has reached about 10,000 registered members). Worked with World Gym to shoot about 500 courses with 30 professional teachers and created the "World Gym Channel" on the Johnson digital platform to provide members with more professional courses to choose from. 	<ul style="list-style-type: none"> Maintain positive profitability. Increase operational efficiency. Develop cooperation with various platform partners (such as SmartTV and telecom platforms), increase the delivery of the concept of health, diversify usage rate, and sources of revenue, and continue to grow in the digital business landscape. Increase diversity of online course, integrate transnational and cross-domain resources, to provide all-round service experiences to Johnson's users. 	<ul style="list-style-type: none"> Maintain positive profitability. Increase operational efficiency. Develop cooperation with various platform partners (such as SmartTV and telecom platforms), increase the delivery of the concept of health, diversify usage rate, and sources of revenue, and continue to grow in the digital business landscape. Increase diversity of online course, integrate transnational and cross-domain resources, to provide all-round service experiences to Johnson's users. 	<ul style="list-style-type: none"> Maintain positive profitability. Increase operational efficiency. Integrate needs of all partners and users, and create sustainable value development in the industrial ecosystem together with partners and users. Conduct physical-virtual integration. Create a global, all-round healthy life industry from hardware, software and service. 	Operational Governance Team Social Care Team

Theme of strategy	Sustainability topic	2023 Goals and Achievements	Short-term (2024) Goals	Medium-term (2025-2026) Goals	Long-term (2027-2030) Goals	Sustainability Execution Team
Ethical governance	Compliance  16.3 16.6	<ul style="list-style-type: none"> ✓ Promoteed compliance (promote compliance to departments affected by new regulations and regulation amendments). ✓ No major violations occurred in 2023. 	<ul style="list-style-type: none"> • Compliance promotion • No violation occurred this year. 	<ul style="list-style-type: none"> • Compliance promotion • No violation occurred this year. 	<ul style="list-style-type: none"> • Compliance promotion • No violation occurred this year. 	Operational Governance Team
	Information security  16.3 16.6	<ul style="list-style-type: none"> ✓ No information security and personal data leakage incidents occurred in 2023. ✓ Executed the ERP data protection restoration test twice and the phishing drill once. 	<ul style="list-style-type: none"> • No information security breach or personal information leakage occurred. • Perform information protection drill at least twice a year. 	<ul style="list-style-type: none"> • No information security breach or personal information leakage occurred. • Perform information protection drill at least twice a year. • Test, review and improvement of third-party external network • DR Site planning 	<ul style="list-style-type: none"> • No information security breach or personal information leakage occurred. • Perform information protection drill at least twice a year. • Test, review and improvement of third-party external network • DR Site planning and switching drill 	Operational Governance Team
	Tax policy   16.6 17.1 17.13	<ul style="list-style-type: none"> ✓ Formulation of the Group's Tax Governance Principles. ✓ Disclosed tax information on subsidiaries in Taiwan, Shanghai and Vietnam. 	<ul style="list-style-type: none"> • Disclose tax information of all countries (including subsidiaries). 	<ul style="list-style-type: none"> • Disclose tax information of all countries (including subsidiaries). 	<ul style="list-style-type: none"> • Expand the scope of disclosure of tax information of different countries (including subsidiaries). 	Operational Governance Team
	Supplier management   8.3 16.3 16.6	<ul style="list-style-type: none"> ✓ Monthly and year-end evaluations for suppliers have reached 100%. ✓ The "Supplier Sustainability Commitment" has been formulated and applied. 	<ul style="list-style-type: none"> • Complete evaluation for all suppliers. • 50% of the key suppliers signed the sustainable development commitment. • Continue to enhance ESG performance with suppliers. 	<ul style="list-style-type: none"> • Complete evaluation for all suppliers. • 50% of the key suppliers signed the sustainable development commitment. • Continue to enhance ESG performance with suppliers. 	<ul style="list-style-type: none"> • Complete evaluation for all suppliers. • 75% of the key suppliers signed the sustainable development commitment. • Continue to enhance ESG performance with suppliers. 	Green Operation Team

Stakeholder communication

2-12

2-29

3-1

Johnson refers to the GRI Universal Standards, Sector Standards and Topic Standards released by Global Reporting Initiative (GRI) (collectively known as GRI Standards). According to sustainability-related topics and industrial characteristics of fitness and medical device industry, Johnson identified six major stakeholder groups. Based on five evaluation aspects of AA1000SES AA1000 Stakeholder Engagement Standard, Johnson designed the stakeholder relationship assessment survey. The Sustainable Development Committee and Sustainability Execution Team fill out the survey, and identify and sort the degree of stakeholder relationship. The survey is updated once a year. In 2023, six major stakeholder groups were identified, namely, customers, government agencies, employees, shareholders/investors, suppliers/contractors, and society.




Stakeholder identification process



Result of stakeholder identification

Johnson cares about opinions from all stakeholders, and offers different communication and feedback channels to different stakeholders. We actively communicate with stakeholders, receive diverse opinions in different aspects, expand our vision, and try to satisfy needs of all stakeholders. Johnson reports communication with all stakeholders at the Board of Directors' meeting every year.




▶ Stakeholder communication

	Communication channel	Topics paid attention to	Corresponding chapter
 Customer	<p>Occasionally:</p> <ul style="list-style-type: none"> The contact section and toll-free customer service line (0800-017-360) are available. Set up a contact window of the Company's Product Department; +886-4-2566-7100 ext. 1220 	<ul style="list-style-type: none"> Product quality and safety Information security Supplier management Economic performance Occupational health and safety 	<p>About Johnson - Economic performance</p> <ul style="list-style-type: none"> 1.2 Product quality and safety 2.4 Occupational safety and health 3.6 Information security 3.7 Supplier management
 Government agency	<p>Occasionally:</p> <ul style="list-style-type: none"> Official document correspondence Promotion briefing 	<p>Regularly (as required by law)/Occasionally:</p> <ul style="list-style-type: none"> Announce information on TWSE MOPS. 	<p>About Johnson - Economic performance</p> <ul style="list-style-type: none"> 1.2 Product quality and safety 1.7 Waste management 2.1 Talent attraction and retention 2.5 Social health 3.2 Ethical management 3.4 Tax policy
 Employee	<p>Occasionally:</p> <ul style="list-style-type: none"> Announce information on the internal management platform of the Company. Organize the briefing and employee education training. The contact information for the Administrative Department is available: Human Resource: +886-4-2566-7100 ext. 1180 and 1182 Factory nurse: +886-4-2566-7100 ext. 6667 	<p>Regularly:</p> <ul style="list-style-type: none"> Hold a meeting of the Employee Welfare Committee every year. Convene weekly and monthly meeting at the Company. 	<ul style="list-style-type: none"> Customer relationship Product quality and safety Ethical management Compliance Information security <p>1.2 Product quality and safety 1.3 Customer relationship 3.2 Ethical management 3.3 Compliance 3.6 Information security</p>

Structure of sustainable development

Stakeholder communication

Materiality analysis

	Communication channel	Topics paid attention to	Corresponding chapter
 <p>Shareholder/Investor</p>	<p>Occasionally:</p> <ul style="list-style-type: none"> The hotline and contact information for shareholders are available: Shareholder hotline: +886-4-2566-7100 ext. 1110 May Lo, Spokesperson and Vice President of the Company: +886-4-2566-7100 Lin Ching Ni, Deputy spokesperson and Senior Manager: +886-4-2566-7100 ext. 1110 <p>Regularly:</p> <ul style="list-style-type: none"> Convene legal person briefing and investor Publicize the Company's annual report every year. Convene the shareholders' meeting every year. <p>Regularly (as required by law)/Occasionally:</p> <ul style="list-style-type: none"> Announce information on TWSE MOPS. 	<ul style="list-style-type: none"> Product quality and safety Customer relationship Corporate governance Talent attraction and retention Compliance 	<p>1.2 Product quality and safety</p> <p>1.3 Customer relationship</p> <p>2.1 Talent attraction and retention</p> <p>3.1 Corporate governance</p> <p>3.3 Compliance</p>
 <p>Suppliers/Contractors</p>	<p>Occasionally:</p> <ul style="list-style-type: none"> Hold the manufacturer seminar. Supplier visit Contact information for all offices is available: Taiwan factory General Manager: +886-4-2566-7100 ext. 2800 Material Department: +886-4-2566-7100 ext. 2811 Zhongshan branch office: +886-2-2523-9088 <p>Regularly:</p> <ul style="list-style-type: none"> Convene the Annual Supplier Conference. Monthly and annual supplier evaluations. 	<ul style="list-style-type: none"> Product quality and safety Ethical management Economic performance R&D and innovation Compliance 	<p>About Johnson - Economic performance</p> <p>1.1 R&D and innovation</p> <p>1.2 Product quality and safety</p> <p>3.2 Ethical management</p> <p>3.3 Compliance</p>
 <p>Society</p>	<p>Occasionally:</p> <ul style="list-style-type: none"> Convene the press conference. Press release publishing and communication Feature Interview Hold social charity events. 	<ul style="list-style-type: none"> Customer relationship Economic performance Climate action Corporate governance Tax policy 	<p>About Johnson - Economic performance</p> <p>1.3 Customer relationship</p> <p>1.4 Climate action</p> <p>3.1 Corporate governance</p> <p>3.4 Tax policy</p>

Materiality analysis

3-1

To find out how all topics affect the operation of the Company and how much stakeholders care about these topics, Johnson evaluates sustainability topics related to the Company by referring to the GRI Standards, industrial feature, and topics considered by the peer and benchmark corporations. With reference to the Double Materiality principle proposed by the European Union and the latest version of GRI 3: Four Steps to Identify the Materiality of Material Topics 2021, based on the survey results of stakeholders' level of concern and sustainability issues, The Company also conducts discussions on the "materiality of impact" and "financial significance" of the sustainability issues. If a sustainability issue is of any materiality, it is identified as a material topic. Sustainability information is disclosed, management policies are formulated, and implementation measures are regularly followed up and adjusted.

▶ Material topic identification process

Step.1 Understand the organizational context.	Step.2 Identify actual and potential impacts.	Step.3 Evaluate significance of the impact.	Step.4 Prioritize the topic to be reported by judging if the topic has the most significant impact.
<ul style="list-style-type: none"> Assess the organization's operating locations and activities, as well as the value and mission of the organization itself. Summarize 20 sustainability issues by referring to international sustainability regulations and standards (GRI Standards, SASB, TCFD), industry characteristics, peers in the industry, and benchmarking companies. 	<ul style="list-style-type: none"> Invite 6 types of stakeholders to assess the impact of sustainability issues, and have the Company's senior executives assess and discuss the positive and negative impacts each sustainability issue may have on the Company. Financial materiality: The degree of impact on the "organizational value". Impact materiality: The extent of the impact on "governance and the economy, the environment, and people and human rights." 	<ul style="list-style-type: none"> All stakeholders evaluate how much they care about the sustainability topics and the impact of these topics. Our senior executives evaluate degree of impact to all sustainability topics based on how all sustainability topics affect our operation and corporate sustainable development. 176 stakeholders gave feedback, 20 senior executives evaluated, and the overall effective questionnaire recovery rate was 81%. 	<ul style="list-style-type: none"> Gather information on how our internal supervisors evaluate the degree of impact of all sustainability topics on our operation and ESG sustainable development, and top five topics stakeholders pay attention to. Evaluate how these topics impact governance, economy, environment, human and human rights aspects, and create 7+3 major sustainability topics.

There are seven major topics identified for 2023, including "Product Quality and Safety," "Corporate Governance," "Economic Performance," "R&D and Innovation," "Customer Relations," "Ethical Corporate Management," and "Occupational Safety and Health". In response to the international sustainability trend and Johnson's current actions, "Supplier Management", "Climate Action", and "Human Rights" are included as major topics, totaling 10 major topics. Compared with 2022, 4 new items including "Occupational Safety and Health," "Supplier Management," "Climate Action," and "Human Rights" have been added; "Legal Compliance" and "Information Security", "Talent Development" and "Talent Attraction and Retention" were excluded from the scope of this year's material topics.

▶ Material topic matrix



The material topics for 2023, in order, are:

- 1 Product Quality and Safety Environmental Aspect
- 2 Corporate Governance Governance and Economic Aspect
- 3 Economic Performance Governance and Economic Aspect
- 4 Research and Innovation Environmental Aspect
- 5 Customer Relations People and Human Rights Aspect
- 6 Integrity in Business Governance and Economic Aspect
- 7 Occupational Health and Safety People and Human Rights Aspect
- 8 Supplier Management Governance and Economic Aspect
- 9 Climate Action Environmental Aspect
- 10 Human Rights People and Human Rights Aspect

► List of impacted material topics 3-2 3-3

Material topic	Impact evaluation			Value Chain Impact Activities ● : Causes, contributes to, or is directly related to the impact.			Policies and Implementation Status	Corresponding GRI, SASB and TCFD framework	Corresponding Chapter
	Impact Type		Impact Description	Upstream suppliers	Johnson	Downstream Customers/ Distributors			
	Positive	Negative							
Product quality and safety	Actual	Actual	The Company conducts management measures such as formulation of relevant strategies, product testing, product quality certification, through the health and safety problems that might be affected by Johnson's product and service. On the other hand, raw materials of abnormal quality may cause product hazards, lead to losses for customers and affect corporate reputation.	●	●	●	<p>Existing Policies</p> <p>Striving to improve product quality, Johnson announced the Group's quality goals in the "Quality Manual", and established the "Hazardous Substance Control Operating Procedures" and the "Group Market Heavy Industry/Scrap and CPSC (US Consumer Product Safety Commission) Recall Management Standard Operating Procedures" in ensuring product user safety.</p>	<p>GRI 416 Customer Health and Safety</p> <p>GRI 417 Marketing and Labeling</p> <p>CG-TS-250a.1. (1) Number of product recalls; (2) Total number of product recalls</p> <p>GS-TS-250a.3 Total Monetary Losses from Legal Proceedings Related to Product Safety</p> <p>CG-TS-250a.4. Discussion of processes for assessing and managing risks and/or hazards associated with chemicals in products</p>	<p>1.2 Product quality and safety</p> <p>1.3 Customer relationship</p>
							<p>Administrative policy</p> <ul style="list-style-type: none"> Through vertical integration of value chain, Johnson makes sure that all critical parts of the product are made by Johnson's manufacturing factory, and conducts quality check for consumers by strict control. Conduct all-round product safety test and obtain numerous product safety certification marks. Implement hazardous substance management, requiring suppliers to sign the "RoHS Commitment and Guarantee" and notarize the testing data for Substances of Very High Concern. 		

Material topic	Impact evaluation			Value Chain Impact Activities ● : Causes, contributes to, or is directly related to the impact.			Policies and Implementation Status	Corresponding GRI, SASB and TCFD framework	Corresponding Chapter
	Impact Type		Impact Description	Upstream suppliers	Johnson	Downstream Customers/ Distributors			
	Positive	Negative							
Corporate governance	Potential	Actual	Set up an effective corporate governance structure. Maintain effective operation of the Board of Directors and all functional committees. Reinforce corporate governance and maintain shareholder rights by enhancing expertise and diversity of directors, and introducing performance evaluation mechanism. Otherwise, the rights and interests of stakeholders such as shareholders/ investors will not be protected, and the competitiveness of the company will be reduced.	●	●	●	<p>Existing Policies</p> <p>The following regulations have been formulated by Johnson, "Articles of Association," "Corporate Governance Best Practice Principles," "Rules of Procedure for Shareholders Meetings," "Rules of Procedure for Board of Directors Meetings," "Selection Procedures for Director and Supervisor of the Company," "Organizational Regulations of Company Audit Committee," "Organizational Regulations of Company Remuneration Committee," and "Regulation for Board of Directors Performance Assessments" to effectively strengthen corporate governance.</p> <p>Administrative policy</p> <ul style="list-style-type: none"> Set company regulations and rules for the Board of Directors and functional committees. Confirm execution through regular, internal audit. Convene the Board of Directors' meeting every quarter, Audit Committee at least four times a year, and Remuneration Committee at least twice a year. Stipulate director diversity policy, and set the goal for achieving a certain percentage of female directors and independent directors. Set up the Sustainable Development Committee. 	GRI 2 General Disclosures	3.1 Corporate governance
Economic performance	Potential	Actual	Establish comprehensive strategies and management actions for the Company's operations, financial performance, operating costs, market development, and investment profit and loss. Good economic performance can create long-term and stable value for the enterprise. On the other hand, enterprises will face financial difficulties and may lead to operational disruptions.		●		<p>Administrative policy</p> <p>Set up the goal for corporate growth and profit. Share prosperity with customers, employees, shareholders and society.</p>	GRI 201 Economic Performance	About Johnson - Economic performance

Material topic	Impact evaluation			Value Chain Impact Activities ● : Causes, contributes to, or is directly related to the impact.			Policies and Implementation Status	Corresponding GRI, SASB and TCFD framework	Corresponding Chapter
	Impact Type		Impact Description	Upstream suppliers	Johnson	Downstream Customers/ Distributors			
	Positive	Negative							
R&D and innovation	Actual	Potential	To adapt to quick change of global market need, Johnson launches various new styles of products and services via continuous development and innovation. Meanwhile, focus on intellectual property management to increase industrial competitiveness and brand value of the company. Otherwise, it is possible to lose industrial competitiveness, consumer loyalty, and the risk of intellectual property infringement, resulting in financial losses and damage to the Company's reputation.		●	●	<p>Existing Policies</p> <p>Johnson has established the "Patent Search and Patent Application Procedures" to facilitate patent application and breakthrough innovation.</p> <p>Administrative policy</p> <ul style="list-style-type: none"> Enhance key technology of the product, develop and produce Johnson's own parts, and plan to invest in low-carbon product development. Launch the equipment platform integrating hardware and software and a new business model. Seize business opportunities for digital content development and continue to make breakthroughs in the home market. 	User-defined topic - R&D and innovation patent	1.1 R&D and innovation
					●	●	<p>Existing Policies</p> <p>Johnson has formulated the "Customer Complaint Handling Procedures" and "Customer Service Procedures" to serve customer satisfaction as the highest principle.</p> <p>Administrative policy</p> <p>Comply with a comprehensive customer service operating procedure, and establish aftersales mechanism and process, including customer complaint, repair and compensation.</p>		
Customer relationship	Actual	Actual	Communicate with customers about services, products, and service markets, understand their needs, and improve product quality to maintain customer relations and enhance customer satisfaction. Establishing a good relationship with customers will bring positive economic performance to the company; otherwise, customer loyalty will be significantly reduced, thereby affecting the company's revenue.		●	●	<p>Existing Policies</p> <p>Johnson has formulated the "Customer Complaint Handling Procedures" and "Customer Service Procedures" to serve customer satisfaction as the highest principle.</p> <p>Administrative policy</p> <p>Comply with a comprehensive customer service operating procedure, and establish aftersales mechanism and process, including customer complaint, repair and compensation.</p>	GRI 418 Customer Privacy	1.3 Customer relationship

Material topic	Impact evaluation			Value Chain Impact Activities ● : Causes, contributes to, or is directly related to the impact.			Policies and Implementation Status	Corresponding GRI, SASB and TCFD framework	Corresponding Chapter
	Impact Type		Impact Description	Upstream suppliers	Johnson	Downstream Customers/Distributors			
	Positive	Negative							
Ethical management	Potential	Potential	Including arranging various ethical corporate management education and training, and formulating and supervising the implementation of ethical corporate management policies and prevention plans, and reporting to the Board of Directors on a regular basis. In addition, whether the directors and senior managers have signed the statement of compliance with ethical corporate management, whether they assist the Board of Directors in fulfilling their commitment to ethical corporate management, and whether the Company's internal management and business activities are in line with ethical corporate management. On the other hand, if there are incidents of violation of ethical corporate management, it will cause damage to the corporate image.		●	●	<p>Existing Policies For the purpose of strengthening the effectiveness of supervision and control, Johnson's "Insider Trading Prevention Management Operating Procedures" and "Work Rules" (including the reporting reward and punishment mechanism) is the basis of implementation of ethical management.</p> <p>Administrative policy</p> <ul style="list-style-type: none"> Set up ethical management requirements, reporting channel, and reward and punishment system. Encourage employees to report illegal events. Provide at least six hours of ethical management education training to all new employees. To reinforce prevention of insider trading, conduct internal and external insider trading course training for employees. 	GRI 205 Anti-corruption GRI 206 Anti-competitive Behavior	3.1 Corporate governance 3.2 Ethical management
Occupational safety and health	Potential	Actual	Establish occupational health and safety management measures and policies, including workplace safety maintenance, occupational disaster risk management, employee health management plans and health checkups, to improve overall employee health and safety. Conversely, incidents that may cause occupational work-related injuries to employees.	●	●		<p>Existing Policies Johnson has formulated the "Safety and Health Management Plan" and "Hazard Identification and Risk Assessment Procedures" to implement occupational safety and health management; and to maintain the safety of contractors, the "Contractor Safety and Health Management Procedure" has been established.</p> <p>Administrative policy</p> <ul style="list-style-type: none"> Introduce the ISO 45001 Occupational Health and Safety Management System Convene Safety and Health Committee meetings on a quarterly basis Implement four major protection plans for health risk identification and hazard assessment . Occupational health promotion activities 	GRI 403 Occupational Safety and Health	2.4 Occupational safety and health

Material topic	Impact evaluation			Value Chain Impact Activities ● : Causes, contributes to, or is directly related to the impact.			Policies and Implementation Status	Corresponding GRI, SASB and TCFD framework	Corresponding Chapter
	Impact Type		Impact Description	Upstream suppliers	Johnson	Downstream Customers/ Distributors			
	Positive	Negative							
Supplier management	Potential	Potential	Establish supplier and procurement policies and mechanisms, including supplier source management, new supplier selection, existing supplier evaluation and audit systems, delivery and quality management. A complete supply chain policy will effectively protect product quality. Otherwise, it will affect the product quality and the Company's reputation, and cause the Company to face financial losses at the same time.	●	●		<p>Existing Policies</p> <p>Johnson has established the "Supplier Management Policy" and conducted supplier screening and evaluation in accordance with the "Supplier Selection and Management Procedures," "Supplier Evaluation Procedures," and "Supplier Sustainable Development Best Practice Principles," and requested suppliers to sign a letter of commitment to supervise supplier sustainability management.</p> <p>Administrative policy</p> <ul style="list-style-type: none"> Establish supplier connection (SRM) and regularly hold supplier conference every year. The "Johnson Sustainable Development Commitment" was formulated. With reference to the regulations of the Responsible Business Alliance (RBA), we formulated the "Conflict Mineral Free Commitment" for electronics suppliers. New suppliers are screened according to environmental and social standards, and existing suppliers are evaluated and audited annually. 	<p>GRI 204 Procurement Practices</p> <p>GRI 308 Supplier Environmental Assessment</p> <p>GRI 414 Supplier Social Assessment</p> <p>CG-TS-430 a.1 Social responsibility audits of direct suppliers: (1) non-conformance rate; (2) (a) priority non-conformity and (b) other non-conformity related corrective action rate</p> <p>CG-TS-430 a.2 The non-conformance rate of suppliers under the social responsibility codes (supplier code of conduct, supplier management), and the rate of subsequent corrections.</p>	3.7 Supplier management

Material topic	Impact evaluation			Value Chain Impact Activities ● : Causes, contributes to, or is directly related to the impact.			Policies and Implementation Status	Corresponding GRI, SASB and TCFD framework	Corresponding Chapter
	Impact Type		Impact Description	Upstream suppliers	Johnson	Downstream Customers/ Distributors			
	Positive	Negative							
Climate action	Potential	Actual	The Company identifies climate change issues (such as wind disasters, heavy rainfall, and various extreme weathers) that may have an impact on operations in the future, establishes relevant mitigation and adaptation strategies, and establishes corresponding indicators and targets, such as: work mode adjustment, emergency response meters to reduce the impact of climate change on our business and to explore new business opportunities. Otherwise, enterprises may be at a loss to cope with the hazards caused by extreme weathers, which may lead to impacts such as business interruption.		●	●	Administrative policy <ul style="list-style-type: none"> Promoted the ISO 14064 greenhouse gas inventory and assurance for the Group's headquarters, factories in Taiwan, Shanghai, and Vietnam Introduced ISO 14067 and completed the carbon footprint inventory of 9 products Deepen the TCFD framework, conduct scenario analysis of climate-related risks, and quantify financial impacts. 	GRI 201 Economic Performance GRI 302 Energy GRI 305 Emissions TCFD governance, strategy, risk management, indicators and targets	1.4 Climate action
Human rights	Potential	Actual	The Company's human rights policies and management approaches include different human rights issues such as gender, child labor, indigenous peoples' rights, forced labor, as well as operations involving subjects such as employees (e.g. equal pay for men and women, employment of minorities), suppliers and human rights-related actions taken by the Company in relation to business negotiations (e.g., procurement policies, audits). Otherwise, human rights may be infringed, resulting in illegal or loss of goodwill.	●	●		Existing Policies Johnson has a Group Human Resource Policy in place, complies with the United Nations Declaration of Human Rights, and has formulated the "Operating Procedure for Sexual Harassment Prevention Measures" to eliminate illegal workplace abuse. Administrative policy <ul style="list-style-type: none"> Due diligence on human rights of employees of the Group Headquarters, Taiwan Factories, Shanghai Factories, and Vietnam Factories Establishment of a sexual harassment complaint handling committee Respect for the multicultural background of foreign employees, set up prayer rooms, and regularly organize celebrations of festivals in Southeast Asia. 	GRI 202 Market Presence GRI 403 Occupational Safety and Health GRI 405 Diversity and Equal Opportunity GRI 406 Non-discrimination	2.3 Human rights



1

Chapter



Joining Engage in Earth sustainability

- 1.1 R&D and innovation
- 1.2 Product quality and safety
- 1.3 Customer relationship
- 1.4 Climate action
- 1.5 Energy management
- 1.6 Water resource management
- 1.7 Waste management

Our commitment

According to the "Global Risks Report 2024" released by the The World Economic Forum, extreme weather events rank among the top three major short-term and long-term risks, respectively. Therefore, it is imperative to take various climate actions to mitigate risks. Johnson actively invests in the research and development of low-carbon products and will continue to follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to strengthen sustainable competitiveness.

Johnson's mission is to build human health. We persist to provide matchless quality and offer reliable products to satisfy consumer needs. We also comply with a comprehensive customer service operating procedure and establish aftersales mechanism and process, including customer complaint, repair and compensation, placing customer satisfaction as our top priority.

1.1 R&D and innovation

1.1.1 Breakthroughs in innovation and R&D

Johnson keeps enhancing key technology of product, and developing and producing its own parts. Advantage in cost control is one of key development strategies. Based on the position of business and home product, Johnson sets major development of key technology and part, continues to invest into innovation and R&D, and creates an excellent workout experience to consumers. These years we seize the business opportunity of digital content, collaborate with telecom company and gym to develop the workout subscription service, and launch the equipment platform integrating software and hardware, and a new business model. Our breakpoint is changing the consumption pattern of home market and staying dominant in the market. We continue to optimize the personal experience and subvert users' existing imaginations about sports.

► Multinational R&D Technical Team


Johnson's R&D team spans Taiwan, China, Vietnam, and North America. We have long cultivated an engineering and technical team with rich experience and exquisite technology to meet customers' professional needs and their expectations for high-quality products. With our extensive R&D resources and technology capabilities, we analyze industry trends, combine market demands, narrow our key development directions, formulate a R&D roadmap for the next three years, grasp opportunities, and develop patents to achieve corporate sustainability. In 2023, Johnson's R&D expenditure was NTD 1.06 billion, an increase of 16.5% compared to 2022, accounting for about 2.79% of the operating revenue in 2023. As of December 2023, a total of 448 employees have been engaged in R&D, an increase of 1.06% compared to 2022.

► Low-carbon product development


Environmental protection issues are put into consideration for product design. Raw material use and control are subject to CNS 15663 and the Restriction of Hazardous Substances Directive (RoHS). Johnson's products have met the product disposal and recycling standard of Waste Electrical and Electronic Equipment (WEEE). Control and reduce environmental pollution by excluding high-polluting surface processes such as electrocution and electroplating as much as possible in product design.

Some products of Johnson are equipped with high-power accessories such as LCD and touchscreen. The motor of electric treadmill must be driven by external power. Nevertheless, overall design still meets the energy saving design requirements. For instance, the gauge can only be sold in the U.S. and Europe by complying with ErP requirements. In addition, many of our products gear toward self-powered design. Magnetron generator is used for providing the power required for the machine. The user supplies power for gym equipment when exercising. No external power supply is required. In 2023, we optimized processes through product design changes to reduce process time to reduce electricity consumption during production. We also reduced product weight by replacing raw materials and packaging materials to increase the container volume for single product transportation and thereby reduce carbon emissions from product transportation. These two design change projects reduced a total of about 38.36 tCO₂e, accounting for about 1.28% of Taiwan's total emissions in 2023.


Energy Saver Mode



Environmental Protection and Energy Saving



Quick Wake-Up



Johnson has applied the concept of environmental protection and energy saving to its product design. When the machine is idle for 15 minutes, it will automatically enter the sleep mode. In this mode, the standby power output can be reduced by more than 90%. At the same time, the convenience of product users is also considered. The machine can wake up quickly after the machine is turned on, and there is no need to bend over to turn on the main power supply below.

► R&D outcome in the past three years

MATRIX

Developed over 300 types in the whole series

Developed 128 types in 2023



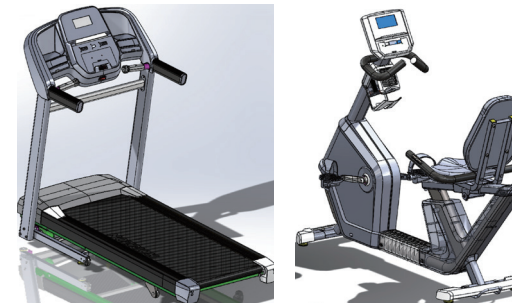
Developed over 400 types in the whole series

Developed 18 types in 2023



Developed over 900 types in the whole series

Developed 18 types in 2023



Developed over 200 types in the whole series

Developed 6 types in 2023



SYNCA

Developed over 75 types in the whole series

Developed 2 types in 2023



inner balance

Developed over 54 types in the whole series

Developed 1 types in 2023

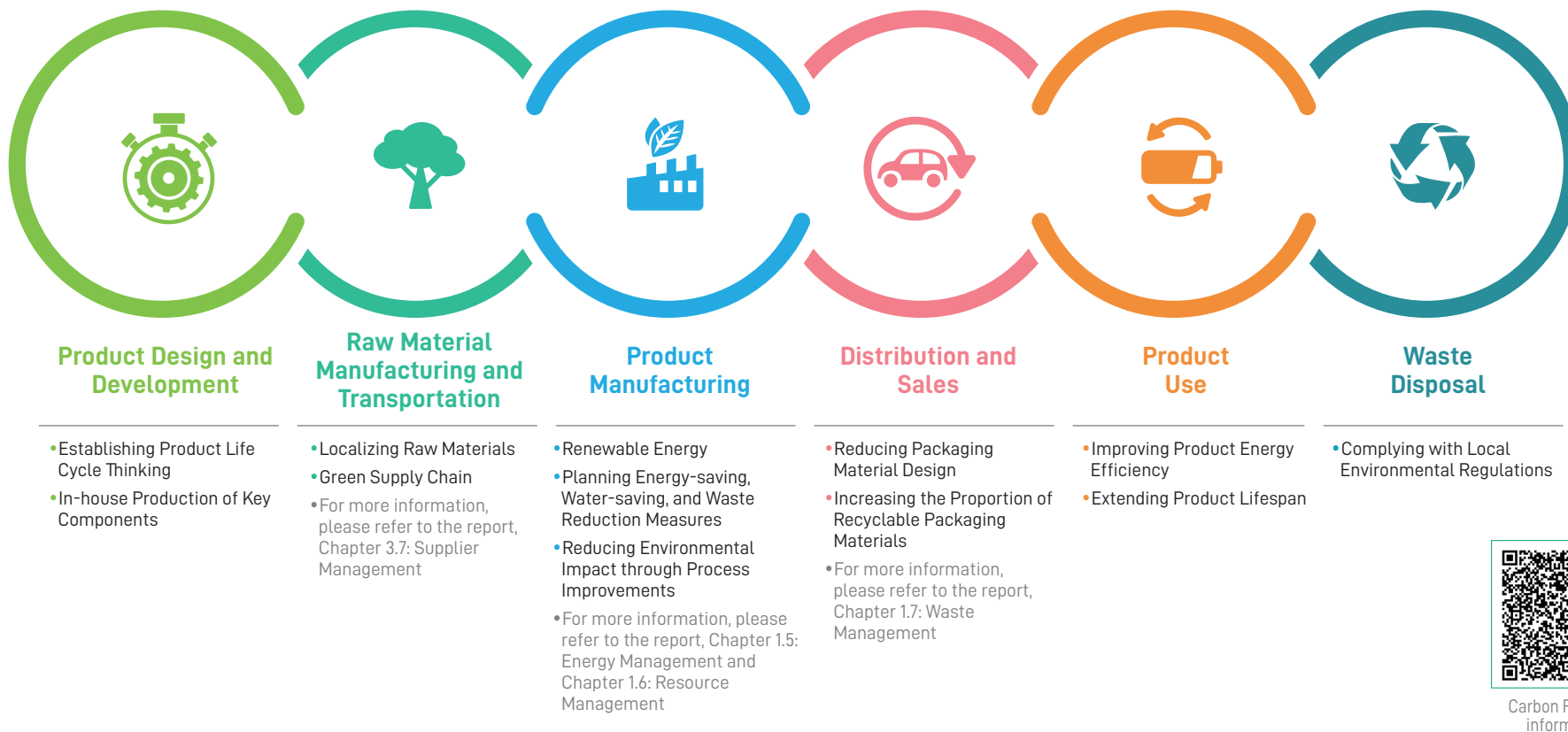


- 1.1 R&D and innovation
- 1.2 Product quality and safety
- 1.3 Customer relationship
- 1.4 Climate action
- 1.5 Energy management
- 1.6 Water resource management
- 1.7 Waste management

1.1.2 Product Life Cycle Assessment

Together with our value chain partners, we aim to safeguard a green earth. Therefore, apart from the inventory and assurance of greenhouse gas emissions from operating activities, we have also introduced product life cycle assessment (LCA) and made reference to ISO 14064-1 greenhouse gas emissions. Conduct inventory and implement the requirements of the ISO 14067 International Carbon Footprint Standard, covering the scope from the cradle to the grave (product waste disposal). Calculate the carbon footprint of the product to grasp the key life cycle stages of the product with carbon reduction potential and identify the direction for subsequent improvement.

In 2023, we completed the carbon footprint inventory of the treadmills, elliptical machines, weight training machines, and massage chairs mass-produced by the Taiwan Factory, Shanghai factories, and Vietnam Factory. We plan to complete carbon footprint verifications in the future, and announce the carbon footprint calculation results. It is available on the Johnson website for stakeholders to read.



► Self-made key components

Johnson also focuses on production and manufacturing technology and key part and technological development of gym equipment. Our self-developed motors, motor controllers, upper control boards, lower control boards, and generators can effectively improve the compatibility and performance of overall components, reduce maintenance requirements and costs, and extend product life cycles through three key factors, as well as reducing the impact on the environment to achieve the leading position of Johnson in the global fitness equipment.

Reduce the use of raw materials



Johnson's self-made motors and motor controllers enhance compatibility. One motor controller corresponds to the supply relationship of multiple motors, reducing the need for spare parts.

Extend service life



Johnson has fully mastered the technology and built its self-made motor not only for its high performance, quietness and stability, but also for its special design to achieve the required horsepower at low rotation speed, significantly extending its service life.

Reduce energy consumption



Johnson generators consider environmental protection and reducing energy consumption. When a user steps on the generator, it drives the coil magnet to convert kinetic energy into electricity to generate electricity for the upper and lower control panel systems to achieve self-generation function and meet the needs of machine operation. Afterwards, the excess power can be used to charge mobile devices.

The lower control board system can receive and distribute the electricity generated by the generator to the upper control board system and the resistance system to improve the energy utilization rate.

- 1.1 R&D and innovation
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1.1.3 Intellectual Property Management

To protect its own and respect other's intellectual property rights, the R&D work is developed and the intellectual property is maintained based on the "patent search and application procedure." When each department needs patent information, it needs to apply for required patent information from the patent department to look up patents. It needs to search, study and analyze patents regarding specific subjects, to understand relevant patent technology, and/or evaluate patent infringement risk, patentability and patent validity. If is assessed that the specific technology has a certain degree of patentability, we can propose the patent for this technology, and submit the proposal to the supervisor with adequate authority for official signature and approval. The R&D supervisor (or above) judges on application, certification and maintenance of patent.

We encourage employees to submit patent applications and grant patent bonus. When the unit director approves the invention patent application, he grants the payment based on the country the employee intends to apply for patents or the region the organization is located. If the government announces that the patent application is authorized, the patent approval prize will be granted. If the patent becomes a selling point of a product of the company, the patent contribution prize will be granted.

▶ Key outcome of patent in the past three years

Item	2021	2022	2023
Number of employees received the patent bonus	15 employees in total	3 employees in total	7 employees in total
Amount granted for patent bonus	NTD 24,000	NTD 2,500	NTD 31,000
Key patent items	<ul style="list-style-type: none"> ■ Mirror Leaderboard dynamic rating ■ Mirror 1 on 1 function ■ Treadmill power disconnected and prevent sliding ■ Timing belt pulley that reduces noise ■ Vortex braking mechanism of the motor for treadmill 	<ul style="list-style-type: none"> ■ Treadmill personnel detection ■ Virtual Mirror ■ No. 4 movement (independent forward and backward of left and right massage ball) ■ No.6 movement (adjustable space between the left and right massage ball) ■ Handle angle stepless adjustment 	<ul style="list-style-type: none"> ■ Upper body cycle (users can adjust the left and right handlebars to rotate independently or relatively) ■ Grip touch screen ■ Color-changing LEDs on the inside of the armrest ■ Recumbent EP (perform leg exercises with special pedal motion traces and changes in the elevation angle of the pedals) ■ For insurance system (sports equipment and sports purpose verification function and verification method)

▶ Patent applications and the number of patents obtained in the past three years

Item	2021	2022	2023
Number of patents applied for (cumulative)	936	956	976
Number of patents obtained (cumulative)	771	788	801
Number of valid patents (cumulative)	225	210	203
Number of patents in review (cumulative)	40	38	35
Number of patents obtained in the year	26	17	13

Note: Number of patents in review (cumulative) include the ones being notified that have been approved but yet to be announced to be valid by the governmental agency.

1.2 Product quality and safety

1.2.1 Product quality management

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CG-TS-250a.1

CG-TS-250a.3

As a leader gym product manufacturing, we have adopted an advanced construction method from raw material and finished product manufacturing. Through vertical integration of value chain, each critical part of the product is from the manufacturing factory. Johnson can fully control its design and construction method. If the part was not made by Johnson, it will be examined thoroughly to ensure perfect coordination between each part.

Johnson passed ISO 9001 Quality Management System Standard in 1996 and conducted product quality management based on the Quality Manual. Johnson formulated the group quality policy, aims to become a company with world-class quality, and implements strict control on quality for consumers. We regularly convene the product meeting and quality weekly and quarterly meeting of the three factories, and set the annual goal based on numerous KPIs, e.g. OOB, lot nonconformity, quality cost and customer complaint closure rate. The department heads examine goal progress every month.

We have obtained quality management system certification for our gym equipment. Johnson's electric massage chair has obtained ISO 13485:2003 medical device quality management system certification in 2005. It leads advancement of function and technology of massage chair, integrates humane realistic touch and skill with innovative technology, aims to deliver excellent products that care about consumers, take care of health and beauty of consumers, and deliver reliable quality. Johnson's massage chair has been recognized with numerous excellent design awards in the sector.

In addition, we perform product safety test for EMI and radio frequency item, electrical appliance safety item, machinery safety and chemical item, energy saving item, and fireproof item. We have been honored product safety certification labels from numerous countries, including EU CE label, North America ETL Certificate, TUV safety specification standard certification, Japan PSE certification (Product Safety of Electrical Appliance & Material) and Australia RCM mark (Regulatory Compliance Mark), to ensure the best quality of the product.

▶ Product impact evaluation

Johnson fully evaluates the impact of product and service category on health and safety, and takes systematic action for the health and safety problems incurred from the lifecycle of product or service:

Risk impact of product and service	Customer usage safety	Low product safety coefficient	RoHS Not complying with the RoHS standard	OOB
Detection method	During new product development, we work with a third-party laboratory to conduct CE certification and generate a report based on the safety requirements in product specification (PPS).	During new product development, Johnson conducts strength analysis for critical parts and obtains the safety factor of design. The safety factor required in different areas may vary, but most of the safety factors for welding piece must be set below 9 ksi. The assembly part must be set below 18 ksi.	Coordinate with part suppliers to conduct self-declaration procedure and sign the "RoHS commitment."	Set the annual goal based on OOB offered by all subsidiaries. Calculate OOB achievement rate and confirm improvement of OOB at all factories.
Inspection Rate	Follow the product development SOP, conduct safety certification during trial production, and store the relevant data in the Company's system.	Engineers started DFMEA risk assessment and reviewed with the Quality Assurance Department. Items with a higher risk index will be subjected to strength analysis, assembly verification, and testing verification.	In accordance with the "Supplier and Outsourced Supplier Management Procedures", the Material Department reviews the updated content of laws and regulations every two years and requires suppliers to update the verification report or update the self-declaration.	Regularly hold weekly and quarterly quality meetings to review, track and supervise the OOB of each factory.

Product recall

To effectively manage product abnormality repair and scrapping, Johnson formulated the "Group market rework/scrapping and CPSC (Consumer Product Safety Committee) recall management standard operating procedure." Johnson checks whether quality improvement operation such as rework and recall is required for product quality. (When product quality abnormality occurs, we may repair the product to help it resume to stable state.) When the customer raises a quality concern, operating safety concern or high risk concern, we must analyze the cause of product nonconformity in the internal, regular customer complaint meeting, and conduct market rework. The customer service and quality assurance department must prepare details for quality problems before customer complaint meeting. They check the production period, production serial number, production quantity and delivered quantity of the product with quality problem. The quality assurance department of the group convenes department heads of factory, R&D and business department, depending on the situation. It obtains sufficient information to make rigorous decisions through discussion. Under our insistence and strict management of product quality, there have been no product recall incidents in Taiwan, China and Vietnam in the past three years.

1.2.2 Hazardous substance management

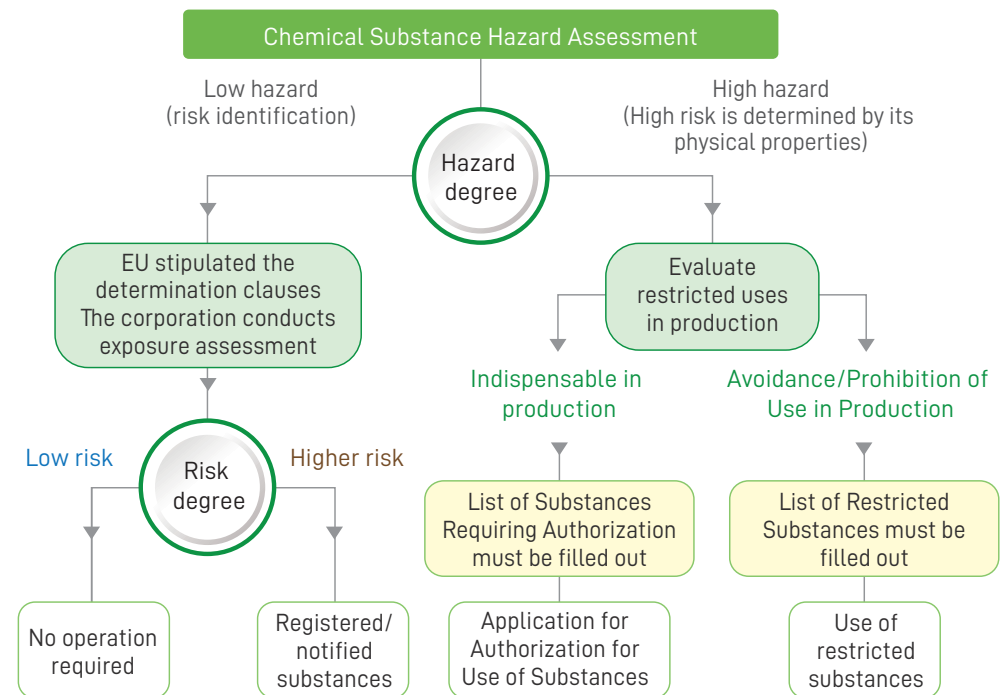
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To adapt to environmental regulatory requirement of all EU nations, Johnson sets up control of toxic and hazardous substances of the product (EU SVHC) and the issues that suppliers must follow based on the "Toxic and Hazardous Substance Control Procedure." Johnson finds out whether the finished product contains high concern substance harming human and environment. The result will be used as the basis for reporting and informing buyers and general consumers or applying for authorization. We are responsible for protecting Earth and easing impact on ecosystem, and fully investigate in current parts and materials, such as the material, element, part, packaging material and supplementary material of manufacturing process. Suppliers are required to provide "REACH Commitment" and "RoHS Commitment," and the SVHC testing data issued by the notary office.

Start investigation on model and material

Material Department proposes a supplier list based on the type of material, and requires suppliers to offer the chemical substance contained in the object/material manufactured by the supplier and sent to third-party laboratory for testing and analysis, the laboratory test report provided by the supplier, SVHC survey, and REACH compliance commitment. Later on, the R&D Department calculates SVHC content and determines whether it meets regulatory requirements. The Quality Assurance Department inspects and controls incoming material according to the "Toxic and hazardous substance control operating procedure." Suspicious materials will be delivered to an external fair unit for inspection, and survey will be completed. Then, products may enter mass production.

Hazardous substance management process



1.3 Customer relationship

1.3.1 Customer communication and service

Customer feedback is our motivation for continuous improvement. We value each request and offer multiple communication channels, including a free hotline and email, and conduct satisfaction surveys. We will regularly review and compile these results to set targets for service quality and customer satisfaction.

Our professional after-sales team and skilled factory technicians focus on maintaining product quality and providing excellent warranty and repair services. We train our regional teams annually to enhance service quality and customer satisfaction. We also upgrade our self-service resources, such as online operation videos and preventive maintenance plans, to exceed customer expectations.

Since 2016, our MATRIX and HORIZON brands have consistently excelled in the Plus X Award in Germany, with HORIZON winning the "Best Customer Satisfaction Award" for fitness equipment.

▶ Customer complaint handling process

Received customer complaint

- The customer logs in the customer complaint system to fill out the information based on the market customer complaint. The information shall include customer name, brand, model, and problem description. Photos shall be attached.



Confirm the problem

- The handling personnel will be notified by the customer complaint system or email if cooperation from relevant responsible unit is required.
- Overseas subsidiaries aggregate data into a central online service system.



Start the improvement activity

- Overseas subsidiaries, on the other hand, compile data and hold customer complaint meetings on a weekly basis. Discuss on cause analysis, corrective measures, preventive measures, responsible unit and expected date of completion.



System Archival

- The case and maintenance information of each subsidiary is updated and archived in the cloud system every day for easy grasp and retrieval, and monthly statistical management is performed.



Verify the problem

- Customer service analyzes and addresses reported issues. If the issue is isolated or related to maintenance or older models, it is resolved by customer service independently.



Customer Service Complaints

- The responsible unit raises initial judgment in two days after receiving the notice, analyzes the cause and brings up countermeasures in a week.
- The quality assurance unit helps summarizing information after receiving it from the responsible unit, and sends meeting notice a day before the customer complaint meeting every week.
- The central online service system is used to analyze the causes, confirm the problems, and standardize them, and feed the results back to the subsidiaries.



Case closed

- Relevant operating standards need to be reviewed for case closure.
- The customer service personnel must track closure. If the customer is not satisfied with the handling result, the customer service personnel must explain in the same week and discuss on the customer complaint in the customer complaint meeting again.

▶ Customer Source Expansion and Product Promotion

To maintain strong customer relations and enhance consumer experience, Johnson promotes new products by participating in key exhibitions, which helps expand customer bases and increase international product visibility. In 2023, Johnson participated in notable events such as IHRSA in the U.S. and Brazil and FIBO Global Fitness. At IHRSA, Johnson showcased its latest Connected Strength Training solutions and Sprint 8 GX group training, standing out as a leading fitness brand. At the FIBO Show in Cologne, Germany, Johnson deployed hundreds of employees to manage visitor traffic and secured several orders on-site, aiming to lead with new product launches and attract new members with the latest equipment.

International Health, Racquet & Sportsclub Association (IHRSA)



Brazil Fitness Equipment Exhibition (IHRSA)



FIBO Global Fitness 2023



1.4 Climate action

To keep track of potential impact of climate change on operation, Johnson has been setting up the climate information framework for four core elements by utilizing the Task Force on Climate-related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB) since 2022. All departments have been invited to identify climate-related risks and opportunities associated with Johnson, and formulate countermeasures and management goals based on the identification result.

1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)

► Four core elements

- The Sustainable Development Committee regularly holds meetings to supervise the effectiveness of sustainability implementation, enhance the management's understanding of climate issues, and discuss the significance and possibility of climate-related risks with the management. Establish a cross-departmental cooperation mechanism, formulate response strategies and management goals, and make rolling adjustments and regularly review the achievement status.

- Report the goal progress in the sustainability report regularly.
- In 2023, Johnson completed the GHG inventory and third-party assurance for the group headquarters, Taiwan factory, Shanghai factories, and Vietnam factory.
- Completed the carbon footprint inventory of 9 products in 2023.

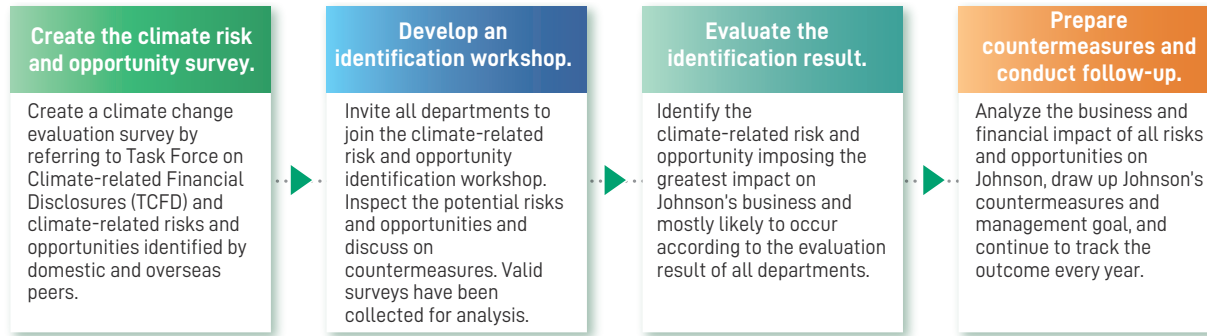


- Conduct cross-functional discussions and identify short-term, mid-term and long-term climate-related risk and opportunity.
- Evaluate the potential business impact for the company incurred from material climate-related risk and opportunity.
- Conduct climate scenario analysis of climate-related risks, quantify the financial impact, and further formulate and implement countermeasures based on the results.

- Set up the risk management process. Use matrix to analyze the identification result of climate-related risk and opportunity.
- Determine whether to integrate climate-related risk into the overall risk management system of the company.

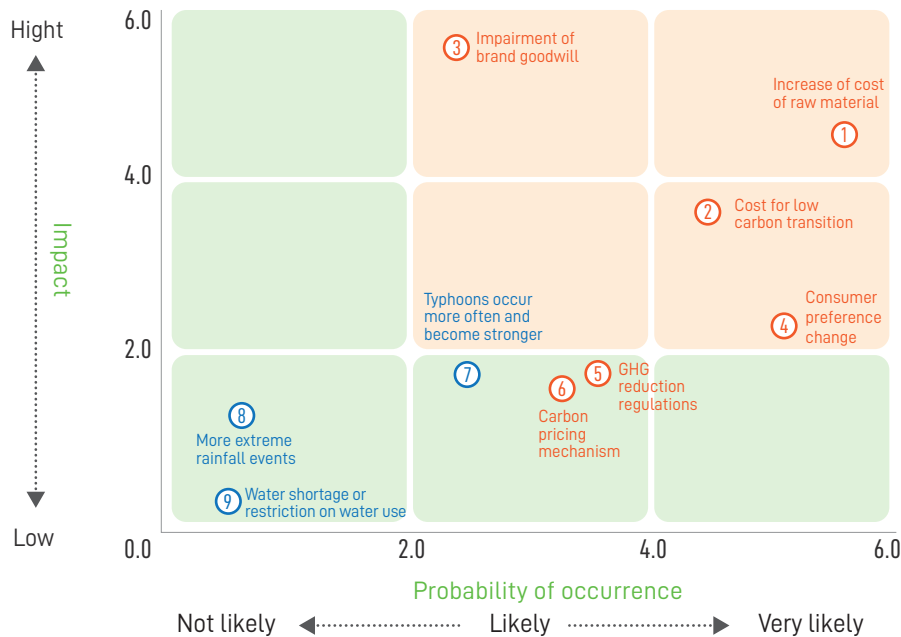
Climate-related risk and opportunity identification process

Four major steps to identifying climate-related risks and opportunities:



Through cross-department collaborative discussions, Johnson identifies the climate-related physical risks, transition risks, and opportunities that are most critical to the Company. Our identification results show that climate-related risks with moderate or higher impact and occurrence probability include increased raw material costs, increased expenditure on low-carbon transition, degraded brand goodwill, and changes in consumer preferences. Climate opportunities with moderate or higher impact and occurrence probability include developing or expanding low-carbon products and services, increasing consumer willingness to buy, developing renewable energy projects, adopting energy-saving measures, and moving towards more efficient processes. In the future, we will continue to promote various climate action plans, aiming to reduce the business and financial impacts of climate change risks and seize the growth opportunities brought by climate change.

Matrix analysis of climate-related risk materiality



Transition risk		
Order	Risk type	Risk factor
①	Market risk	Increase of cost of raw material
②	Technical risk	Cost for low carbon transition
③	Reputation risk	Impairment of brand goodwill
④	Market risk	Consumer preference change
Material		
⑤	Policy and regulatory risk	GHG reduction regulations
⑥	Policy and legal risk	Carbon pricing mechanism
Physical risk		
Order	Risk type	Risk factor
⑦	Immediacy - Typhoon	Typhoons occur more often and become stronger.
⑧	Immediacy - Heavy rainfall	More extreme rainfall events
⑨	Long - term - Drought	Water shortage or restriction on water use
Secondary		

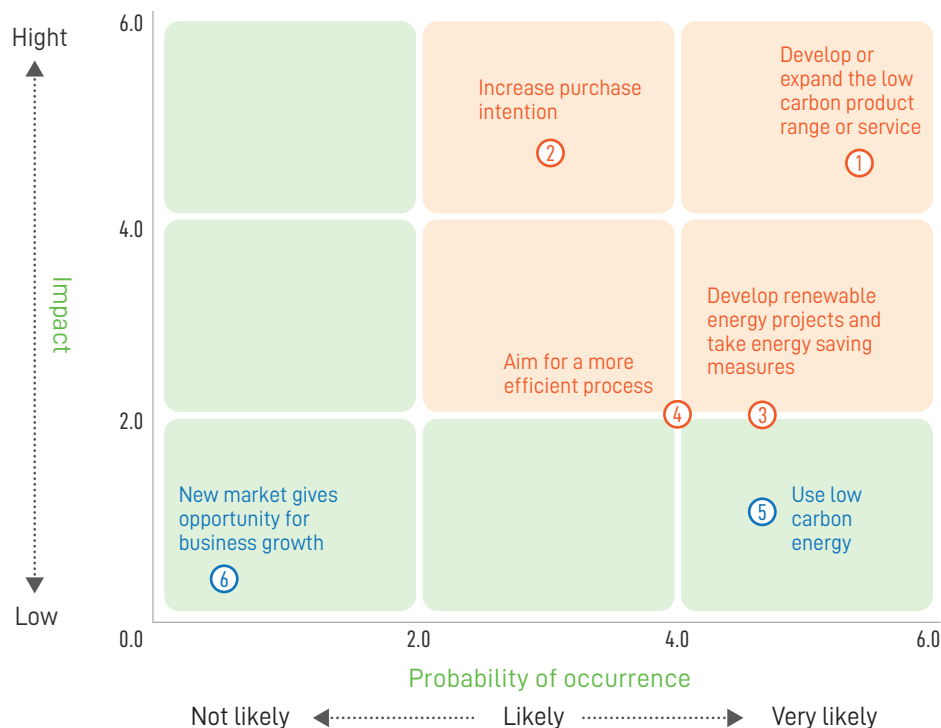
Note: The orange icon indicates the transition risk and the blue icon indicates the physical risk.

Risk Level	Risk type	Risk factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
Material	Transition risk Market risk	Increase of cost of raw material	The cost of raw materials required for manufacturing of gym equipment increases due to climate change. As a result, the supplier contract amount increases, and manufacturing cost increases accordingly.	Business impact <ul style="list-style-type: none"> Product or raw material shortage leads to unstable supply or supply chain disruption. The company have problem providing goods. Financial impact <ul style="list-style-type: none"> The cost of raw materials increases due to raw material shortage. Raw material shortage leads to impeded process and business disruption, reducing revenue. 	Mid-term (in three to five years)	Negotiate a stable supply arrangement with the supplier to ensure stable product price and supply, and avoid supply chain disruption.
	Transition risk Technical risk	Cost for low carbon transition	The government's and customers' demand for low-carbon solutions changes the orientation for product development. For example, when promoting low-carbon transition, the R&D cost increases due to the reduction of carbon emissions from company business.	Business impact <ul style="list-style-type: none"> Due to regulatory requirements, the company needs to curb the continued growth of greenhouse gases, which may limit order volumes and product output. Customers would be lost if neglecting consumer demand for low-carbon products. Financial impact <ul style="list-style-type: none"> It is required to increase the R&D cost to promote low-carbon transition. Carbon fee will be collected. Expenditure costs will increase if there is no low-carbon transition. Brand loyalty decreases. Customers have been lost, reducing revenue. 	Short-term (in one to three years)	Johnson will respond to the low-carbon transition trend. It will actively invest in low-carbon product innovation and development and aim to reduce energy efficiency in the process and business carbon emission.
	Transition risk Reputational risk	Impairment of brand goodwill	The corporation puts climate-related risk into consideration according to the international trend. If the corporation manages climate-related risk improperly, stakeholders might not trust the corporation, affecting the brand goodwill negatively. The customer doesn't trust the brand that much anymore, leading to revenue reduction and goodwill impairment.	Business impact <ul style="list-style-type: none"> Failure to meet investors' expectations for corporate sustainability may lead to a reduction in their willingness to invest. Damage to the corporate image will decrease suppliers' willingness to cooperate and reduce consumer trust in our brand. Financial impact <ul style="list-style-type: none"> Investors are less willing to make investments, leading to share price drop. Declining consumer brand loyalty leads to loss of customers and reduced sales. 	Long-term (in five years and above)	In 2022, Johnson established the Sustainable Development Committee. To cope with all kinds of risks of climate change, Johnson convened all departments to discuss the impact of materiality and the possibility of occurrence, set up countermeasures and management goals for all material climate-related risks, regularly review the progress, and conduct rolling adjustments.
	Transition risk Market risk	Consumer preference change	Consumers gradually pay more attention to climate issues and prefer to choose low-carbon or low-environmental impact products. The product might be eliminated from the market if not meeting the consumption demand.	Business impact <ul style="list-style-type: none"> Consumers tend to buy low-carbon products from other brands, hence customers have been lost. Launch more types of low-carbon products to adapt to consumer preference change will help enhance the green image of the brand and strengthen sustainability competitiveness. Financial impact <ul style="list-style-type: none"> Consumers turn to peers instead, hence our revenue is decreased. If the growing market demand for low-carbon products can be captured, it is expected to increase sales of related low-carbon products, thereby increasing Johnson's market value and share price. 	Mid-term (in three to five years)	Johnson's product design has met energy-saving design requirements, complied with energy-related EU product directives, and mostly gears toward self-power generation. We will adapt to consumer's purchase preferences and market needs, continue to invest in low-carbon product development, and strive for increasing proportion of revenue from low-carbon products.

Risk Level	Risk type	Risk factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
Secondary	Transition risk Policy transition risk and regulation risk	GHG reduction regulations	Based on the carbon reduction goal set by domestic competent authorities to adapt to climate change, the Company must execute carbon inventory and carbon reduction planning. The operating expense will increase at the initial stage of the carbon reduction plan.	Business impact <ul style="list-style-type: none"> Setting and implementing the reduction goal help enhance the green image of the brand and strengthen sustainability competitiveness. Financial impact <ul style="list-style-type: none"> Conducting carbon inventory and third-party verification increases operational costs. Implementing reduction planning will enhance corporate image. Suppliers are more willing to collaborate and consumers trust brands more, leading to revenue growth. 	Short-term (in one to three years)	To adapt to the "Sustainable Development Roadmap" Johnson initiated the greenhouse gas Scope 1 and 2 inventory in Taiwan in 2021. It will plan for numerous carbon reduction measures and set the reduction goal.
	Transition risk Policy and regulation risk	Carbon pricing mechanism	The government promotes the carbon pricing mechanism. The company will be fined due to excessive carbon emissions, and the operational cost will be increased.	Business impact <ul style="list-style-type: none"> Due to regulatory requirements, the company needs to curb the continued growth of greenhouse gases, which may limit order volumes and product output. Financial impact <ul style="list-style-type: none"> Excessive carbon emissions will lead to an increase in carbon fees. 	Long-term (in five years and above)	Johnson will prepare the carbon reduction strategy and goal according to the greenhouse gas inventory result, in order to conduct more effective financial evaluation and goal management.
	Physical risk Immediacy - Typhoon	Typhoons occur more often and become stronger.	There are more strong typhoons, causing business disruption or factory shut down. Factory workers might even get in danger when the situation is severe.	Business impact <ul style="list-style-type: none"> Typhoon causes business disruption, and the original business plan is delayed. Employees are injured due to strong wind or heavy rain during commute or operation. Goods production for some suppliers is impacted by typhoon. Supply drop will cause supply chain shortage or even disruption. Financial impact <ul style="list-style-type: none"> Revenue drops due to business obstruction or disruption. Supply chain shortages or disruptions will reduce company revenues. 	Long-term (in five years and above)	Johnson is stepping up disaster drills at its headquarters, factories and sales offices to ensure the safety of its employees. At the same time, we are implementing supply chain management to prevent supply chain shortages or disruptions that could lead to business interruptions.
	Physical risk Immediacy - Heavy rainfall	Extreme rainfall occurs more often.	Rainstorm occurs more often. The company office or factory might be flooded or puddled, leading to property loss or higher manufacturing costs. Equipment production progress might also be affected.	Business impact <ul style="list-style-type: none"> Flood causes business disruption, and the original business plan is delayed. Occupational injury occurs due to strong rainfall or flood in the operating area. Financial impact <ul style="list-style-type: none"> Revenue drops due to business obstruction or disruption. Products are damaged due to flooded warehouse, leading to depreciation of stocked products. Equipment is damaged or its service life is reduced due to flood. 	Mid-term (in three to five years)	When a severe typhoon or heavy rain warning is issued, Johnson will take preventive measures in advance, such as stacking sandbags and reinforcing doors and windows. We will also build smart warehouses at higher elevations to reduce the risk of flooding from heavy rain.

Risk Level	Risk type	Risk factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
Secondary	Physical risk Long-term - Drought	Water shortage or restriction on water use	Climate change causes uneven distribution of rainfall. Water shortage occurs to some areas, leading to business disruption due to water shortage of production line.	Business impact <ul style="list-style-type: none"> Goods production for some suppliers is impacted by water shortage. Supply drop will cause supply chain shortage or even disruption. Business water shortage occurs due to water shortage. 	Mid-term (in three to five years)	Johnson is strengthening water resource management by increasing employee awareness of water conservation, establishing water-saving habits, continuously planning water-saving measures and increasing the recycling and reuse rate of process water.
				Financial impact <ul style="list-style-type: none"> Revenue might drop due to supply chain shortage or even disruption. It costs the company more when obtaining the raw material required for operation. 		

➤ Matrix analysis for possibility of climate change



Opportunity		
Order	Risk type	Risk factor
1	Product and service	Develop or expand the low carbon product range or service
2	Market	Increase purchase intention
3	Resilience	Develop renewable energy projects and take energy saving
4	Energy efficiency	Aim for a more efficient process
5	Energy source	Use low carbon energy
6	Market	New market gives opportunity for business growth

Opportunity level	Opportunity type	Opportunity factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
Material	Product and service	Develop or expand the low carbon product range or service	The ESG concept of health care device industry is to achieve innovative technology, and the goal of low carbon and even zero carbon emission, and zero waste. Major international brands gradually focus more on circulation economy and green products to mitigate negative environmental impact of the product.	Business impact <ul style="list-style-type: none"> Developing low-carbon products and services will enhance the green image of the brand and strengthen sustainability competitiveness. 	Mid-term (in three to five years)	Johnson promises to follow the 2025 net zero roadmap and forge ahead to net zero carbon emissions. In the group environment, we are committed to continuing to reduce business waste, use resources effectively, achieve recycling where possible, and reduce the environmental impact of the product.
				Financial impact <ul style="list-style-type: none"> Gaining a competitive advantage in the industry by offering low-carbon products and services will help drive revenue growth. 		
	Market	Increase purchase intention	While people in Taiwan become more aware of sustainability consensus and cognition, offering low-carbon products or the products with environmental benefits in future can strengthen corporate image and increase market value. Consumers might be more willing to buy, hence boosting revenue.	Business impact <ul style="list-style-type: none"> Enhance corporate image and market value. Expand the potential customer group. 	Mid-term (in three to five years)	Not only invest in low-carbon product development and manufacturing, Johnson actively promotes low-carbon products. As an influential fitness brand, we will reduce carbon in the world.
				Financial impact <ul style="list-style-type: none"> Meeting consumer's preferences for low-carbon products will boost revenue. 		
Resilience	Develop renewable energy projects and take energy saving measures	Under the challenge of climate change, to respond to the government's energy transition policy, solar panels can be installed on the factory rooftop for developing green power, reducing reliability on power grid, and increasing energy stability.	Business impact <ul style="list-style-type: none"> Prepare sufficient power generated from renewable energy in advance and enhance adaptation to policy. 	Mid-term (in three to five years)	Johnson has installed solar power generation devices on the rooftop of the factories in Taiwan, and plans to join "RE 10x10," a corporate green power initiative. Johnson announced that at least 10% of the total power consumption will be green by 2025.	
			Financial impact <ul style="list-style-type: none"> Although there's initial expenditure for installing renewable energy generation devices, the cost of green power decreases over time, leading to reduced energy expenditure. 			
Energy efficiency	Aim for a more efficient process	Increase energy efficiency for new or existing production line. Reduce energy and resource use and pollution emissions. In addition to lower business cost, product value can be increased.	Business impact <ul style="list-style-type: none"> Increase equipment efficiency and reduce resource and energy consumption. 	Short-term (in one to three years)	In the group environment, Johnson is committed to using low-pollution, hazard-free processes or equipment where possible. Furthermore, we will increase process energy efficiency, and continue to reduce energy and resource use and pollution emissions.	
			Financial impact <ul style="list-style-type: none"> Increasing energy efficiency and reduces energy expenditure. 			

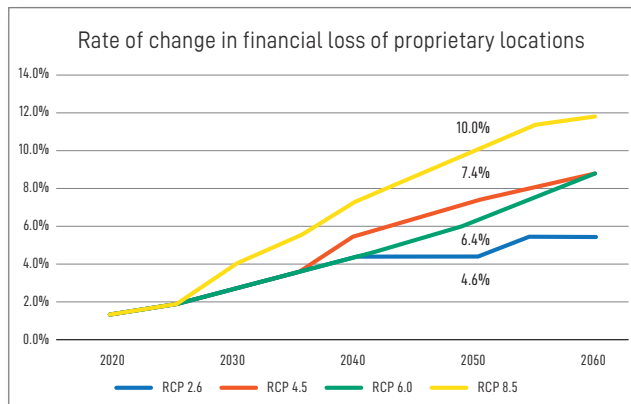
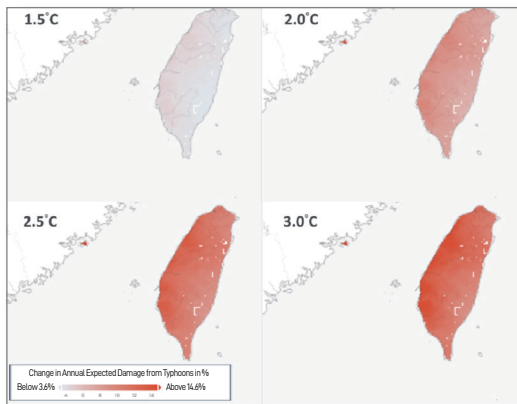
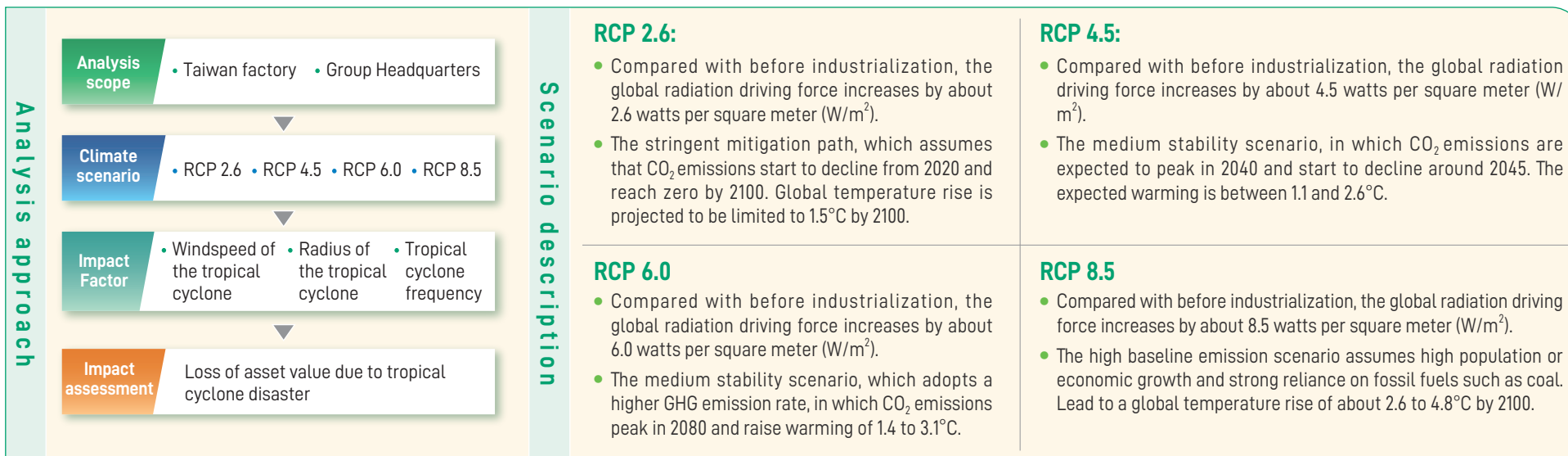
Opportunity level	Opportunity type	Opportunity factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
Secondary	Energy efficiency	Use low carbon energy	In the future, the cost of coal-fired power generation will increase, while the cost of using green power will decrease. Therefore, if Johnson invests early in the low-carbon energy transition and reduces its greenhouse gas emissions, it can gain an early advantage in the carbon trading market.	Business impact <ul style="list-style-type: none"> Purchased electricity is replaced with renewable or low-carbon energy, helping companies achieve the corporate net zero target. Financial impact <ul style="list-style-type: none"> Higher cost for coal power generation will lead to higher energy expenditure and cost for raw material acquisition. 	Mid-term (in three to five years)	Johnson has installed solar power generation equipment on the rooftops of factories in Taiwan or is assessing whether to install solar panels. Johnson plans to purchase T-RECs and promises to use 100% renewable energy by 2050.
	Market	New market gives opportunity for business growth	The market trend focuses on low-carbon product demand and reduction of product lifecycle footprint. New business opportunities will be created.	Business impact <ul style="list-style-type: none"> Consumers are gradually more aware of the low-carbon consensus. Seize the low-carbon business opportunity, and enhance corporate sustainability image and value. Financial impact <ul style="list-style-type: none"> Investors are more willing to invest in the corporation because of a good corporate sustainability image, hence the market value will increase. Meeting consumer's preferences for the low-carbon product will boost revenue. 	Short-term (in one to three years)	Johnson actively expands the low-carbon market, invests in innovative development of low-carbon products, satisfies consumer's green preference, continues to encourage consumers to support low-carbon consumption, and enhances the company's sustainability goodwill. Johnson hopes that consumers will recognize company sustainability more.

► **Climate scenario analysis**

In recent years, the frequency of extreme climate events has gradually increased, causing a strong impact on the global society and economy. Therefore, in order to strengthen the ability of climate-related risk management and plan response and prevention strategies as early as possible, Johnson assesses the possible impact of natural disasters on the business under environmental changes through climate scenario analysis. Through the aforementioned climate-related risk and opportunity analysis, it has been identified that the physical risks caused by typhoons may have an impact on Johnson's business plans, delay the production schedule, or endanger the safety of factory personnel. Typhoons and torrential rains or the hazards of sloping land may lead to reduced supply and shortages, or the price of raw materials may indirectly increase due to the payment of carbon fees. Therefore, we adopt the "Representative Concentration Pathways" (RCPs) in the United Nations Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6 (AR6) to extrapolate and conduct risk simulations based on future climate scenarios. Johnson conducts a loss analysis of physical risks such as typhoons, floods, and landslides by comparing and combining four pathways: RCP 2.6 (warming target <1.5°C), RCP 4.5 (warming target <2.5°C), RCP 6.0 (warming target <3°C) and RCP 8.5 (worst-case scenario).

► **Physical Risk Analysis of Self-owned Locations - Typhoon Disaster**

Johnson adopted the climate change model jointly developed by NGFS, Potsdam Institute for Climate Impact, Research and ETH Zürich and other institutions. The model predicts the changes in the climate-related risk trend of typhoons in various regions based on global warming under different warming scenarios (RCP 2.6, RCP 4.5, RCP 6.0, RCP 8.5). Johnson uses this model to combine factors such as physical intensity indicators of typhoon catastrophes and catastrophe loss rates to estimate potential financial losses to asset values in different locations under different warming scenarios and time frames.



Risk response measures:

Based on the scenario analysis results, Johnson has planned for the production line supervisors and the sales department at the factory to jointly develop typhoon disaster emergency response measures. It is expected that the losses and impacts that may be caused by typhoons may be reduced through multiple measures such as overseas production line scheduling, product release from inventory, and production schedule adjustment. On the other hand, Johnson is also committed to mitigating global warming. We have established a power conservation project committee and installed solar power installations since 2020. The goal is to curb global warming through carbon reduction in operational processes and thereby prevent climate disasters from causing more severe damage and impacts in a warming environment.

The figure above shows the expected impact simulation, showing the changes in the financial loss rate that typhoon disasters may cause to various regions under global warming scenarios of 1.5°C, 2.0°C, 2.5°C, and 3.0°C, respectively. The simulation analysis results show that by 2050, under the RCP 2.6 and RCP 8.5 scenarios, the growth rate of the loss of the Johnson site due to severe typhoons will be 4.6% and 10%, respectively.

► Supplier Physical Risk Analysis: Flood and Slope Disaster

Using the simulation data of the "Climate Change Disaster Risk Adaptation Platform" of the National Science & Technology Center for Disaster Reduction, Taiwan, Johnson analyzed the inundation and slope disaster risk in the RCP8.5 scenario in the middle of the century (2036-2065). The climate-related risk sensitivity of suppliers' operating locations is comprehensively evaluated based on the disaster potential hazard, vulnerability, and exposure. The scope of analysis covers a total of 37 cooperative suppliers in Taiwan, and the procurement items include the main raw materials of motors, control boards, magnetrons, running belts, forging parts, and packaging materials.

According to the definition of the simulation map, hazard and vulnerability are divided into 1 to 5 levels, respectively. The hazard of flooding is the probability of torrential rain, the vulnerability is the potential of flooding; the hazard of sloping land is the cumulative rainfall. Vulnerability is the potential for geological hazards and the percentage of bare land area, while exposure is the Company's self-defined level based on the substitutability of suppliers. Based on the above definition, Johnson further uses the product of hazard x vulnerability x exposure for risk assessment and classification. If the value for the supplier's location is ≥ 61 , it indicates high climate sensitivity; between 31-60 indicates medium climate sensitivity; if it ≤ 30 , it indicates low climate sensitivity.

After identification and assessment of the simulation results, it is determined that five suppliers in Taiwan are classified into moderate climate-related risk sensitivity under the RCP 8.5 scenario, accounting for approximately 13% of the overall procurement amount. The climate-related risk sensitivity of the other 32 suppliers is all low, accounting for 87% of the overall procurement ratio. It is preliminary estimated that domestic suppliers were not affected by major comprehensive climate disaster risks before the middle of this century. In addition, individual analysis of flooding and sloping land hazards show that under the RCP 8.5 flood scenario, a total of 26 suppliers belong to the highest risk level, mainly because most of the Company's suppliers are located in the central basin or low-lying areas along the coast. In the slope disaster scenario, the main risk level is the lowest 0, and no suppliers belong to the highest risk level.

Risk response measures:

After internal inventory and evaluation, most of the cooperative suppliers in Taiwan are of high substitutability, that is, alternative suppliers can be found within two weeks to one month. At the same time, to maintain product quality and good competitiveness, Johnson has been developing high-quality partners so that emergency dispatch can be made in case of disasters to avoid affecting the product production schedule. Furthermore, in 2023, we began to plan a supplier evaluation mechanism and hold a supplier conference every year. We will also continue to track and identify suppliers with high climate-related risks through regular evaluation questionnaires. We will also communicate with partners in high-risk areas during routine meetings and recommend them to install waterproof gates and purchase sandbags for flood protection.

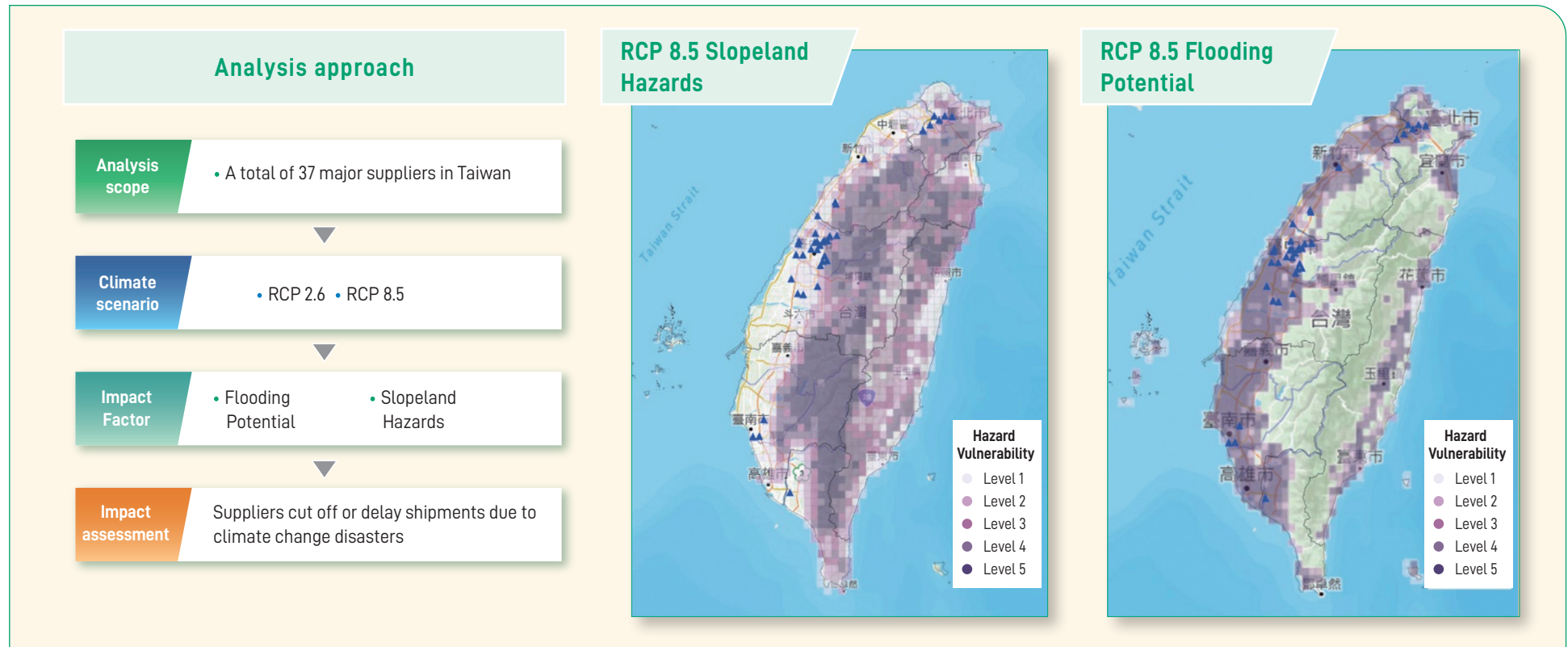
Analysis of Climate Risk Scenarios

RCP 2.6

Climate sensitivity	Climate-related risk sensitivity	Number of suppliers	Purchase amount (NTD)	Percentage of overall purchase amount
High	90-61	-	-	-
Medium	60-31	3	51,852,976	5%
Low	30-21	8	160,320,943	15%
	20-11	14	459,480,386	42%
	10 or below	12	407,397,073	38%
Total		37	1,079,051,378	100%

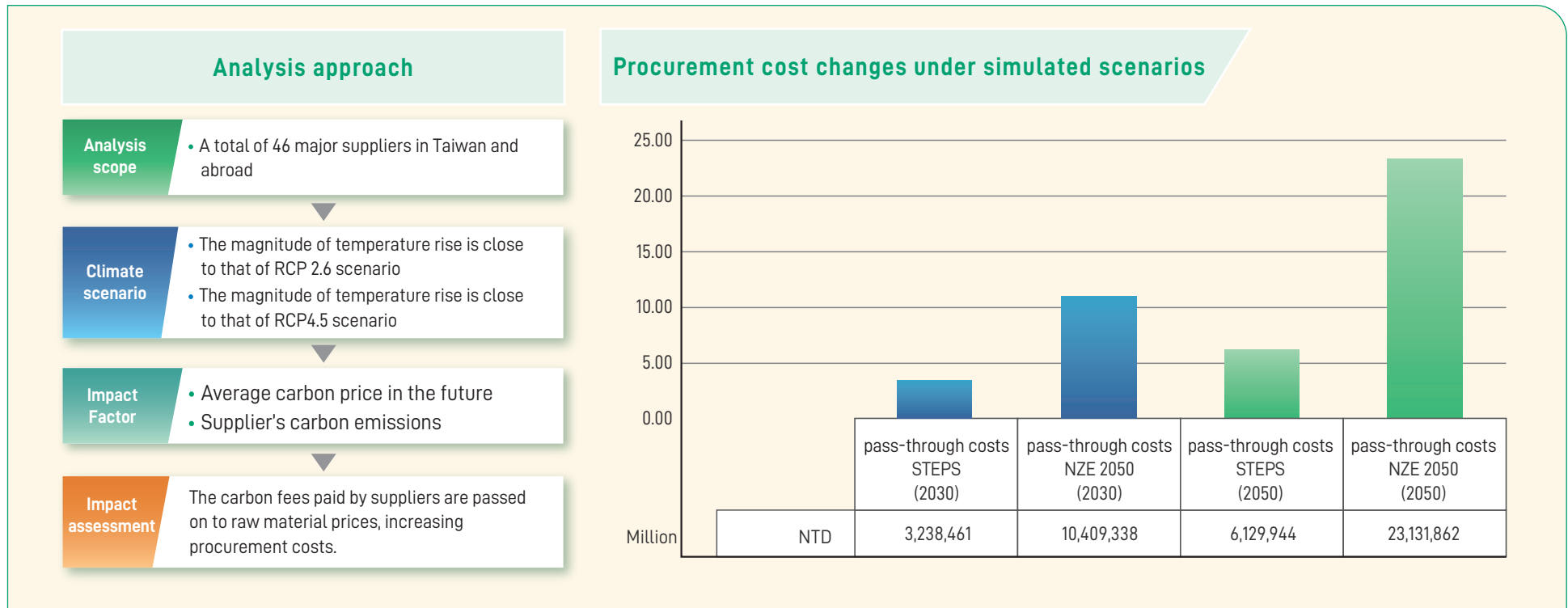
RCP 8.5

Climate sensitivity	Climate-related risk sensitivity	Number of suppliers	Purchase amount (NTD)	Percentage of overall purchase amount
High	90-61	-	-	-
Medium	60-31	5	138,999,145	13%
Low	30-21	12	196,090,879	18%
	20-11	19	729,675,694	68%
	10 or below	1	14,285,660	1%
Total		37	1,079,051,378	100%



► Transition Risk Analysis: Carbon Fee Transfer Costs

After cross-unit discussion, Johnson identified the significant transition risk of an "increase in the cost of raw materials". Under the climate change trend, suppliers may have to pay dues and carbon taxes and fees due to the evolution of domestic and foreign environmental regulations, which will increase the cost of raw material supply. Therefore, to assess the changes in the cost of purchased raw materials, the Company conducts simulation analysis on the assumption that all future production activities will be required to pay corresponding carbon fees for carbon emissions. We use the industry carbon emission coefficient released by the US Environmentally Extended Input-Output (USEEIO) to calculate the basic carbon emissions of our partner suppliers in 2023. We used the Global Energy and Climate Model Documentation 2023 released by the International Energy Agency (IEA) as the analysis scenario. Based on this data, we estimate the passed-on costs incurred by suppliers in paying the carbon fee in 2030 and 2050 under the Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 Scenario (NZE) scenarios.



After analysis and identification, under the STEPS Scenario, the potential costs derived from the carbon fee are expected to increase the overall procurement expenses by about NTD 3.23 million in 2030 and NTD 10.4 million in 2050. In the NZE scenarios, the carbon fee is expected to increase the overall procurement amount by NTD 6.13 million in 2030, and NTD 231.31 million in 2050, accounting for about 1.5% of the procurement amount in the base year.

Risk response measures:

Johnson has established the "Supplier Management Policy" and requires suppliers to work with the Company to implement the concepts of environmental protection and carbon reduction. Furthermore, overseas customers have put forward their demands for product carbon reduction and waste reduction in recent years. Johnson also independently checked the carbon footprint of 9 main products in 2023 in response to the market development trend. In the future, we plan to gradually discuss and cooperate with suppliers for raw materials with higher carbon content. Through material improvement and raw material substitution, we reduce the overall product carbon footprint and reduce procurement risks caused by carbon fees being passed on.

1.4.2 Greenhouse gas emission management

305-1

305-2

305-4

▶ Greenhouse gas inventory

Since 2021, Johnson has launched the GHG inventory plan to conduct independent inventory of Scope 1 and Scope 2 GHGs for its Group Headquarters and Taiwan factory. In 2023, we not only carried out a more comprehensive GHG inventory in accordance with ISO 14064-1, but also expanded the scope of the inventory to include the Shanghai factories-Zhuqiao, Shanghai factories-Xingshun, and Vietnam factory, and obtained an impartial third-party assurance report to enhance the credibility of the data. Johnson understands the impact of greenhouse gases on climate change. In the future, we will gradually expand the scope of inventory and verification to cover the entire group. By setting reduction targets and promoting relevant carbon reduction measures, we strive to lower the impact of our operations on climate change and the environment in a proactive manner.

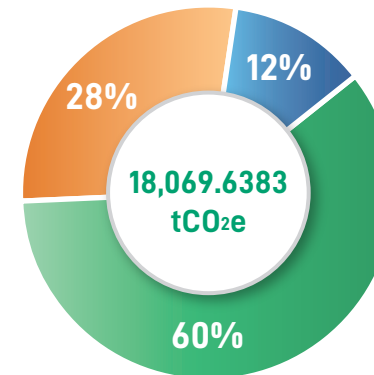


Greenhouse Gas Checklist Statement Assurance Report

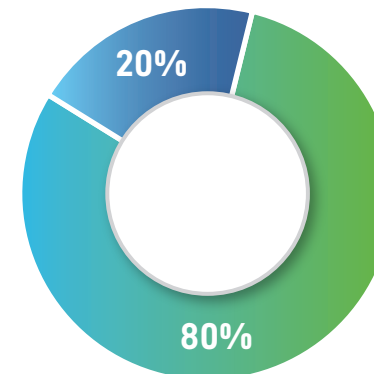
▶ 2023 GHG Emissions and Emission

Intensity Unit : tCO₂e

	Group Headquarters and Taiwan factory	Shanghai factories	Vietnam factory
Direct GHG Emissions (Scope 1)	809.3901	2,859.7721	752.9211
Indirect GHG Emissions (Scope 2)	2,040.2673	7,092.9655	4,514.3222
Total emission	2,849.6574	9,952.7376	5,267.2433
Standalone operating revenue (NTD thousand)	13,952,940	9,071,434	1,795,127
Emission intensity	0.00020	0.00110	0.00293



- Group headquarters and Taiwan factory
- Shanghai factories
- Vietnam factory



- CAT1 Direct GHG Emissions
- CAT2 Indirect GHG Emissions

Note 1: The operations control approach is adopted for calculating GHG emissions, which is calculated as the value of activity data*emission coefficient*GWP, and adopts the emission coefficient values from the Greenhouse Gas Emission Factor Management Table Version 6.0.4 of the Climate Change Administration, Ministry of the Environment and the IPCC No. (2021) GWP value of the Sixth Assessment Report.

Note 2: GHGs include nitrous oxide (N₂O), methane (CH₄), carbon dioxide (CO₂), hydrofluorides (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).

Note 3: The carbon emission coefficient of electricity announced by the Bureau of Energy, MOEA of 0.495 kg CO₂e/kWh for the calculation of Scope 2 in Taiwan; 0.420 kg CO₂e/kWh in Shanghai; and 0.720 kg CO₂e/kWh in Vietnam.

Note 4: Emission intensity = Total emission (t CO₂e)/individual revenue (NTD thousand).

Note 5: The Group Headquarters and Taiwan factory refer to Group Headquarters, Taichung factory, Longjing factory, Daya factory, Zhongshan branch office, Neihu branch office. Since Group Headquarters and Taiwan factory, Shanghai factories, and Vietnam factory have officially implemented greenhouse gas inventory in accordance with ISO 14064-1 and passed the certification. Therefore, the baseline year of Johnson is changed to 2023.

1.5 Energy management

Energy management

Johnson Group's headquarters and factories in 2023 mainly used purchased electricity, gasoline, diesel, natural gas, and liquefied petroleum gas. All energy used was non-renewable energy. Gasoline used for company vehicles and diesel used for trucks and forklifts are calculated based on the oil purchased; consumption of liquefied petroleum gas is calculated based on the purchase records; natural gas is calculated based on the bill payment vouchers; and electricity purchased is calculated based on the electricity bill provided by the power company. In 2023, the total energy consumption of Johnson was 160,135.15 GJ, and the energy intensity per revenue was 0.00645. We aim to save 1% of electricity every year, and review and revise the company's energy consumption each year to implement the source management of various energy sources.

► Energy use

302-1

302-3

Energy type	Unit	Group headquarters and Taiwan factory			Shanghai factory	Vietnam factory
		2021	2022	2023	2023	2023
Gasoline	Liter	93,690	97,284	5,977	34,940	617
	Energy consumption (GJ)	3,059.05	3,176.40	195.15	1,140.82	20.15
Diesel	Liter	96,513	91,691	28,582	-	10,188
	Energy consumption (GJ)	3,393.63	3,224.08	1,005.01	-	358.23
Natural gas	kWh	210,369	217,155	193,483	1,031,535	-
	Energy consumption (GJ)	7,925.44	8,181.10	7,289.28	38,862.05	-
Liquefied Petroleum Gas	Liter	-	-	1,325.32	-	468,724
	Energy consumption (GJ)	-	-	36.82	-	13,020.88
Purchased electricity	kWh	3,702,440	3,348,620	4,121,752	16,888,013	6,269,892
	Energy consumption (GJ)	13,328.78	12,055.03	14,838.31	60,796.85	22,571.61
Total Energy Consumption (GJ)		27,706.90	26,636.61	23,364.57	100,799.72	35,970.87
Standalone operating revenue (NTD thousand)		11,977,907	12,508,405	13,952,940	9,071,434	1,795,127
Energy intensity		0.00269	0.00213	0.00167	0.01111	0.02004

Note 1: The data refers to 7,800 kcal of gasoline per liter, 8,400 kcal of diesel per liter, 6635 kcal of liquefied petroleum gas per liter, 9,000 kcal natural gas per cubic meter (kWh), 3.6 million J per kWh, and 1 kcal = 4,186J released by the Bureau of Energy, MOEA.

Note 2: The scope of disclosure was expanded in 2023, and The Group Headquarters and Taiwan factory refer to Group Headquarters, Taichung factory, Longjing factory, Daya factory, Zhongshan branch office, Neihu branch office.

Note 3: Energy intensity = Total energy consumption (GJ)/ Individual revenue (NTD thousand).

Overview and generation capacity of solar panel device

Johnson installed a solar panel power generation system on the roof of the factory in Taiwan to generate green energy and sell it back to Taiwan Power Company. In 2022, the automatic storage rooftop solar power generation system was put into operation. In 2023, Johnson built a new complex with solar panels on the roof of the new building. The installed capacity is 313.19 kW; Shanghai factories-Zhuqiao has completed the evaluation of the rooftop photovoltaic power generation plan, and it is expected that after the completion of the installation in 2024, more than 10% of the green power will be used.

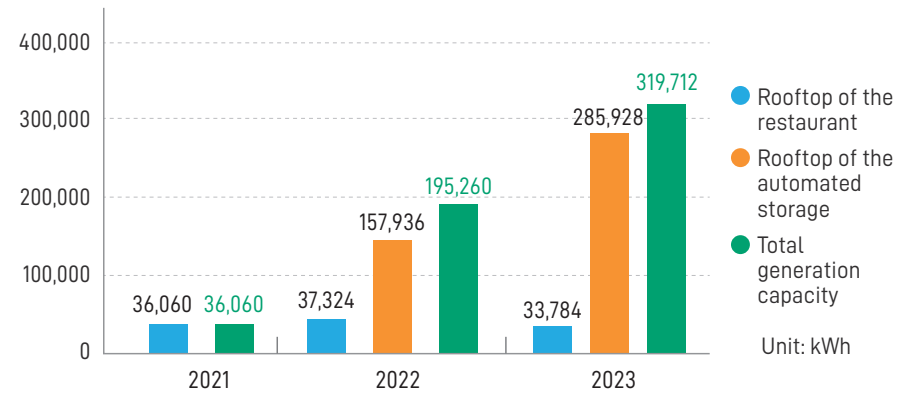
Furthermore, Johnson Taiwan's green power generation accounted for 7.76% of the total external power in 2023. We are actively planning to add renewable energy power generation installations and purchase green power. We are evaluating participation in the "RE 10x10" green power initiative, declaring achievement of 10% of the total electricity consumption using green energy, and commit to using 100% renewable energy by 2050.

Energy Saving Measures

Johnson established the Power Conservation Project Committee to continue to pay attention to and be committed to promoting power conservation measures. In compliance with the regulations of the Ministry of Economic Affairs' "Energy Users Set Energy Conservation Goals and Execution Plans", the goal is to save energy by 1% every year, and various energy conservation measures are implemented with specific actions to reduce energy consumption and electricity expenses. Johnson's energy saving measures and improvement outcomes in 2023 are as follows:

Region	Key Energy Conservation Programs	Energy Saving Effectiveness
Shanghai factories	Reconstruction of the injection molding machine, replacing the variable frequency motor and quantitative gear pump.	After the reconstruction of the injection molding machine's main motor, the average hourly power consumption was reduced from 17.6 kW to 6 kW, resulting in an energy saving of about 65%. <div data-bbox="1523 917 2072 1173" data-label="Figure"> </div>
	Energy-saving replacement of permanent magnet two-stage air compressor	The total investment was approximately RMB 125,000, the actual energy consumption was reduced by 19%, and the annual saving amount was approximately RMB 105,000.
	Change the design of pipe bending equipment to reduce energy consumption.	Each piece can save 2 kWh of energy. Calculated with a Shanghai electricity coefficient of 0.42 kg CO ₂ e/kWh, resulting in a total reduction of 53,526 kWh and 22.48 tCO ₂ e.
Group Headquarters and Taiwan factory	Whether to turn on the central air conditioning system is manually assessed according to the outdoor temperature. When the temperature falls below a certain temperature, the air conditioner is not turned on to save energy. The 100-ton and 120-ton central air conditioners control temperature alternately for about three months (about 60 workdays), reducing power consumption.	-

Solar Power Generation in Taiwan in the Past Three Years



Note: The data comes from Renewable Power Generation Feed-In Tariff Electricity Bill from Taiwan Power Company.

1.6 Water resource management

Water resource management

According to the World Water Institute's Water Risk Atlas, Johnson Group Headquarters and the Taiwan factory in Taichung are located in areas not under water stress, and their operations do not significantly impact local water resources. Conversely, our factories in Shanghai and Vietnam are in high water stress areas, but no water scarcity has been reported so far. To ensure stable water resources, Johnson manages water intake and wastewater discharge carefully. We have set water management goals to improve water recycling and use efficiency, and our water consumption primarily includes process water, office drinking water, and domestic water for cleaning.

Despite increased production in 2023, Johnson is committed to effective water use. We invest in water-saving measures, such as installing water-saving toilets and faucets in our offices and promoting water conservation among employees. We plan to continue these efforts, recycle process water, and set goals to enhance water efficiency.

▶▶ Statistics for water intake in the past three years 303-3

Unit: Megaliters

Water resource	2021			2022			2023		
	Group Headquarters and Taiwan factory	Shanghai factories	Vietnam factory	Group Headquarters and Taiwan factory	Shanghai factories	Vietnam factory	Group Headquarters and Taiwan factory	Shanghai factories	Vietnam factory
Underground water	67.23	-	-	67.50	-	-	72.49	-	-
Third-party water	5.72	102.59	65.65	7.69	97.47	65.36	8.16	103.08	73.64
Total	241.19			238.02			257.37		

Note 1: The data covers the Group Headquarters and Taiwan factory, Shanghai factories, and Vietnam factory.

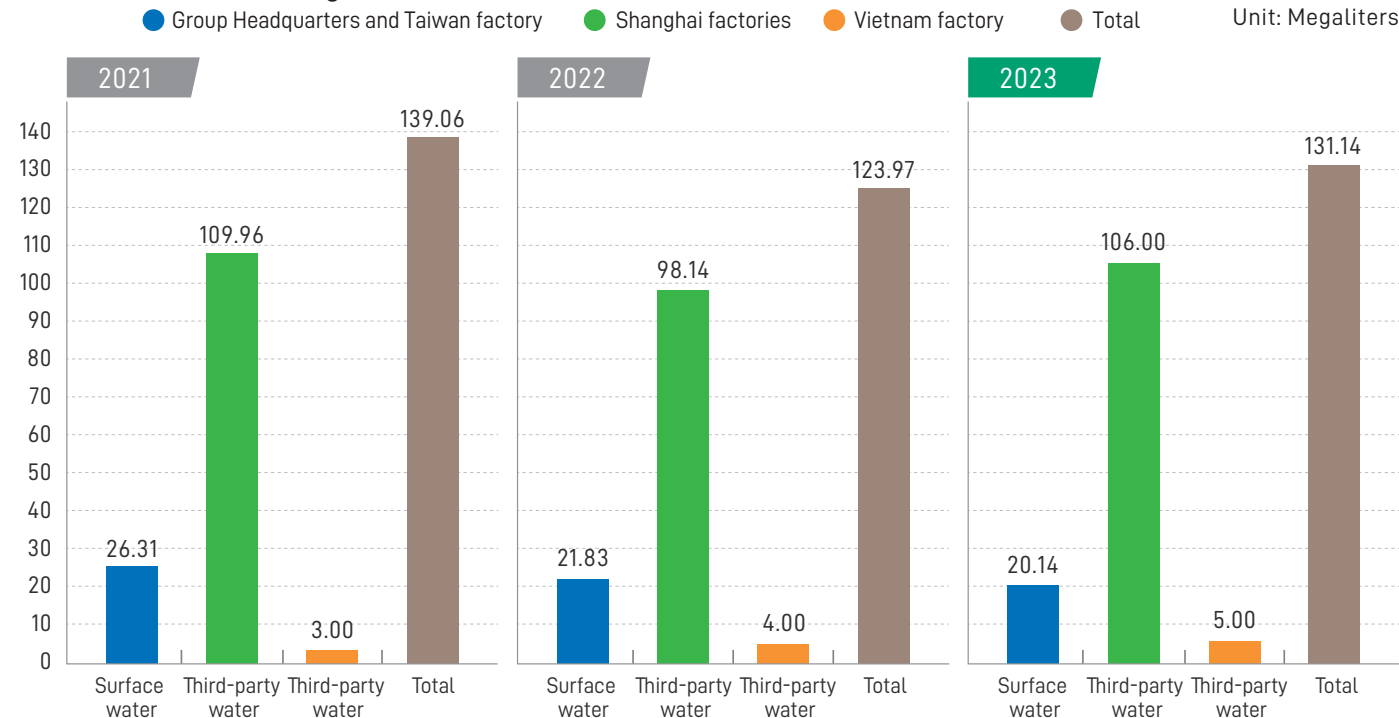
Note 2: Water withdrawn by third parties is all from local water companies; water quality is freshwater ($\leq 1,000$ mg/L total dissolved solids).

Note 3: The source of groundwater data for the Group Headquarters and Taiwan factory is the meter reading records of two water wells. Water Rights Registration No. B1060078 for water rights extension application has been submitted to Water Resources Agency on July 8, 2022. Water rights permission has been extended to August 9, 2027. Water Rights Registration No. B1060115 for water rights extension application has been submitted to Water Resources Agency on October 5, 2022. Water rights permission has been extended to October 19, 2027.

Sewage and wastewater management

Johnson understands that untreated wastewater and sewage will cause irreversible hazards to the environment, hence it closely monitors wastewater discharge. It entrusts an external third-party examination unit to monitor water quality regularly, tests the quality of effluent every quarter, and test the quality of raw wastewater to ensure that pH value, chemical oxygen demand (COD), biological oxygen demand (BOD) and suspended solids (SS) of effluent meet the standard. Relevant water quality control items and standards comply with the water pollution control measures plan. By following the requirements of competent authorities, Johnson submits documents on operation of sewage and wastewater treatment facilities and water volume testing of effluent every half year. We conduct sewage and wastewater control based on the "Environmental Monitoring and Pollution Control Procedure"/ "Pollutant Control Procedures." The sewage and wastewater pre-processing facility is installed in the factory. Business wastewater of the Taiwan factory is purified by chemical processing to a legal level and discharged to discharge point. Domestic sewage of Shanghai factories and Vietnam factory are included for control and management for discharge to the sewage treatment plant.

Wastewater Discharge Statistics



Note 1: The wastewater at the Group Headquarters and Taiwan factory after treatment is discharged through the discharge outlet; the source of the data is the meter reading records; Shanghai factories discharge the wastewater to the Jiading Xincheng wastewater treatment plant in Shanghai, and the data source is the water bill.

Achieve zero industrial wastewater in the coating process of Shanghai factories-Zhuqiao.

To improve the discharge of heavy metal nickel from the pickling tank before the coating process, Shanghai factories-Zhuqiao implemented two-stage process improvement. In the first stage, high-pressure water guns were used to replace the pickling process. Although the nickel content has been greatly reduced, there are still wastewater discharges. Therefore, in order to completely eradicate the generation of nickel, Shanghai factories-Zhuqiao introduced the second-stage oven and sandblasting process. The oven dries the grease on the surface of the pipes, turning semi-liquid heavy metals into solid heavy metals, and then into dust; sandblasting sprays away dust and removes the pits on the surface of pipes, and increases the adhesion of pipes. Through a series of tests to find the best spraying conditions and eliminate the hidden troubles of heavy metals and pollution.

1.7 Waste management

Waste policy and management

Within the environmental policy of the Group, Johnson pledges to reduce business waste and exert its full efforts to control and prevent pollution. For effective management and policy implementation, our Taiwan factory continues to pass the ISO 14001 environmental management system verification; our Shanghai factories also began to implement the ISO 14001 environmental management system in 2023, and the verification is expected to take place in 2024. We sort, collect, store, manage, inspect waste and entrust waste cleaning to cleaning companies according to the "Environmental Monitoring and Pollution Control Procedure"/ "Pollutant Control Procedures." We control the pollutant discharged during the process to prevent polluting the factory and its surrounding area, and make sure that employees and residents in neighborhood stay healthy.

Waste handling process

Based on the composition of the waste in the factory, Johnson divides the waste into general industrial waste and hazardous waste, and cleans the waste based on the waste cleaning plan. Relevant units go around the area each unit in charge of to inspect waste sorting and storage every day, and record waste volume every week. General household waste and process waste are entrusted to qualified clearance company as required by regulations. For hazardous industrial waste, in order to avoid secondary pollution, Johnson has carefully implemented rainproof and anti-penetration measures, and has commissioned qualified waste disposal contractors to dispose of it and declare the waste in accordance with the law.

▶ Industrial Waste 306-3 306-4 306-5

306-3

306-4

306-5

Unit: metric tons (t)

Item		2021			2022			2023			
		Group Headquarters and Taiwan factory	Shanghai factories	Vietnam factory	Group Headquarters and Taiwan factory	Shanghai factories	Vietnam factory	Group Headquarters and Taiwan factory	Shanghai factories	Vietnam factory	
Waste Generated	Non-hazardous waste	53.71	1,930.05	1,601.50	52.37	1,669.51	1,802.00	590	1,878.44	1,107.00	
	Hazardous waste	0.00	49.33	10.30	0.00	74.20	15.50	0.00	51.10	25.75	
	Total waste		3,644.89			3,613.58			3,112.72		
Waste diverted from disposal (recycling/reuse)	Non-hazardous waste	28.71	1,408.11	1,601.50	27.37	1,179.54	1,802.00	25.83	1,335.47	1,107.00	
	Hazardous waste	0.00	8.58	0.30	0.00	4.18	0.50	0.00	6.35	0.75	
	Total		3,047.20			3,013.59			2,475.40		
Waste directed to disposal	Non-hazardous waste	Incineration	25.00	521.94	0.00	25.00	489.97	0.00	24.60	542.97	0.00
		Others	0.00	26.05	0.00	0.00	57.05	0.00	0.00	29.25	0.00
	Hazardous waste	Incineration	0.00	14.70	10.00	0.00	12.34	15.00	0.00	15.50	25.00
		Others	0.00			0.00			0.00		
Total		597.69			599.86			637.32			

Note 1: The wastes of all factories are disposed of off-site.

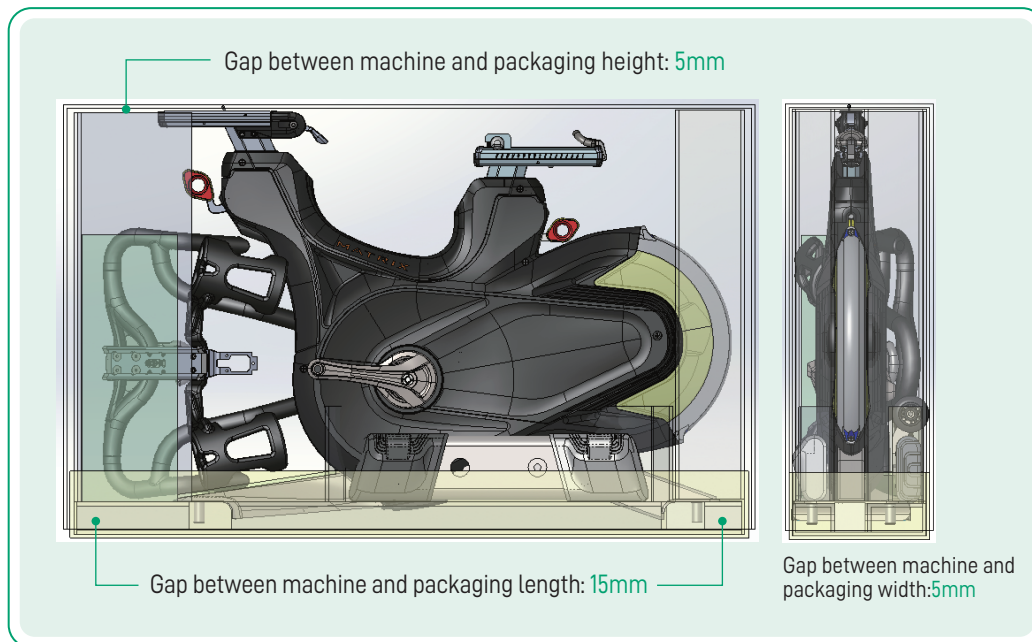
Note 2: Data comes from the weighing records and self-weighing by transporters.

Note 3: Others refer to wastes not treated by the above treatment methods, such as physical and chemical treatment.

Waste reduction measures

To facilitate healthy life for all humans and strive to help the Earth stay healthy, Johnson promises to conduct numerous waste reduction measures in the group environmental policy. We design the product package to adapt to the machine size. 24% to 38% of the packaging volume has been reduced to minimize the packaging volume. We promote green packaging material such as carton. In March 2023, the packaging improvement plan for mass-produced models was implemented to completely replace styrofoam, and the proportion of paper packaging materials used increased from 54.4% to 97.7% to reduce the impact on the environment.

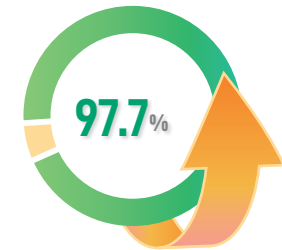
Johnson knows well how to use space effectively by packing, increasing the warehouse storage space and enhancing the loading rate of logistics. Therefore, we adopt the most simplified design when matching the machine with packaging material, and improve container loading of finished product. Container loading capacity of products with different models is increased between 13% to 52%. While enhancing logistics efficiency, we can reduce the footprint for delivery of each cargo. In future we will set a specific waste reduction goal, promote recycling of product packaging material. We proceed with the product recycling plan (disassembly, remanufacturing, reutilization or recycling of product and its part) and use less raw materials. This shows our belief that how we care about environmental sustainability and spare no effort in helping the Earth stay healthy.



Improved effectiveness



Paper packaging materials used increased from 54.4% to



Environmental benefit



Styrofoam used decreased from 42.7% to



Johnson designs the product packaging based on the machine size, and increases space utilization of packaging design for different machines. Paper packaging material can be reduced and more finished products can be loaded into a container.



2

Chapter



Happiness

Practice of happy life

- 2.1 Talent attraction and retention
- 2.2 Talent development
- 2.3 Human rights
- 2.4 Occupational safety and health
- 2.5 Social health

Our commitment

Talent is Johnson's most valued asset , with each employee being a partner in achieving a fulfilling work environment. We ensure that each person is well-suited to their role and aligned with company goals, integrating Johnson's core values and employee development to support overall growth and maximize human resources.

We offer and support the healthy life program for people around the world, create social well-being with health influence, and build more dreams of a healthy life.

2.1 Talent attraction and retention

As of 2023, Johnson has about 40 marketing subsidiaries and 458 self-owned retail outlets in over 60 countries, with approximately 8,131 employees worldwide. Since its founding in 1975, we have been recruiting talents sharing the same idea, and this has always been motivating growth of our group throughout our 49 years. In the meantime, maintaining a good workplace is essential to our continuous global expansion.

2.1.1 Talent recruitment

Johnson's core concept is health, value and sharing. Like-minded talents are welcome to realize the corporate spirit with us. Our talent recruitment strategy is to recruit local and diverse talents. We value morality, specialty and competence without being affected by gender, nationality, ethnicity, political party, religion or ideology. We have no differential treatment on recruitment or career development.

In 2023, our domestic recruitment channels now are mostly the human resource platform and vocational training center. We find talents on the open platform through professional contact. We also believe in cohesion of positive influence of employees. Through the internal job opening announcement, employees may apply for a job or recommend a competent employee. In addition to recruiting full-time employees, Johnson also regularly recruits interns and working-study students during the summer vacation every year. After the internship, it will decide whether to officially hire the candidate based on their work performance. The colleges and universities in cooperation in 2023 include Kaohsiung University and National Cheng Kung University. Moreover, Johnson has established specific recruitment procedures for people with physical and mental disabilities to protect the rights and interests of disadvantaged groups. To achieve the ideal goal of putting the right man in the right place for the right purpose, Johnson has a strict recruitment system and process, and offers orientation training. People who completed the training can become one of us.

▶▶ New and resigned employees

401-1

In 2023, the total number of new employees was 849 employees, with a new hiring rate of 25.6%; a total of 1,079 persons left the company, and the turnover rate was 32.5%. As for talent recruitment and retention, to maintain stability of the company and enhance operation achievement, Johnson will plan for an employee engagement survey, actively care about employees' thoughts, and further adjust company operation and human resource management, to meet stakeholders' expectations.

New employees in 2023

	Group headquarters and Taiwan factory				Shanghai Factory				Vietnam Factory				Total					
	Female		Male		Female		Male		Female		Male		Female		Male			
	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage		
29 years old and below	23	49%	31	28%	36	58%	35	40%	75	50%	166	69%	134	12%	232	10%	366	43%
30-49 years old	55	20%	90	16%	36	13%	49	10%	72	38%	142	47%	163	15%	281	13%	444	52%
50 years old and above	19	23%	9	6%	0	0%	4	2%	1	50%	6	67%	20	2%	19	1%	39	5%
Subtotal	97	24%	130	16%	72	21%	88	10%	148	44%	314	57%	317	29%	532	24%	849	100%
Total/Proportion	227 / 19%				160 / 13%				462 / 52%									

Note: The formula for calculating the new recruitment rate is the number of new employees in the year divided by the number of in-service employees of the group at the end of the year.

Employees who resigned in 2023

	Group headquarters and Taiwan factory				Shanghai Factory				Vietnam Factory				Total		Number of employees	Percentage		
	Female		Male		Female		Male		Female		Male		Number of employees	Percentage				
	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage			Number of employees	Percentage		
29 years old and below	16	34%	18	16%	24	39%	32	36%	83	56%	349	145%	123	11%	399	18%	522	48%
30-49 years old	45	16%	93	17%	48	17%	60	12%	61	32%	169	55%	154	14%	322	14%	476	44%
50 years old and above	23	28%	10	7%	26	24%	20	8%	1	50%	1	11%	50	5%	31	1%	81	8%
Subtotal	84	21%	121	15%	98	28%	112	13%	145	43%	519	94%	327	30%	752	34%	1,079	100%
Total/Proportion	205 / 19%				210 / 19%				664 / 62%									

Note: The formula for calculating the turnover rate is the number of people who left the Company in the year divided by the number of incumbents of the group at the end of the year.

2.1.2 Labor composition

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Employee composition statistics

	Number of employees				Number of non-employees		
	Type	Female	Male	Total	Type	Total	Primary work
Group headquarters and Taiwan factory	Full-time employees	407	817	1,224	Dispatched personnel	101	Assist Taiwan factory with production and assembly line work
	Part-time employees	0	0	0	Contract employees	28	Assist Taiwan factory with production and assembly line work
	Employees with non-guaranteed hours	0	1	1	Consultant	1	Guidance on the operation in Asia on digital and global consumer marketing.
	Total	407	817	1,224	Total	130	
Shanghai factory	Full-time employees	346	853	1,199	Dispatched personnel	964	Production line worker
	Part-time employees	0	0	0			
	Employees with non-guaranteed hours	0	0	0	Total	964	
Vietnam factory	Full-time employees	339	549	879	Dispatched personnel	39	Production line worker
	Part-time employees	0	0	0			
	Employees with non-guaranteed hours	9	5	14	Total	39	
	Total	339	554	893	Total	39	

Note 1: Employee composition statistics is calculated based on the total number of employees when the report ends (December 31, 2023).

Note 2: The information covers Johnson's main operating locations, including the group headquarters and factories in Taiwan, Shanghai, and Vietnam.

Note 3: The definition of non-employee is the worker not subject to performance appraisal.

Composition of the management hierarchy

Item	Group headquarters and Taiwan factory	Shanghai factory	Vietnam factory	Total
Total number of employees	1,224	1,199	893	3,316
Number of senior executives	66	47	51	164
Number of locals employed as senior management	66	19	20	105
Local employment rate	100%	40.43%	39.22%	64.02%

Note: A local is defined as a person who owns full citizenship rights over the location where the factory is located.

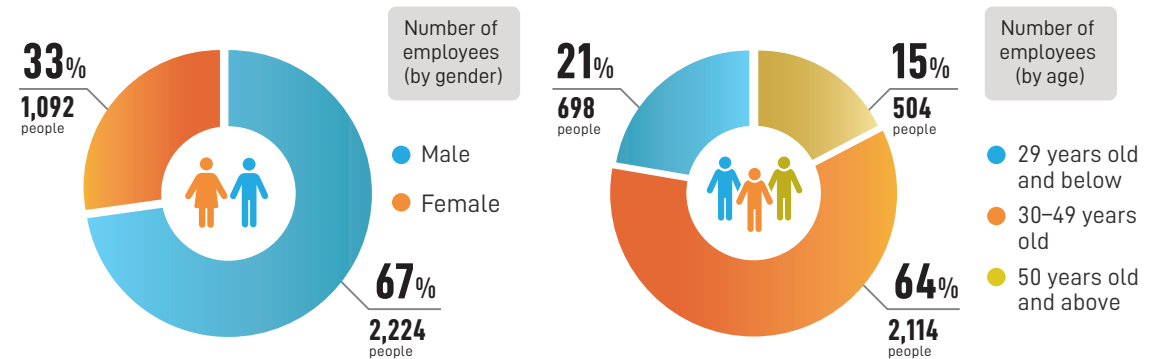
Number of employees

Gender	Age	Group headquarters and Taiwan factory		Shanghai factory		Vietnam factory		Total	
		Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
Female	29 years old and below	47	4%	62	5%	149	17%	258	8%
	30-49 years old	277	23%	283	24%	188	21%	748	23%
	50 years old and above	83	7%	1	0%	2	0%	86	3%
	Subtotal	407	34%	346	29%	339	38%	1,092	33%
Male	29 years old and below	112	9%	88	7%	240	27%	440	13%
	30-49 years old	554	45%	507	42%	305	34%	1,336	41%
	50 years old and above	151	12%	258	22%	9	1%	418	13%
	Subtotal	817	66%	853	71%	554	62%	2,224	67%
Total		1,224	100%	1,199	100%	893	100%	3,316	100%

Employee diversity

As Johnson is a fitness equipment manufacturer, there is a high demand for production line labor. In 2023, there were a total of 1,105 female employees and 2,341 male employees. The proportion of male employees is higher, and the employees are mainly between 30 and 49 years old.

Number of employees and gender ratio



2.1.3 Salary and performance appraisal

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Talent is the most valuable and important asset for Johnson. The Company aims to create a corporate sustainability model with social responsibility; hence, our salary policy adapts to operating performance and pays attention to self-value realization of the employee. The Company's goal is to increase employee satisfaction and reduce labor turnover rate. A complete salary system has been designed that offers entry salary higher than the market rate. Other bonuses are granted to outstanding employees, including performance bonus, proposal bonus, occasional motivation bonus and dividend, to create a win-win situation for Johnson and employees. We implement a fair, justice appraisal system and comprehensive promotion system, offering career development and chances of growth for employees. It is expected that our employees can develop better. In the meantime, we fulfill the corporate social responsibility and facilitate corporate sustainable development.

▶ Average employee salary

405-2

The definition of senior executive at Johnson is assistant manager and above. The definition of mid-level manager is section manager and above. The rest of the employees are not executives. The average salary includes the basic salary and dividend. In 2023, the average female-to-male compensation ratio for non-executive groups across the Group was 95%, 90% for mid-level managers, and 78% for senior executives.

▶ Performance appraisal system

404-3

Annual performance appraisal is conducted at Johnson, striving to ensure fulfillment of the operative goal and personal growth of employees, and flexibly utilizing the Management by Objectives (MBO). Combining the annual goal of Johnson with personal performance, the appraisal standard is formulated based on this combination. Johnson ascertains the job performance and personal growth of employee, and achieves business goal management through performance appraisal. In addition, we focus on performance appraisal and further help our company adjust labor strategy, to make sure that our company stays in the lead in the competitive market. We offer promotion chances, adjust salary and provide training plan, to motivate employees to elaborate potential and create greater values with us. The appraisal result is divided into Grade A, B and C as the basis for promotion qualification, salary adjustment and education training course planning. We care about employee's common development and opinion, hence we invite employees and executives with Grade C to propose specific self-improvement plans together, so we can help them. Performance appraisal for all employees is not differentiated by gender.

100% of the full-time employees received appraisal in 2023. Meanwhile, all executives received a comprehensive performance interview and appraisal training. They help employees head toward the goal they expected for themselves through guidance, encouragement and career counseling. Johnson aims to offer the best support and assistance, and makes sure that all employees can fully elaborate their own potential, continue to grow, and create greater values for the organization.

Johnson cares about employee career development. Regular rank promotion is conducted after performance appraisal to make sure that employees have enough chances for development and growth at work. We consider seniority, performance, education training hours and language competence for different ranks to make sure that we promote the right man for the right place. In addition, to guarantee fairness and independence of promotion decision-making, Johnson established the Human Resource Evaluation Committee, consisting of executives of the human resource unit, vice president and other selection committees. They are responsible for further review regarding promotion to higher ranks. To motivate employees to keep making breakthroughs, the Human Resource Evaluation Committee brings up suggestions and KPI requirements for employees to be promoted. This commitment will be listed in the MBO plan of the employee for the next year. Besides annual appraisal, the usual appraisal system is available at Johnson. Employees receive reward or punishment depending on their performance. We pay attention to employee's daily performance and offer corresponding care and assistance to motivate employees and help them do a better job. We continue to enhance talent competence for us to stay ahead in the competitive market. In the meantime, this shows that we care about stakeholders and we are committed to them.

Average compensation (base salary and bonus) ratio

	Employee type	Female	Male
Group headquarters and Taiwan factory	Non-executive employee	90%	100%
	Mid-level manager	93%	100%
	Senior executive	80%	100%
Shanghai factory	Non-executive employee	102%	100%
	Mid-level manager	112%	100%
	Senior executive	94%	100%
Vietnam factory	Non-executive employee	92%	100%
	Mid-level manager	50%	100%
	Senior executive	69%	100%

Note 1: The information covers Johnson's main operating locations, including the group headquarters and factories in Taiwan, Shanghai, and Vietnam.

Note 2: Senior-level supervisors are assistant managers and above; mid-level supervisors are section chiefs and above.

Note 3: The amounts for overseas factories are all calculated at the exchange rate as of the end of December 2023.

Note 4: The male supervisors of the Vietnam Factory are mostly dispatched by the Group Headquarters and Shanghai factory, so the average salary of the Vietnam Factory is higher than that of the female supervisors.

Annual performance appraisal

MBO online evaluation





Management function evaluation

2.1.4 Employee benefit 401-2 401-3

Johnson believes that by creating a superior environment for employees to work and live flexibly, Johnson will become more vigorous and grow more, hence it will be able to promote health concepts around the world. For Johnson employees, both professional depth and life abundance are important achievement indicators. They will be taken care of properly from food, clothing, housing, transportation to mentality.



► Employee benefit list: 360-degree care in food, clothing, housing, transportation, education and entertainment.

Motivation and guarantee

 <p>Rewards Performance bonus, proposal bonus, occasional incentive, company dividend, and the bonus for Chinese New Year, Dragon Boat Festival and Moon, Chinese New Year gift bag.</p>	 <p>Insurance The insurance system is better than the ones specified in the Labor Standards Act. Besides this, basic labor and health insurance, employee and dependent group insurance are available. For group insurance, life insurance, medical insurance and disability insurance are better than those specified in regulations. Both the retirement system and employee stock meet legal regulations.</p>
 <p>Leave Our leave system is better than that specified in the Labor Standards Act. Full-time employees receive 10 days' leave per year immediately after on-boarding. Parental leave without pay, menstrual leave, family care leave, and paid marriage leave and paternity leave are available.</p>	 <p>Health The employee health check-up and EAPs are offered every year. Professional medical staff are stationed in the factory to meet the safety and emergency needs of factory personnel and to properly assess whether the factory personnel are fit to work in the factory; in addition, considering the severity of the pandemic in 2022, Johnson Shanghai Factory continued to purchase pandemic prevention materials in 2023 and maintained the body temperature measurement before entering the factories, regular disinfection and so on measures to protect the health and safety of employees.</p>

Note: The Company's welfare system is applicable to full-time, part-time employees and contractors.

Food, clothing, housing and transportation

 <p>Food Employee cafeteria and food allowance are available, providing diverse dishes to ensure balanced nutrition for employees. A snack bar is available in the employee cafeteria to boost energy any time. Free snacks or dinners are provided for overtime hours.</p>	 <p>Transportation The free employee parking lot is available in the broad park of the head office in Taiwan.</p>
 <p>Clothing Free cotton uniforms for summer and winter are provided every year, permeable and comfortable.</p>	 <p>Education Johnson actively participates in employee's different life stages by offering marriage and birth allowances. Flexible working hours for childcare is available.</p>
 <p>Housing We pay particular attention to employee's quality of life. Factory dormitories are provided for foreign workers and renovated in 2020 to match the beautiful potted plants in the park.</p>	 <p>Entertainment Company gyms and diverse clubs are available for employees. Leisure activities such as employee travel and dormitory festivals. Over 200 appointed stores are available for Johnson's employees to enjoy the weekend. At the same time, Johnson employees are also entitled to discounts on fitness equipment benefits and employee purchase price of biomedical products.</p>

2.1 Talent attraction and retention

2.2 Talent development

2.3 Human rights

2.4 Occupational safety and health

2.5 Social health

Indoor professional equipment: Employee gym

Johnson is fully aware of the importance of mental and physical health. A free, superior gym for employees has been built based on Johnson's expertise. Besides diverse gym equipment, fully functional comfortable massage chairs are available for employees to relax after a workout. We update gym equipment regularly just like how Johnson continues to strive for innovation, to ensure that employees enjoy the best exercising experience. In the meantime, we encourage employees to exercise and embrace a healthy life, hence we also have product discounts for employees. We care about employee's physical and mental health by offering physical facilities in the office and benefits, and create a workplace for employees to stay happy and healthy.



Enthusiasm and interaction: Employee club

Johnson has various clubs, e.g. rhythm dance, badminton, softball, bike and bowling, showing that our corporation truly loves sports. We help employees build workout habits and encourage them to take on different hobbies to help them achieve work-life balance. In the meantime, employees have more chances to interact with each other, facilitating coherence and teamwork.



Diversity and inclusion

We value foreign employees, and upholding the philosophy of respect and friendliness, we not only organize various fun activities in conjunction with festivals in Southeast Asia, but also continue to plan the workplace assistance system and are committed to improving the working environment for foreign employees.

Festive Fun Activities: New Year's Dinner in April

Besides the Water Festival that has been held for many years, the grandest traditional New Year festival in Southeast Asia falls between April 13 to April 16 each year. Therefore, in April 2023, Johnson also organized the activities related to the Southeast Asian New Year in conjunction with this custom, and specially prepared the Spring Festival gift packs for foreign employees.



Dedicated resting space:

Prayer Room:

Johnson respects and supports the diverse backgrounds and religious beliefs of each employee. In 2023, a prayer room was renewed to create a friendly and caring international working environment. This enables Muslim employees to maintain their religious culture even when working in a foreign land. They can also use the prayer space in the workplace to perform their daily prayers comfortably and conveniently.

Gym and Billiards Room:

As a leading global brand of fitness and sports equipment, Johnson also combines product resources to build a gym and billiards room in the dormitory for foreign employees to provide employees with the most professional and appropriate space to exercise and promote their physical health.



Workplace Friendly Assistance:

Mentor system:

We have established a one-on-one tutor system since 2015. Senior employees from countries in Southeast Asia (Thailand, Vietnam, and Indonesia) serve as tutors to lead new employees to understand the environment and help foreign employees to quickly become familiar with the work environment. We also plan a half-hour education and training per week to publicize policies and occupational safety and health regulations, so that foreign employees can pick up business skills as soon as possible.

On-site translation assistance:

Johnson Group Headquarters cooperates with external intermediaries and regularly appoints specialists to perform communication and interpretation in the factory to assist foreign employees in communicating ideas and solve problems in real time, and to promote communication between labor and management.



2.1 Talent attraction and retention

2.2 Talent development

2.3 Human rights

2.4 Occupational safety and health

2.5 Social health

Value work and family: Childcare and care for female employees

Johnson cares about work-family balance for each employee and provides a comprehensive parental leave without pay system. Employees who meet the requirements of the Act of Gender Equality in Employment are encouraged to and may apply for parental leave without pay. Johnson promises to reserve the right to work for employees. 23 employees were eligible for parental leave without pay in 2023 and 23 employees took parental leave without pay. The reinstatement rate is 74% and retention rate is 100%. In addition, Johnson provides a breastfeeding room indoors and supports employees with children by offering flexible working hours. We have taken action to show that our corporate culture cares about family values.

Statistics on childcare leave

Statistics of the Group headquarters in 2023	Male	Female	Total
The total number of employees eligible for parental leave without pay in 2023	12	11	23
The total number of employees applying for parental leave without pay in 2023	12	11	23
The number of employees shall be reinstated after parental leave in 2022 (A)	12	11	23
The number of employees reinstated after parental leave in 2023 (B)	6	11	17
The number of employees reinstated after parental leave in 2022 (C)	5	9	14
The number of employees reinstated after parental leave in 2022 and worked at least a year (D)	5	9	14
Reinstatement rate (%) = B/A	50%	100%	74%
Retention rate % = D/C	100%	100%	100%

▶▶ A lifetime partner: Retirement benefit

Johnson stipulated employee retirement regulations based on the Labor Standards Act and the Labor Pension Act. The regulations are applicable to all full-time employees. 6% of the employee salary is appropriated per month as pension and deposited in the pension fund account managed by the Supervisory Committee of Labor Retirement Reserve. Six employees were to retire in 2023. We cherish employee's contributions. It's not just a job, but a bond. Therefore, we want to give retired employees gift boxes during festivals to care for them and invite them to the year-end party every year for them to feel the warmth and care from this big family. We promise all employees that even if they work here a day, they are always one of us, and they are still a part of this big family. We continue to show and take care of their life. This is because Johnson's corporate culture shows that we care about family values.

2.2 Talent development 404

2.2.1 Talent cultivation

Johnson cares about the full-fledged development of each Johnson employee. We organize a comprehensive cultivation plan and career development system, and formulate the talent cultivation blueprint based on the company's operating development. We explore personal traits through diverse learning channels, integrate the development goal of the organization, and help employees realize the vision of career development. Our training includes new employee training and on-the-job training. We have an exclusive personal learning development plan for each employee, and offer everyone comprehensive chances for professional development to help employees build the strength and impetus needed for the long-term development of the company.

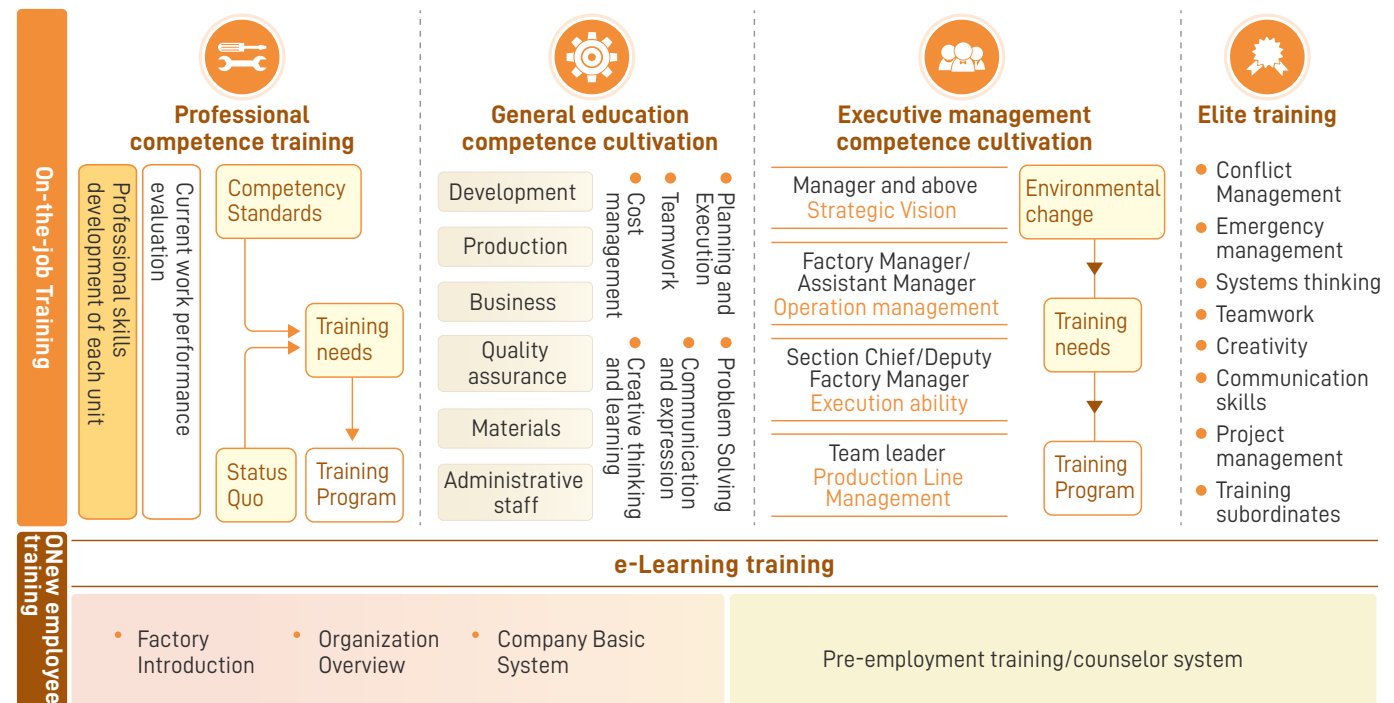


▶ Career development blueprint

An employee starts a new growth journey when they become one of us. Johnson offers all-round support and care to employees regarding professional competence cultivation, primarily including:

- New employee training: Helps employees blend in quickly.
- Professional competence training: Enhances employee competitiveness.
- General education competence cultivation: Builds all-round problem-solving skills.
- Executive competence cultivation: Builds leadership to facilitate company management.
- Elite training: Enhances management competence to fulfill the responsibility for commanding and supervision.

With an abundant training plan, we enhance employee development and potential, and create all-round employees.



I. New employee training plan

To help new employees blend into the Company, we built an all-round new employee training plan organized by the human resource team. It has 200 hours of online courses covering basic operating procedure and important sustainability issues, e.g. occupational health and safety, company system management, leaves and benefits. In addition to general courses, each department designs education training associated with the department for new employees and helps them become familiar with the workplace faster. Johnson focuses on employee feedback, and encourages employees to upload the new employee education training feedback report after completing the course for us to examine the outcome of this training plan. To offer chances for friendly interaction, Johnson holds the new employee seminar every month, in order to communicate with employees effectively on new employee education training or other career development issues. The counselor system is provided to appoint senior employees as counselors for on-boarding. They navigate new employees through problems to help them blend in quickly.

II. On-Job training plan



OJT (On-Job Training)

Executives or other superiors provide cultivation and training onsite. Departments define training requirements and formulate plans based on the competence standard of the job and current condition of employee. The training focuses on professional competence cultivation of the department, and achieves the evaluation and career development goal at the same time.



General education competence cultivation

This is initiated from six core competencies, planning and execution, teamwork, cost management, problem-solving, communication and expression, and innovative thinking and learning. Courses are provided to meet position requirements and divided based on the nature of work, including R&D, production, sales, quality assurance, materials and administrative staff. They strive to build the overall core competitiveness of Johnson's team.



Executive management competence cultivation

This emphasizes the decision-making ability of the management, and actively trains executives to identify training needs during environmental change and further draw up a training plan. Online courses for diverse management competence are available, including communication and negotiation, skills for resolving conflicts, employees with problems, and employee problem-solving. Each management must develop different management competencies based on job content.



Elite training

Johnson draws up the elite training plan for mid-level and senior executives and non-management staff to assist in long-term career development of employees. It helps them understand human resource regulations and cases, and enhance management competence to the level that they can fulfill the responsibility for commanding and supervision. The course includes the latest analysis of labor regulations, termination of employment contract and working hour description, unlawful workplace infringement verification, dispute and accountability, and handling of incompetent employees.

▶ Individual learning development plan

Individual learning plan uses Individual Development Plan (IDP) to guarantee that Johnson's employees can have the chances for development that will put them in the right place. This plan analyzes and evaluates learning needs from the perspectives of the group, department and employee, and focuses on the position content, personality trait, career planning, company vision development. In this plan, we evaluate the experience and future development to organize a steady team that continues to advance.

The Johnson e-academy crosses domains such as operating management, R&D design and innovation, artificial intelligence, digital marketing, cloud technology development, product manufacturing, life application, warehouse management and product development. It endeavors to increase the overall labor value of the company extensively. In addition to the Johnson e-academy, human resource and department planning courses are available for employees to learn through diverse channels. Courses are divided into six types, the new employee course, elite course, department OJT, digital learning, promotion course, core technology and experience inheritance.

▶ Off-JT (Off-Job Training)

We hire external experts or instructors when appropriate to train employees. Or, we appoint employees to attend the courses, seminars and corporate lectures held by external professional institutions and competent authorities. Johnson encourages employees toward self-improvement and learning, and actively provides an allowance for external education training. Relevant subsidy regulations and external course training lists are available on the company's internal website for all employees. Courses include core competence items based on departments. Relevant departments assign employees to sign up. Other employees may also sign up and receive a subsidy after completion. In 2023, the allowance for external training of the Group Headquarters employees is NT\$546,959. The course primarily focuses on occupational safety and health, machinery and device operation, software and system application, international trends, and bill study.

▶ Digital talent training

In response to the needs for the development of smart fitness products and digital content courses, Johnson has expanded to recruit new talents with technologies and expertise in AI, video streaming, and e-commerce marketing in recent years. At the same time, the employees of each unit are appointed for relevant training or advanced studies based on internal needs. While actively cultivating employee skills and digital literacy, it also enhances corporate competitiveness.

Course name	Number of participants	Participation hours (per class)
Idea Experience in Bremen 1	3	2
Idea Experience in Bremen 2	4	2
YouTube Video Strategy Advanced Workshop	3	2
Big Data Architecture for In-depth Member Insight (classroom course)	14	1
Big Data Architecture for In-depth Member Insight (online course)	37	0.5
Digital Product Introduction - Welltivity & atZone	19	0.5

► Statistics for employee education training outcome

In 2023, Johnson employees received a total of 50,967 hours of training, with a total of 4,211 people participating. The average training hours per employee was 15 hours. The courses included courses on ethical corporate management and legal compliance.

Employee type	Group headquarters and Taiwan factory		Shanghai factory		Vietnam factory		Total
	Supervisor	Non-executive employee	Supervisor	Non-executive employee	Supervisor	Non-executive employee	
Total Training Hours	4,066	17,193	1,655	14,126	1,577	12,350	50,967
Average Training Hours	62	15	35	12	31	15	15

Employee type	Group headquarters and Taiwan factory		Shanghai factory		Vietnam factory		Total
	Male	Female	Male	Female	Male	Female	
Total Training Hours	14,182	7,077	10,010	5,771	8,842	5,085	50,967
Average Training Hours	17	17	12	17	16	15	15

2.2.2 Expatriate management

Johnson has over 40 marketing subsidiaries and up to 500 retail channels around the globe. We have plenty of expatriate opportunities to put the right person in the right place, and facilitate employee interaction in the group. Through a complete expatriate management system, we help employees gain international perspectives and make breakthroughs. The human resource unit announces function position immediately on the company intranet based on the group's labor needs in all regions, including expatriate location, number of employees and expertise requirements. Employees interested in expatriating may propose a rotation plan to apply for review. We will provide the job content and relevant training plan, and negotiate the benefit system with employees regarding the expatriate location. There were 3 new expatriates in 2023. There were 27 expatriates in total by the end of the year.

► Expatriate benefit

Each Johnson employee worldwide is a valued member of our family. We offer generous leave policies, transportation and flight allowances, and salary adjustments based on local price levels. We provide comprehensive insurance, including life, accident, and medical coverage. Employees on expatriate assignments can bring family members and receive a subsidy for two children's local school tuition, covering up to 50% (up to \$1,200 per person per year). Additionally, we arrange health check-ups for expatriates returning to Taiwan on leave.



2.3 Human rights

2.3.1 Human rights policy and management

To fulfill development of corporate sustainable operation, and protect basic human rights of stakeholders, Johnson stipulates the human rights policy applicable to the entire group in 2023. The policy is approved by the CEO of Group Headquarters and complies with the human rights requirements in the Universal Declaration of Human Rights. It is announced on the internal website of Johnson. Besides, Johnson has established a sexual harassment prevention and related grievance mechanism, and published the gender equality announcement on the Company's intranet, in order to create an equal and friendly working environment from the inside.



Company Human Resource Policy

Human rights declaration

1 Equality

Equal employment opportunities shall be provided to all employees and jobseekers. They must not be discriminated by ethnicity, skin color, blood lineage, nationality, gender, sexual orientation, marital status, religion, age, physical or mental disabilities, gender identity or genetic test result. Equal employment opportunity is applicable to all employment conditions, including recruitment, appointment, promotion, employment termination, layoff, rehiring, staffing change, leave, salary benefit and training.

2 Freedom

Employees have the freedom to form associations, including setting up, joining or not joining an organization, and will not be interfered with, discriminated against or harassed.

3 Safety

We guarantee a safe workplace that meets professional ethics regulations. They specify that all offices must draw up management plans that meet regulations and occupational safety standards.

4 Anti-discrimination

Any form of harassment or discrimination for the issues above shall be prohibited explicitly. Unwarranted intervention in the work performed by the employee at work is intolerable. Any form of revenge to anyone raising concern about equal work policy is not allowed.

5 Anti-slavery

Fully prevent slavery and human trafficking. This policy is applicable to all employees or personnel offering the service. It is prohibited to use force, fraud or coercion, or slavery, or coerce others for involuntary peonage.

6 Prohibition of Human Trafficking

Under no circumstances shall the company use its funds, facilities, assets, or any resources to engage in or support human trafficking activities. Violators will face appropriate disciplinary action, including dismissal or criminal prosecution. The company will fully cooperate with local government authorities in auditing or investigating such illegal activities. Retaliation against employees who report or assist in official investigations, even in the absence of concrete evidence, is strictly prohibited.

▶▶ Statistics for employee human rights training

Johnson provides a series of courses on human rights issues when employees are on-boarding. They cover diverse contents such as human resource policy, employment and staffing, salary and benefit, labor relation, occupational safety, anti-human trafficking policy corrective and preventive measures. New employees are required to complete the courses in three months. In 2023, 100% of the new employees completed the courses, revealing that the internal party highly values human rights consensus.

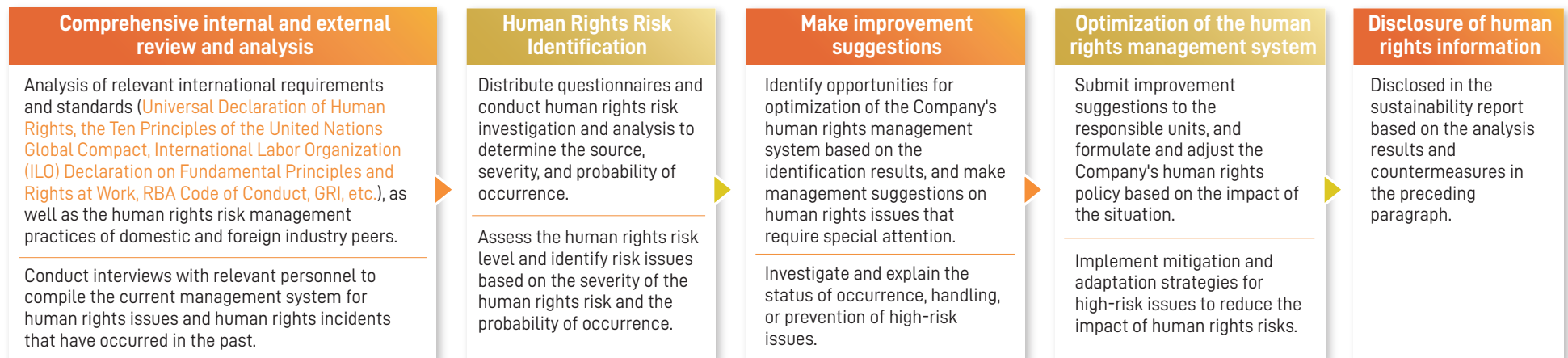
▶▶ Sexual harassment prevention

We tolerate no sexual harassment. To eradicate harassment and create a healthy, friendly workplace, the "No sexual harassment at the workplace written statement," explicitly declares the determination to not tolerate any sexual harassment. All employees are required to follow the statement. Sexual Harassment Complaint Handling Committee is available in Johnson for handling complaints. We promise and guarantee that we are duty bound to protect the reporter's privacy, hence our supreme principle is not disclosing complaint handling. Employees may fill out the sexual harassment appeal, which will be investigated once submitted and handled. We will decide whether to accept it in three days after receiving it. After confirming that we will accept the report, a task force will be formed within three days after being confirmed for acceptance. An investigation report will be made as the basis for review by the Committee. There are five members of the Sexual Harassment Complaint Handling Committee. It is specified that at least half of the members must be female to ensure diversity. Meanwhile, we care about professional judgment and advice. To meet the corresponding needs, we invite experts such as doctors and lawyers to join the Committee. At least half of the members must be present to hold the meeting. More than half of the attendants must agree to reach a resolution. The report is handled rigorously to actively maintain the employee rights.

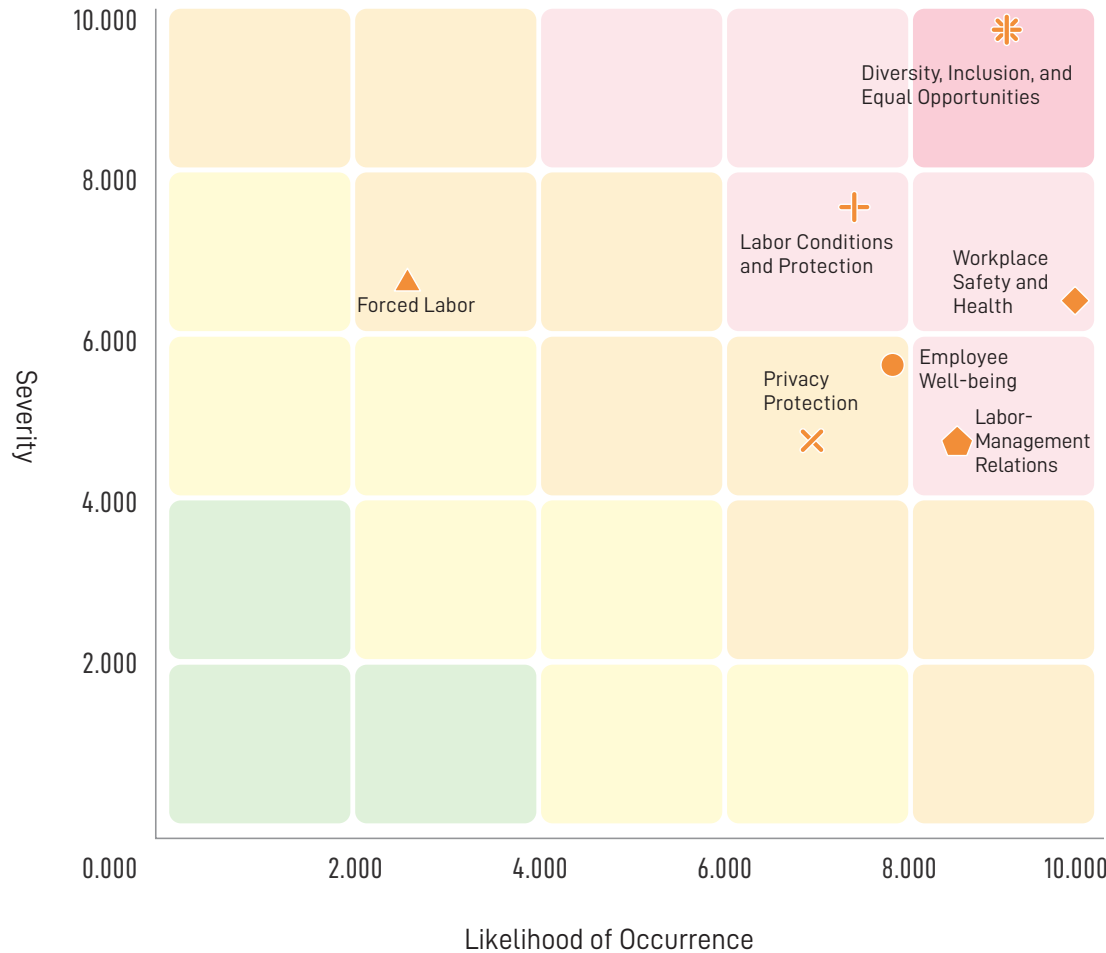
2.3.2 Human rights due diligence

To ensure that the human rights policy is implemented in all operating locations and in the daily work, Johnson completed the human rights due diligence in 2023 and set a short-term and medium-term promotion process for employee human rights, striving to align with the international human rights conventions and improve human rights management capabilities.

▶▶ Human rights due diligence process



▶ Human Rights Risk Matrix(Explanation of matrix risk level)



Explanation of matrix risk level

- Key risks
- High Risk
- Significant Risks
- Medium risk
- Minor risk

Types of Human Rights Risks

- Workplace Safety and Health
- Labor Conditions and Protection
- Forced Labor
- Privacy Protection
- Diversity, Inclusion, and Equal Opportunities
- Employee Well-being
- Labor-Management Relations
- Child and Adolescent Labor

▶ The 2023 Results of Johnson's Human Rights Due Diligence

	Comprehensive analysis results
Key risks	<ul style="list-style-type: none"> Diversity, Inclusion, and Equal Opportunity
High Risk	<ul style="list-style-type: none"> Working conditions and guarantees Occupational Safety and Health Labor Relations

▶ Human Rights Risk Response

Based on the human rights due diligence and analysis results of each site, Johnson has formulated the following management measures, and will continue to track and analyze the implementation and effectiveness of relevant management measures, improve existing human rights policies, and regularly communicate with stakeholders about human rights-related issues to mitigate human rights risks impact on Johnson. In the future, we will continue to review various human rights risk issues and plan to expand the scope of human rights due diligence to include suppliers, in order to exert our sustainable influence and ensure that there are no human rights violations in the supply chain.

Human rights risk	Description of human rights risk	Johnson Risk Response Management Measures
Diversity, Inclusion, and Equal Opportunity	During recruitment, appointment, training, rewards and punishments, evaluations, promotions, resignations, and daily operations, discriminatory practices or unfair treatment arise, or employee suffers any form of harassment, abuse, corporal punishment, physical or mental oppression, verbal abuse, or threats of violence due to factors of age, disability, ethnicity, gender, marital status, pregnancy, nationality, political stance, race, religion belief, sexual orientation, or gender identity, group membership, veteran status, or any other status protected by applicable law.	<ul style="list-style-type: none"> • All business units provide equal employment opportunities to all employees and job seekers and apply them to all employment conditions without discrimination. • Establish a sexual harassment prevention and related grievance mechanism, and publish the gender equality announcement on the Company's intranet. • Organize the awareness campaign and education and training of the affirmative action policy. • Plan a workplace assistance system and strive to improve the working environment for foreign employees. • Set up a prayer room to support employees' diverse backgrounds and religious beliefs and create a friendly work environment.
Occupational Safety and Health	The company did not provide a safe, healthy and secure working environment and set up occupational safety and health-related supervisors to manage the related mechanisms, or did not organize occupational safety and health-related education and training and employee health consultations on a regular basis to raise employees' health and safety awareness. Failure to provide female employees with a reasonable and safe environment and measures to prevent them from engaging in hazardous work during pregnancy, childbirth, and breastfeeding.	<ul style="list-style-type: none"> • Expect to complete the introduction of ISO 45001 Occupational Safety and Health Management System in 2024, and follow the PDCA management process to promote improvement measures. • Form the "Occupational Health and Safety Committee" to implement the safety and health plan and supervise the operation. • Hold quarterly meetings to discuss occupational safety and health issues, and formulate the "EHS Goal and Target Management Operating Procedures". • Convene an environmental, health, and safety management review meeting every year to discuss issues such as labor hour review, equipment operation safety education, plant environment maintenance, employee health check results, goal achievement level, and stakeholder expectations. • Following the "Occupational Safety and Health Act" in Taiwan on its maternal health protection plan, ergonomic hazard prevention plan, disease prevention plan triggered by abnormal workload, and prevention plan for unlawful infringement when performing duties, Johnson draws up the activity goal and execution of all plans. • Formulate the "Emergency Response Plan" and specify the notification and contact procedures. • Conduct emergency drills to test the effectiveness of contingency measures. • Arrange for workplace safety policy dissemination and education and training. • Conduct regular operating environment inspections. • Provide health checkups, arrange health lectures, and arrange for professional medical staff to be stationed in the factory.
Working conditions and guarantees	The working environment or labor conditions do not meet the statutory requirements, resulting in the employees' basic work rights (such as working hours, basic wages, health and safety, or equal treatment) cannot be protected, or through unreasonable use of other labor contracts (such as a large number of contractors, dispatched workers or foreign migrant workers) deprived of legitimate demand for work.	<ul style="list-style-type: none"> • Formulate a legal and reasonable working hour management plan. • Formulate the salary management operating regulations, regulate the principles of salary distribution, and ensure salary equality.
Labor relations	Your department has not accepted or respected employees' rights to freedom of assembly and association, resulting in employees being unable to fully express their views and opinions on the organizational environment and work-related issues or submitting grievances under negative conditions such as depression, threats or harassment, and a comprehensive reporting measures and channels have not been provided.	<ul style="list-style-type: none"> • Convening "Labor-Management Meetings" on a regular basis in accordance with the law to communicate with the Company at an appropriate time. • Collaborate with external intermediaries and appoint specialists to assist foreign employees with translation in the factory to facilitate communication. • Set up a grievance hotline to provide employees with diverse labor reporting and grievance channels. • Employees are entitled to freedom of association and shall be protected against interference, discrimination, retaliation and harassment.

2.3.3 Employee communication and satisfaction 402-1

Johnson cares about family values and hopes that everyone feels a sense of belonging at work, so it cares about everyone's opinion. Labor representatives hold regular meetings and occasional seminars. We provide an employee suggestion box and satisfaction survey. We put ourselves in the employee's shoes, understand the working condition and thought of the employee, observe them from details, further improve operation of the overall team, and accelerate advancement and development of Johnson. To fulfill commitment for employee's right to work, we must change the working opportunity of employees when the organization performs extension, relocation or adjustment regarding the cutting down and merging of units. We must also change the working opportunity of employee due to company operation or business nature. Johnson announces employee change in the period specified in the "Labor Standards Act" to guarantee employee rights.

▶▶ Labor-management meeting

Johnson holds the labor-management meeting every quarter. The employer representative is a designated position. The labor representative is elected. There are five labor and employer representatives each. The labor-management meeting held in 2023 was mainly to discuss and adjust internal regulations in accordance with government laws and regulations, including "application for extended working hours to meet product production needs" and "flexible leave of absence and make-up work on national holidays." Discuss organizing intra-group activities based on employee benefits, including the "Johnson Group's year-end party and inviting retired employees to join the event" and "overseas and domestic employee travel activities."

▶▶ Enterprise union

Both the Johnson Shanghai factory and the Vietnam factory have established labor unions by law to deal with employee complaints and discuss employee welfare systems through regular meetings with employees, listen to employees' opinions to develop smoother communication channels between employees and employers. A trade union has not yet been formed. However, we communicate with employees on their rights and benefits through regular labor-management meetings to protect the rights and interests of all Johnson employees.

Name of labor union	Percentage of Employees Covered
Labor Union of Johnson Shanghai factory	100%
Johnson Vietnam factory Labor Union	93.6%

Johnson's efforts to actively develop the good relationship between labor and management cooperation, neither the group headquarters nor the Taiwan factory, Shanghai factory, nor Vietnam factory received any complaints from employees in 2023. Furthermore, no labor dispute occurred at Johnson. We believe that it is because our labor-management communication is effective, and we guarantee that we will continue to listen to employee's opinions and optimize and improve the labor-management relationship.

▶▶ New employee seminar, employee satisfaction survey and employee suggestion box

Johnson welcomes all employees' opinions. A suggestion box, and physical and online satisfaction survey are available. We understand what employees think about the company system, regulations, training, interpersonal relationship and environmental adaptation through these measures. We contact and plan for improvement suggestions with relevant units according to employee feedback and requests. A regular new employee seminar is held for us to understand the employee's opinion, and provide assistance for education training and life and work adaptation of new employee. We believe that creating a friendly, transparent workplace, and enhancing collaboration between employees can continue to motivate positive growth for Johnson by a positive cycle of communication and improvement.

2.4 Occupational safety and health

2.4.1 Occupational safety and health management

► Occupational safety and health policy

Johnson adheres to the best corporate philosophy of building human health and creates a workplace environment by protecting the safety and health of employees and suppliers. We have formulated occupational safety and health commitment and management policies on the basis of occupational safety and health regulations. Through identifying potential hazards in the workplace and making management improvements, we prevent occupational injuries and diseases to achieve the goal of protecting the workplace safety of all employees.

► Occupational safety and health operation and management

Johnson is committed to promoting the safety and health of employees, continuously improving the working environment and facilities, and enhancing safety and health awareness in order to focus on achieving the goal of zero disasters. In accordance with the Occupational Safety and Health Act, Johnson has formulated the Safety and Health Management Plan and Environmental Safety and Health Management Objectives, which apply to all employees, suppliers, contractors and other visitors inside the premises, thereby ensuring that each worker can work in a safe and healthy work environment, and establishing a corporate culture of pursuing continuous improvement.

In 2023, Johnson launched the ISO 45001 Occupational Safety and Health Management System Implementation Project to establish systematic management procedures to promote various improvement measures and improvement plans according to the PDCA management process. It is expected that continuous improvement will be implemented through management review meetings and annual review operations to ensure the effectiveness of the management system. The implementation of the management system is expected to be completed in June 2024.

► Ensure execution and monitoring of the safety and health goals

Johnson has established an "Occupational Safety and Health Committee" in accordance with the law to implement the safety and health plan and supervise the operation. It also holds meetings every quarter to discuss and promote occupational safety and health issues (including labor hour review, machinery operation safety promotion, plant environment safety promotion, employee health check results), and formulate the "EHS Goal and Target Management Operating Procedures" based on the quantified performance proposed by each department to ensure that the plan goals can be effectively achieved. At the same time, with safety production as the theme, Johnson regularly checks whether the protective facilities are complete to ensure the safety of the working environment; if an abnormal event or impossibility of implementation is encountered, the responsible unit will analyze, and apply corrective measures and management review to facilitate the continuous improvement of the effectiveness of the EHS management system.

Occupational safety and health commitment

- The primary liability and obligation for company executives of all levels is to guarantee employee safety and health.
- Injuries, unhealthy conditions, diseases and accidents related to work are prevented to protect the safety and health of all employees, and suppliers, contractors and visitors who enter the company.
- Comply with national safety and health regulations and other requirements, and extend relevant standard operating procedures and methods.
- Continue to improve safety and health management system and safety and health performance.
- Convey this policy and communicate safety and health issues to stakeholders.
- Continue to provide education training to employees, suppliers and contractors to ensure that they are aware of safety and health and correct behavior.
- Make sure that employees have the time and resources needed to take part in all the processes and activities of the safety and health management system.

▶ Contractor management

To ensure the safety of contractors and the quality of their services when operating in the factory, Johnson has formulated a comprehensive "Contractor Safety and Health Management Procedure" that covers contract award management, factory entry control, safety and health education and training, and performance evaluation and so on procedures and standards, and online training courses are provided to ensure that the contractors have a clear grasp of the relevant regulations. In addition, the Shanghai factory held an online assessment in September 2023 to screen contractors who met Johnson's health and safety standards to protect the safety of all workers. This assessment is not only to test the safety and health management level of the contractors, but also to test the effectiveness of Johnson's management procedures. Through these measures, Johnson is committed to establishing a safe and healthy working environment to ensure that all non-employees can complete various operations in safe conditions.



- **Contractor appraisal:** Examine contractor safety and health management system, the number of work safety accidents in total, work safety training, construction plan and emergency response plan.
- **Contracting contract and safety meeting:** It declares the dangerous area forbidding access and Johnson's safety and health management regulations that must be complied with.

- **Special operation permit:** It is required for more dangerous operating procedures, e.g. hot work, work at heights, confined space work and crane hoisting.
- **Safety and health education training:** The Industrial Safety Office arranges relevant safety education training for workers entering the operating area.
- **Construction checklist:** Examine the daily progress of contractor and conduct environmental control at the same time, to prevent improper treatment of dust, wastewater and waste.

- **Contractor Assessment**
- **Contractor safety and health performance evaluation form:** The evaluation results are used as the basis for the contractors to make contract award decisions.

2.4.2 Occupational health and safety hazard identification and risk assessment

▶ Health and Safety Hazard Identification

According to the Enforcement Rules of the Occupational Safety and Health Act, Johnson regulates that the identification, assessment, and control of workplace or occupational hazards are included in the occupational safety and health management plan. We also refer to the "Risk Assessment Technical Guidelines" to identify the safety and health hazard factors in the factory area. The procedure includes:

- **Identify the operation or project**

First conduct a comprehensive inspection of the workplace to identify possible hazard factors, including but not limited to physical, chemical, biological, human, and psychological hazards.

- **Hazard identification and consequences**

For the identified potential hazards, we define their classification or type based on the hazard characteristics of the work environment or operation (process, activity, or service) as a reference for hazard identification, statistical analysis and adoption of related control measures.

• Confirmation of Existing Protective Facilities

Based on the hazard identification results, confirm the existing protective facilities that can effectively prevent or reduce the occurrence of hazards, and formulate corresponding control measures for the existing protective facilities, including engineering controls, management controls, and personal protective equipment, to facilitate subsequent analysis and application.

• Assess the risk of hazards

For the potential hazards identified, we conduct risk assessment based on the risk level determination criteria, as a reference for the priority of improvement.

• Adopt control measures to reduce risks

Determine unacceptable risks based on the risk level, implement control measures in the priority order of elimination, replacement, engineering control, management control, and personal protective equipment to effectively reduce risks, and regularly track the implementation status.

• Monitoring and correction

Supervise and measure the control measures to reduce risks on a regular or irregular basis to ensure compliance and control effectiveness. The safety and health hazard identification process helps Johnson to identify and control potential hazards as early as possible to protect the health and safety of our employees.

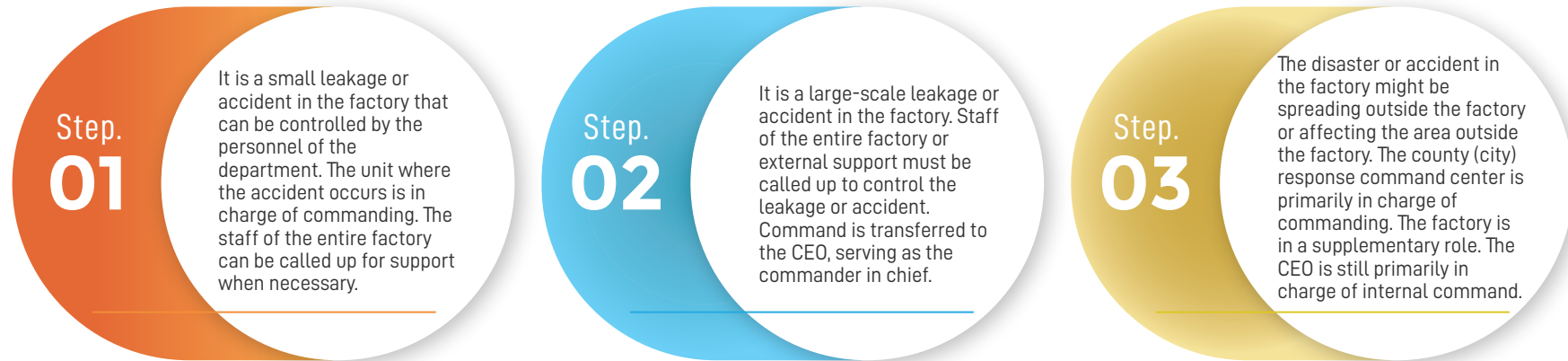
➤ Hazard identification and risk assessment

To improve safety and health, all departments evaluate the levels to be prioritized for improvement by significance, safety and health risk, regulation, attention from external parties, control degree, technology, and investment amount, according to the HSE policy, regulatory requirements, safety and health risk of the department itself, and the "Hazard Identification and Risk Evaluation Procedure." Followed by formulating goals and measuring annual management performance in writing, and eventually submitting them to the CEO's Office. Performance indicators of all departments will be summarized by the CEO's Office and then reviewed by the management representative.

➤ Emergency Response Plan

With reference to the assessment results of the safety and health hazard items, Johnson formulated the "Emergency Response Plan" based on the potential accidents and emergencies in the process, activity, and service, and was approved by the General Manager of Taiwan factory. The emergency response plan classifies different emergencies according to their scale, nature, and hazard severity, specifies notification and contact procedures, and has each department form its own emergency response team, including notification team, fire-fighting team, safety protection team, first-aid team, security team emergency squad, command squad, and evacuation guidance squad. In the event of an emergency, an "incident scene command post" will be set up at the accident scene as the response and coordination center depending on the severity of the incident. Its basic functions are to assess the severity, prioritize, and assign resources properly. It is responsible for effectively disseminating information internally and ensuring smooth communication channels for seeking assistance. The identification results show that potential emergencies mainly include flammable material fires, natural disasters, terrorist incidents, gas leaks, and inadvertent contact between organic solvents and the human body.

- The emergency response procedures are divided into three stages according to the severity and scale of impact:



► Emergency response test and drill

In the emergency response plan, Johnson stipulates that at least two drills should be conducted every year, with the general manager of the Taiwan factory as the commander-in-chief to test the effectiveness of the contingency measures to ensure that they can be effective in an emergency. Protective and first aid equipment shall be fully tested at least once a year, and shall be periodically inspected by a qualified maintenance organization. All Johnson employees must be familiar with the type, quantity, and location of emergency protective equipment. Meanwhile, relevant personnel included in the emergency response plan shall receive regular education and training to become proficient in the necessary skills for emergency response, such as knowing the location of disaster relief facilities, proficient in emergency command and formation, and the operation department's support.

In 2023, in addition to the emergency evacuation drills for all factory areas, we also conducted heat stroke drills for high-temperature workplaces such as processing, painting, and welding. Drills on the occurrence of specific hazards can help familiarize the personnel of various departments with the contingency actions to be taken in response to the occurrence of hazards. The purpose of the drill is to improve the employees' ability to respond to emergencies and ensure that they can act quickly and effectively in the face of dangerous situations. At the same time, it is to enhance the employees' awareness and emphasis on safety and health.

2.4.3 Occupational injury and disease

► Occupational disaster reporting process

Johnson complies with Article 37 of the Occupational Safety and Health Act. Johnson takes necessary first aid and rescue measures immediately when an occupational disaster occurs at the workplace. We meet with labor representatives for investigation, analysis and record creation. When a severe occupational disaster occurs, the labor inspection institution is notified in eight hours. According to Article 18 of the "Occupational Safety and Health Act," when an employee finds there is immediate danger when performing duties, he may terminate the operation, evacuate to a safe place, and report to the line manager immediately without putting other workers in danger and protect employees from improper consequences.

► Occupational injury management

Johnson regularly assesses potential risks in the operating environment and adopts preventive and improvement measures for the identified high-risk items. When an occupational injury occurs, the immediate supervisor will be notified, and the factory staff will be referred to for emergency treatment. Corresponding occupational injury leave and consolation money will be provided depending on the severity of the incident. In 2023, the main occupational injuries that occurred in the Taiwan factory were cuts, abrasions, falls and slips; in the Shanghai factory, occupational injuries often occurred due to improper machinery operation. Therefore, we reinforced publicity on the concept of protection in the factory and classified all occupational injury cases, and include them in relevant education and training courses to build employees' hazard prevention awareness with actual cases.

Common occupational diseases of Johnson include musculoskeletal disorder triggered by repetitive work, respiratory disease caused by dust, and hearing overload caused by noise. To take proper measures to prevent harm to the health of employees, Johnson has organized the ergonomic hazard prevention plan for musculoskeletal disorder. Specific operators are required to fill out the musculoskeletal disorder symptom survey and work ability assessment form to sort high-risk groups, follow-up on high risk employees, provide health education when appropriate, and interview them when necessary. The respiratory protection and plan and hearing protection plan have been formulated for the respiratory disease caused by dust, and hearing overload caused by noise. Special operation health check-up is provided to employees of the operation area every year based on the monitoring result of operational environment (noise, dust, manganese, nickel). Relevant training and promotion are implemented, and the completion rate for both of them is 100%.

Statistics for occupational injury in 2023

Item	Group headquarters and Taiwan factory			Shanghai factory			Vietnam factory		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total number of working hours	1,251,861	525,802	1,777,663	4,095,528	1,635,141	5,730,669	1,550,881	914,089	2,464,970
Number of occupational injuries that can be recorded	3	1	4	19	3	22	0	1	1
Number of severe occupational injuries (number of deaths excluded)	0	0	0	3	0	3	0	0	0
Total number of occupational injuries	3	1	4	22	3	25	0	1	1
Percentage of occupational injuries that can be recorded	2.40	1.90	2.25	4.64	1.83	3.84	0.0	1.09	0.41
Percentage of severe occupational injuries (number of deaths excluded)	0.00	0.00	0.00	0.73	0.00	0.52	0.00	0.00	0.00

Note 1: Percentage of occupational injury = (Number of injured × 1,000,000) / Total number of working hours Commuting accidents of employee are not included.

Note 2: Percentage of severe occupational injuries (number of deaths excluded) = (Number of severe occupational injuries) (number of deaths excluded) × 1,000,000 / Total number of working hours

Note 3: Percentage of deaths caused by occupational injury = (Number of deaths caused by occupational injury × 1,000,000) / Total number of working hours

Note 4: Definition of severe occupational injuries: It takes at least six months to restore body function after injury.

Note 5: Definition of recordable occupational injuries: occupational injuries that occur in the workplace at the Group Headquarters and Taiwan factory, but excludes commuting injuries. The Shanghai Factory has applied for work-related injury subsidies for occupational injuries.

Note 6: In 2023, there were no occupational diseases, or deaths caused by occupational diseases and injuries among employees and contractors, and there were no occupational injuries among contractors.

2.1 Talent attraction and retention

2.2 Talent development

2.3 Human rights

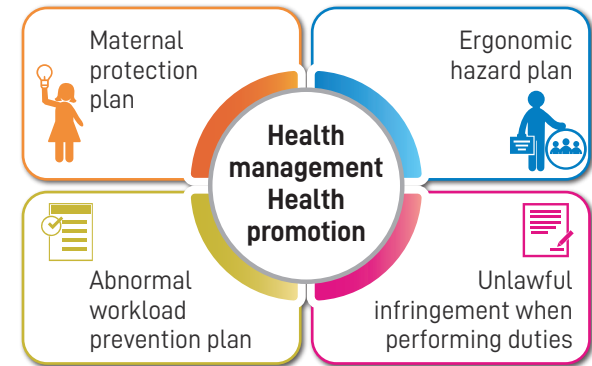
2.4 Occupational safety and health





2.5 Social health

2.4.4 Prevention and Mitigation Measures for Occupational Health and Safety

► Four protection plans

In response to the four major labor health protection plans implemented by the Ministry of Labor, including maternal health protection plan, ergonomic hazard prevention plan, disease prevention plan triggered by abnormal workload, and prevention plan for unlawful infringement when performing duties. Based on these plans, Johnson draws up the activity goal and execution of all plans, identifies health risk, and evaluates hazard.



Plan name	Goal	Content	Outcome assessment
 Maternal protection plan	Based on regulations on maternal labor health protection in Article 31 of the Occupational Safety and Health Act, the business institution shall properly organize and take necessary safety and health measures for maternal health protection issues, to guarantee physical and mental health of female workers who are pregnant, have given birth or are breastfeeding, in order to ensure labor protection of maternal health.	<ul style="list-style-type: none"> Hazard identification evaluation Evaluation for subject of protection Interview and health guidance by physicians Suitable work arrangement 	<ul style="list-style-type: none"> There were 404 female workers and 315 female workers of child-bearing age (15-49 years old). In 2023, 8 employees were pregnant and 3 breastfeeding employees returned to work. The regular prenatal check-up rate is 100%. In 2023, 8 employees received interview and health guidance. The achievement rate is 100%. No one needed suitable work arrangements.
 Ergonomic hazard plan	Regulations on ergonomic hazard prevention are implemented according to Subparagraph 1 of Paragraph 2 of Article 6 of the "Occupational Safety and Health Act," employers shall plan for and take necessary measures properly to prevent musculoskeletal disorder triggered by repetitive work, to prevent ergonomic hazard, and avoid repetitive musculoskeletal injury or disorder.	<ul style="list-style-type: none"> Amend the ergonomic hazard prevention plan. Fill out the musculoskeletal disorder survey. Analyze the musculoskeletal disorder survey and sort high risk groups. 	<ul style="list-style-type: none"> Completed the hazard identification and assessment for the northern and southern regions 219 musculoskeletal disorder surveys were filled out. The results of the musculoskeletal symptom questionnaire showed that the pain score of 1-2 points accounted for 12% of patients in the northern region and the southern region accounted for 23%, and the pain score of 3 and above accounted for 4% of the patients in the north region. Health education and health guidance has been provided with an achievement rate of 100%.
 Abnormal workload prevention plan	The abnormal overload plan is executed according to Subparagraph 2 of Paragraph 2 of Article 6 of the "Occupational Safety and Health Act." The health risk identification and hazard evaluation are executed. Health education and health management tracking are provided for employees with mid and high-risk.	<ul style="list-style-type: none"> Amend the abnormal workload prevention plan. Evaluation on work ability evaluation form survey and evaluation on ten-year cardiovascular disease risk are performed to sort high risk employees. Interview high risk employees and offer resources when appropriate. Provide relevant health education for mid-risk employees and interview them when necessary. 	<ul style="list-style-type: none"> A total of 219 employees filled out the work fitness assessment form questionnaire. According to the work fitness assessment form questionnaire and 10-year cardiovascular risk assessment results, there are 92% of low-risk employees and 8% of medium-risk employees in the northern and southern regions and there are no high-risk employees. Related health education has been provided to the medium-risk employees with an achievement rate of 100%.
 Unlawful infringement when performing duties.	The unlawful infringement prevention plan is executed according to Subparagraph 3 of Paragraph 2 of Article 6 of the "Occupational Safety and Health Act," to create a safe, respectful, zero-discrimination, mutually respectful and tolerant workplace culture with equal opportunities.	<ul style="list-style-type: none"> Sign the written statement for prohibiting workplace violence. Workplace hazard identification and risk evaluation. Set up the SOP for unlawful infringement when performing duties. Education training 	<ul style="list-style-type: none"> Revised Unlawful Assault Plan and Workplace Unlawful Assault Standard Operating Procedure Sign the statement prohibiting workplace violence in the workplace in 2023, and post it on the bulletin board Completed hazard identification and risk assessment for the Taiwan factory.

2.1 Talent attraction
and retention2.2 Talent
development2.3 Human
rights2.4 Occupational
safety and health2.5 Social
health

► Occupational safety and health training

The occupational safety and health training provided in 2023 can be divided into three categories, including general occupational safety training, warehousing and logistics occupational safety training, and fire safety and first aid training. The details are as follows:

• General occupational safety training

A compulsory course for new recruits, totaling 3 hours. The course content mainly promotes the company's basic occupational safety and health policies and measures to ensure that new employees have a basic understanding of safety and health.

• Warehousing and logistics occupational safety training

Including electric pallet safety education and training, transportation and storage occupational safety and health education and training, and heat hazard prevention education and training. In 2023, special emphasis was placed on heat hazard prevention education and training to strengthen employees' awareness of and coping capabilities against heat hazards.

• Fire and first aid training

In addition to basic fire drills and first aid courses, Johnson also organizes fire protection management education and training, which is expected to effectively improve employees' ability to respond to fire and emergency situations.

Regular education and training are provided to cultivate employees' safety and health protection awareness and skills, thereby effectively enhancing their professionalism and crisis response capabilities.

Training/Promotion type	Name	Group headquarters and Taiwan factory			Shanghai factory			Vietnam factory		
		Number of sessions	Average training hours	Total number of participants	Number of sessions	Average training hours	Total number of participants	Number of sessions	Average training hours	Total number of participants
General occupational safety training	General personnel safety and health education training	12	3	164	142	0.9	3,040	10	5	600
	Occupational safety and health promotion meeting	2	1	109	12	6	240	-	-	-
	Occupational Health Management Personnel Related Training	14	1	604	2	40	5	-	-	-
Warehousing and logistics occupational safety training	Electric pallet truck safety and health education and training	3	3	92	7	176	22	2	35	2
	Transportation and Warehousing Occupational Safety and Health Education and Training	2	2	34	31	83	118	1	20	1
	Forklift operation education training	9	48	143	-	-	-	-	-	-
	Heat hazard prevention education and training	-	-	-	5	34	117	-	-	-
Fire and first-aid training	Fire drill	2	6	162	1	1	2,176	1	10	1
	Fire protection management education and training	-	-	-	10	10	97	-	-	-
	AED and CPR education training	2	6	162	1	352	44	-	-	-
	First-aid personnel safety and health education training	3	31	5	1	352	44	8	1200	8
General lecture on occupational safety and health issues	Topics cover tobacco hazards prevention, flu prevention, chronic diseases, emergency rescue skills, etc.	11	1.3	947	-	-	-	-	-	-

▶ Occupational Health Promotion Activities

Employee meal



Johnson attaches great importance to the health of its employees, and starts from maintaining a balanced nutrition for employees. In addition to providing healthy employee meals with a wide range of dishes, we also leverage our industry advantages to build a free top-notch gym for employees to keep fit. In 2023, the Taiwan factory provided employee meals to approximately 900 employees of the Taiwan factory, the Shanghai factory 2,176 employees, and the Vietnam factory 902 employees. We are committed to taking care of the physical and mental health of our employees, so that they can feel the Company's care and support at work, and we will work together to create a good working environment.



Health check-up and medical care



Johnson provides health checkups for full-time employees once a year, designing exclusive health checkup items for different job levels and ages, and conducts cancer screening every two years. For mid and senior executives aged 35 and above who have served for at least one year, the Company will subsidize them with a health checkup worth NTD 21,000 every two years. Moreover, we provide three hours of on-site health care services for employees every month. We collaborate with the chief occupational medicine physician in Taichung to provide professional medical consultation at the group headquarters and make medical referral services when necessary. In 2023, a total of 101 people received medical consultation, of which 16 employees received referral services.

The Group headquarters has set up a full-time factory nurse during the working hours to provide employees with health consultation and health-related education and dissemination. Meanwhile, the factory nurses use a physical condition survey form to assess whether employees in the factory area are suitable to perform corresponding operations in the factory area. Besides, we also implement a shift system in the factory area and install labor-saving equipment to reduce the physical load of employees and protect their physical and mental health.

Unit: NTD

Item	Group headquarters and Taiwan factory		Shanghai factory		Vietnam factory	
	Number of participants	Input expenses	Number of participants	Input expenses	Number of participants	Input expenses
Health check-up and medical care	1,128	542,050	1,772	520,066	835	284,585

Vaccination and health education promotion



In September 2023, we organized a seminar on "Guarding the Workplace and Caring for Family - New Concepts of Influenza Prevention". In November 2023, employees were vaccinated against influenza at their own expense and at public expense, with the employees being vaccinated by external medical institutions directly at the factory site to save the time and labor costs of employees. A total of 59 people received the public-funded flu vaccinations and 111 people received the self-funded flu vaccines. At the same time, relevant health and education concepts are publicized through emails to enrich employees' knowledge of health protection to practice comprehensive care for the health of Johnson employees.

"Your Health Matters" Workplace Screening Activity



Johnson has invited Chung-Kang Cheng Chen Hospital to offer cancer screening tests on the day of the health checkup for employees. The screening items include the fecal occult blood test, Pap smear test, and mammography examination for the preventive health care services subsidized by the government, for which employees voluntarily sign up. The Company won the "Workplace Health Screening Enterprise Award" from the Taichung City Government for screening 39 employees. To reward employees for their enthusiastic participation, each employee received a gift certificate of NTD 100.

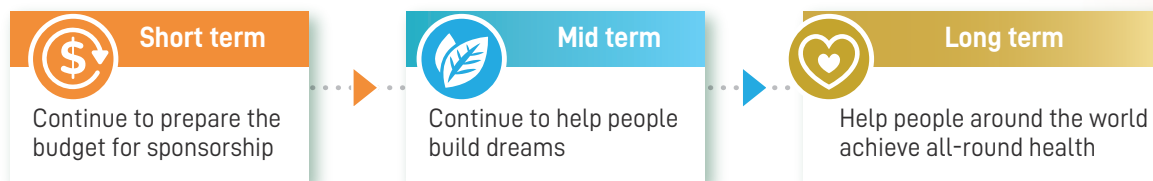
2.5 Social health

2.5.1 Health influence

Johnson sells health gym equipment to the whole world, thereby elaborating the global brand influence. The short-term plan primarily focuses on continuing to prepare the budget for sponsoring various social participation activities, e.g. sports games, remote area care and local development. In the mid-term plan, it is hoped to expand health influence and continue to help people build dreams for more people to realize and continue their ambitions. The long-term expectation to achieve global comprehensive health through the two major strategic axes of "sports for all" and "social care".

Theme of social health strategy	SDGs	Business driving force	Business influence	Social influence
Sports for all	3 GOOD HEALTH AND WELL-BEING	While advocating national physical education development, Johnson gains more chance of exposure and increases the brand value. Every year we continue to sponsor sports games and hold sports promotion events with all sectors.	<ul style="list-style-type: none"> The advertisement for Rakuten Monkeys games worth NT\$18,450 thousand. We held three events with Rakuten Monkeys players and Rakugen Girls working as our store manager for a day. A total of 6,896 people interacted with Johnson and Welltivity on 8 posts on the official Rakuten Monkeys Facebook fan group. The news report about the cooperation with the Spanish sports medicine organization reached about 120,000 people, and the social sharing generated 3,000 page views. Matrix (Netherlands) sponsors labor competency course 	<ul style="list-style-type: none"> We sponsored teams to play in 120 regular season games with an audience of 430 thousand in total. Rakuten Girls' online livestreaming interaction reached 7,753 people. Sponsored a sports performance held by National Taichung University of Education. A total of 120 performers, 14 staffs and 1,600 spectators attended the arena. A total of 300 athletes benefited from the collaboration with Spanish sports medical institutions. A total of 14 labor competency courses sponsored by Matrix in the Netherlands benefited 186 people.
Social care	4 QUALITY EDUCATION	Provide remote area education, assist in local cultural development, solve the typical uneven resource distribution problems in Taiwan, properly utilize corporate resources to help the society acquire more resources for the ones in need, and enhance connection between Johnson and the community.	<ul style="list-style-type: none"> Purchase of hardware and software for the Siqinyuan Online Course Warm Breeze Foundation sponsored more than 300 activities including academic guidance and parent support. 	<ul style="list-style-type: none"> The Online Siqinyuan course is expected to affect 3,000 people. Charitable sponsorships from the Warm Breeze Foundation, reaching over 20,000 people.

► Social engagement goal



2.5.2 Sports for all

Our mission is to become the best corporation for building human health. Besides selling the most superior products around the world, we endeavor to promote local sports industrial development. We have been sponsoring development of Rakuten Monkeys for a long time. Baseball is a national sport in Taiwan. We create a bigger platform for baseball. Besides games having been exposed more, vitality and health of the baseball team and cheerleaders can be expressed at other places. At the same time, we also actively promote sports awareness among the public. In addition to sponsoring campus events, we launched Welltivity, an online digital sports platform, in 2023 to bring the most professional fitness courses to everyone's homes to achieve the effect of national sports.

▶ Rakuten Monkeys

Johnson has taken concrete actions to support the development of local teams in Taiwan and has sponsored the Rakuten baseball team for eight consecutive years. In 2023, about NTD 4 million was invested in team cultivation, sports equipment and athletes' daily training. A total of 120 events were sponsored, with a reach of about 430,000 people. Johnson has been sponsoring baseball team development since 2015 and encouraging employees to take part in the games. The Welfare Committee offers free tickets for each game. Employees may sign up for the ticket each time after a game is announced. Johnson's logo is placed on the bulletin on the court, jersey armband and big screen. The advertisement is worth NT\$18,450 thousand.

▶ Rakuten Girls X Johnson

On weekends, long weekends or special holidays, players, sports stars and cheerleaders are invited to work as our store manager for a day at our stores around Taiwan and interact with the public. While promoting Johnson's products, the baseball team will be exposed more to optimize promotion of sports benefits. Besides promoting the baseball team at our store, we held a series of online events by using the social influence of Rakugen Girls. We held livestreaming events on all social media and the fan page of individual members of Rakugen Girls. In 2023, a total of four online live broadcasts were held, covering Johnson's highlight products and the content of the brand-new digital content brand Welltivity. We will count down the event on the fan page, and provide raffle during livestreaming, and audience will feel more engaged in the event. Our prizes include tickets to the home court of Rakuten Monkeys, photos signed by members of Rakugen Girls, and gifts from Welltivity.



September 30, 2023
Top City Taichung



November 10, 2023
Pacific SOGO Department Store, Fuxing Store, Taipei



December 2, 2023
Shin Kong Mitsukoshi Taichung Zhonggang



Online livestreaming

2.1 Talent attraction and retention

2.2 Talent development

2.3 Human rights

2.4 Occupational safety and health

2.5 Social health

➤ Promotion of sports concepts

Johnson has always been committed to promoting the concept of sports health. In 2023, we promoted the cultivation of sports awareness among the public by sponsoring the sports activities of Taichung University of Education, Sun Yat-sen University, Soochow University, and Fu Jen Catholic University, as well as participating in sports forums.

➤ Sports Technology Leads National Health

Johnson's new digital brand, Welltivity, offers exclusive, tailored fitness courses for enthusiasts. It provides international fitness programs with professional instructors, allowing users to enjoy their preferred equipment anytime. Welltivity integrates with Apple Watch and HealthKit to track and export exercise data, including heart rate and physiological metrics, for real-time health monitoring. Additionally, the Sports Life Journal features insights from physicians and dieticians on "healthy nutrition" and "eating for a healthy diet," effectively combining exercise and nutrition for better health.

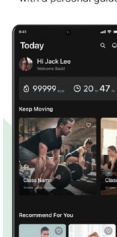
➤ Achievements in 2023

- 1 **5,450 courses:** Including the exclusive trainer group in Taiwan and the United States and the courses provided by well-known German gymnasiums. Up to 15 sports courses are available.
- 2 **About 10,000 registered members:** Cooperating with local promotions and distribution outlets with a large number of members to expand the member base, and planning to become other B2B2C partners in 2024, such as welfare committees, telecom operators, and gyms.
- 3 The Company launched the Sports Life Journal and shared a total of 20 articles on "health-related", "healthy nutrition" and "sports knowledge".

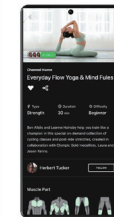


- 國際專業師資
清晰詳盡口令，如一對一私人教練，讓你安心跟著練
- 多種運動類型
各種居家跟練好選擇，心願肌力有專業師資全權有
- 熱門企劃主題
名人師資合作特別企劃，讓你的運動菜單隨時充滿新意
- 最新運動趨勢
集結時下流行運動，每月即時更新課程

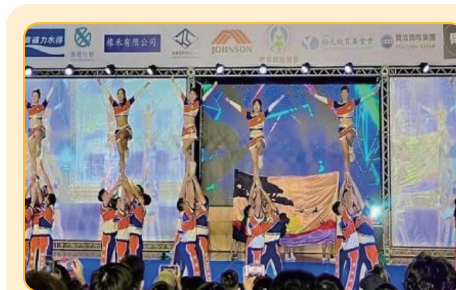
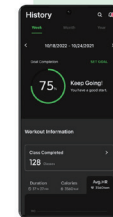
Welltivity
Reach your goals with a personal guide



We provide unique, personalized, and engaging wellness experiences for you.



Work Out Anytime. Anywhere.



Sponsored Taichung University of Education Sports Show



CommonWealth - Sustainable Sports, Health, and Sustainability Forum in Taiwan

2.5.3 Social care

Mr. Lo Kun Chuan, the founder, started from scratch and went through hardships. He still cares about his hometown after his success in business. He created a beautiful park for the landscape of his hometown, combining intellectuality and sensibility. Caring about family values is one of the core of the Johnson Group. We help children and their families in remote areas acquire education and caring resources. Johnson heartily hopes that each corner of society can receive warmth and care of the family.

► Warm Breeze Caring Association

Johnson has long been committed to the care and concern for rural areas. Since 2020, it has participated in the sponsorship project of Warm Breeze Care Association, which cares for disadvantaged children in remote townships. The purpose of the association is to help families affected by social changes by providing educational resources and care for them. One of the branches of the Association is located in Jinfeng Township in Taitung County. Warm Breeze Caring Association Taitung Binmao Branch School One was founded by the Association. Up to 20 economically disadvantaged children were served and now there are about 40 students. In 2023, Johnson's sponsorship plan for Warm Breeze Caring Association entered its third year, and in 2023, the cooperation was extended to jointly plan a three-year public welfare project.

Warm Breeze's service plan for 2023, in addition to continuing academic guidance and character education, will focus on family support, community parent-child inclusion, and the improvement of parents' parenting ability. We organize community activities and parenting courses and family visits, so that we can grow together to break the negative cycle of disadvantaged families in remote townships. This year's service content covers seven executive-related activities: academic guidance, talent learning, character education, meal provision, family support, community parent-child inclusion, and summer vacation activities. The total benefit was to help 30 children and 10 junior high school students and organize over 220 sessions of tutoring, reaching over 8,800 people.

In 2023, Johnson invested NT\$2.49 million in the plan organized by Warm Breeze Caring Association. The items of the plan include the personnel expenditure, primarily used for the salary of the teacher and director of Warm Breeze Caring Association. The office expenditure is used for daily school miscellaneous expenditure such as utilities and stationery. The business expenditure is used for student meal fee and interview and interaction fee. Besides this, Johnson cares about the actual operation of Warm Breeze Caring Association Taitung Binmao Branch very much, regularly checking out the school operation and providing opportunities for visits. Johnson shows care and gives blessings for these children on special holidays.

Every year, the Warm Breeze Taitung Bintang Branch School organizes summer activities. Johnson sponsors meals and accommodation. The children go out of the tribe to visit the western region and perform in public welfare concerts. In addition to expanding the children's horizons, they have the opportunities to express themselves.

Impact benefit

Item	Number of sessions	Total number of participants
Schoolwork guidance	220 sessions	8,800 persons
Character education	40 sessions	1,200 persons
Talent course	36 sessions	1,080 persons
Meal	220 days	8,800 persons
Family support	Two parent teacher meetings Six family activities Eight parenting growth courses	Parent teacher meetings, 48 persons Family activities, 240 persons 40 parenting growth courses
Community family inclusion	Five community events	250 persons



- Johnson accepts the award at the Warm Breeze public welfare concert and encourages children to perform.
- The Warm Breeze special edition reports on the Warm Breeze summer camp.

► Siqin Garden Memorial Hall

Lo Kun Chuan, the Chairman and founder of Johnson, is grateful for the upbringing from his parents and support and care from his predecessors. He built a beautiful park that occupies up to 3,300 m² next to his old home in Zhongpu Township in Chiayi County. It is used as the library and community center. Lo Kun Chuan wrote down "Yearning," a prose that serves as the theme of the entire park. The true feeling revealed in this prose fills Siqin Garden Memorial Hall with sophistication and art and cultural ambience, impressing every visitor.

The indoor space is used as the library, opening from 5 AM to 5 PM. It is closed two days a week. People may browse and read library collections. The reading registration form is available at the counter, recording the name of the reader and reading time. The temperature of each user is recorded during the pandemic to ensure the safety and health of every reader. In 2023, there are about 2,181 books and about 501 visitors registered (excluding group visitors). We welcome locals and people everywhere to read and enjoy leisure time here to enhance the physical and mental health of people in modern times together.

In 2023, Johnson also used its brand-new self-owned digital sports platform Welltivity to organize charity sports activities at the Siqingyuan and invite the elderly in the neighborhood to participate in the activities to enhance physical and mental health. (For information on Welltivity, see 2.5.2 National Exercise of the Report)

► Community prosperity

To promote the harmonious development of the neighborhood and community, Johnson also supported the daily training of firefighters by donating sports equipment and updated the equipment of the community sports center. We also sponsor local arts and cultural events. In 2023, we sponsored a total of NTD 422,286, affecting 2,850,735 people, hoping to contribute to the prosperity and growth of the local communities.

The project to be subsidized	Sponsorship amount (NTD)	Number of beneficiaries
Training sponsorship for fire brigade personnel of police stations	207,600	35 persons
Purchase of hardware and software for the Siqingyuan Online Course	34,736	50 persons
Sponsored the Central Taiwan Lantern Festival	100,000	1.9 million persons
Community - Qingquan Vil. Sponsorship	9,950	70 persons
Community - Zhongyi Vil. Sponsorship	30,000	60 persons



2.5.4 Global happiness

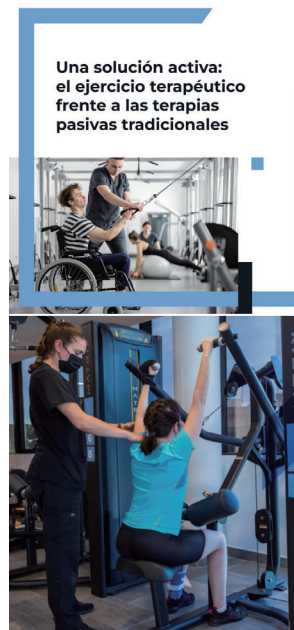
Johnson's products are sold globally, and our brands make a positive impact worldwide. Beyond the sports industry, Johnson also engages with education and healthcare sectors to promote health and happiness across the globe.

▶ Rehab Center, Spain: Contribute to Rehabilitation Workers

Rehabilitation Gym is a professional rehabilitation and fitness center that provides services for individuals with limited mobility. By sponsoring a total of EUR 5,000 worth of equipment, Johnson has enabled the center to use various Matrix sports equipment, including Matrix Versa, Magnum Strength, and Varsity Perfect Squat, in conjunction with aerobic exercise methods to provide customers with customized physical training. As a result, they have developed a tailored exercise program that can effectively improve customers' physical coordination, muscle strength, posture, toughness, concentration, sensitivity, and other physical needs in a short period of time. Through the use of Matrix equipment and personalized training plans, Rehabilitation Gym is committed to empowering customers to improve their overall health. The partnership with Matrix enables Rehab Gym to provide first-rate fitness solutions to positively impact the lives of people with limited mobility in Madrid. It is estimated that over 300 patients, including those with nerve damage, stroke, spinal cord injuries, traumatic brain injury, and other conditions have benefited as a result.

▶ Heart-warming support: We have collaborated with the De Harde Leerschool Foundation in the Netherlands to help disadvantaged workers reintegrate into society.

A partnership between Johnson and the De Harde Leerschool Foundation in the Netherlands to help people reintegrate into society and get back on track. In 2023, Johnson sponsored a total of 27,000 euros to help the foundation organize related training and training activities, such as using the operation of a rugby team to unite team capabilities and self-affirmation. Johnson subsequently supported the foundation in the production of digital videos to expand publicity. The publicity enabled more people to know the foundation and donate money or efforts to help more disadvantaged workers reintegrate into society. A total of 186 workers have participated in the project, and more than 20 related activities have been organized.





3

Chapter



Trust

Reliable ethical governance

- 3.1 Corporate governance
- 3.2 Ethical management
- 3.3 Compliance
- 3.4 Tax policy
- 3.5 Risk management
- 3.6 Information security
- 3.7 Supplier management

Our commitment

Johnson's business and sales offices are all over the world. To cope with different requirements in the regulations for different countries, we deeply know that we need stable governance approaches to adapt to and comply with these requirements. Based on ethical governance, we comply with national regulations, create a comprehensive governance structure, fully disclose information openly and transparently, and continue to enhance the company's governance approach, to respond to expectations from stakeholders. We are committed to discussing risks and countermeasures closely with all operations management units earnestly and responsibly, to cope with all kinds of impacts, and become a gym technology company reliable for everyone.

3.1 Corporate governance

3.1.1 Governance organization structure

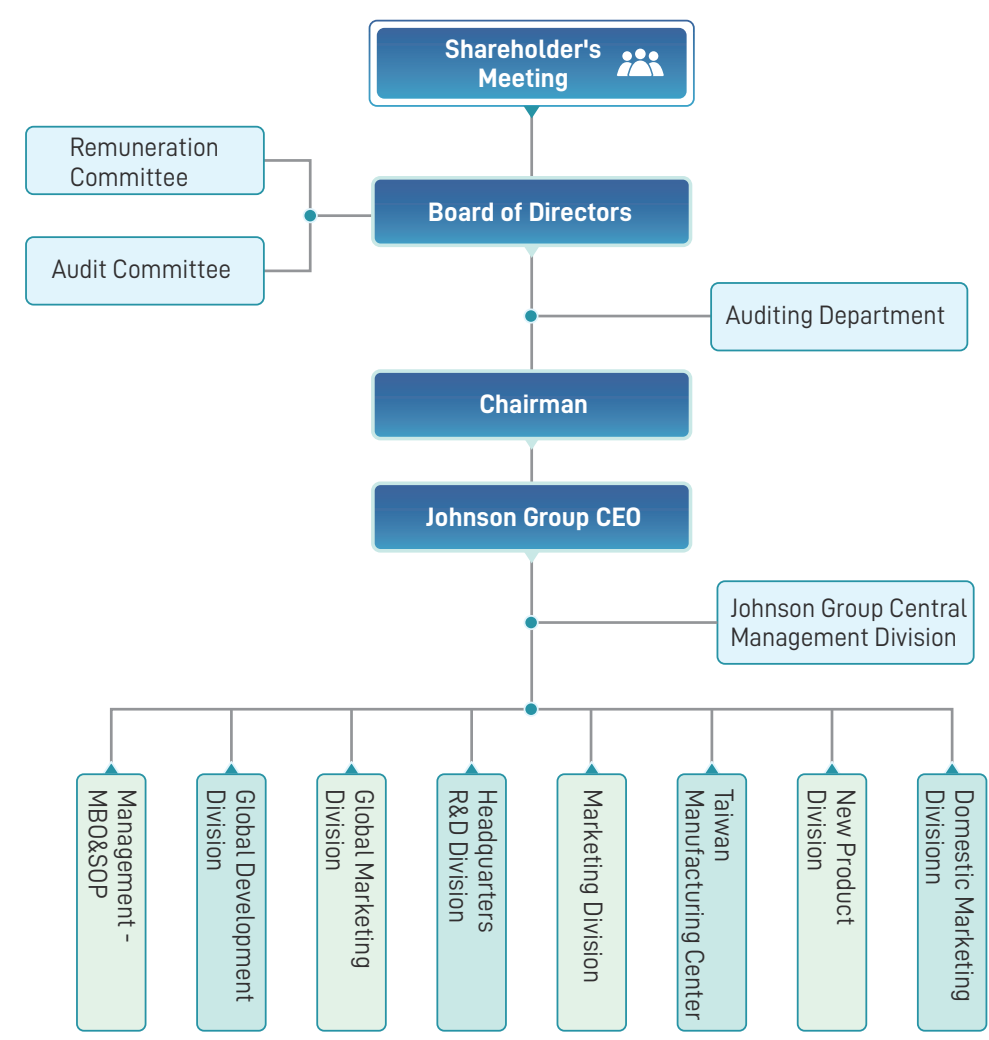
▶ Johnson's organization structure 2-9 2-10 2-11 2-15

As the top governance unit of Johnson, the Board of Directors is in charge of the management and supervision of company operation. The functional committees, the "Audit Committee" and "Remuneration Committee," are under the Board of Directors. We have formulated the "Corporate Governance Best Practice Principles", appointing an assistant vice president of finance as the highest person in charge of corporate governance-related affairs, and assign appropriate relevant corporate governance personnel to be in charge of managing matters related to the holding of the Board of Directors meeting and shareholders' meeting, preparation of the meeting minutes of the Board of Directors meeting and shareholders' meeting, helping directors with taking office and continuing education, offering information the directors needed for performing business, helping directors comply with regulations, reporting the meeting notice, discussion, and articles amendment.

Corporate governance executive

Implementation of advanced studies for corporate governance executive in 2023			
The institution for advanced studies	Course name	Number of course hours	Total number of hours for advanced studies of the year
The Institute of Internal Auditors-Chinese Taiwan	Analysis of the Regulations Governing Lending of Funds, Making of Endorsements/Guarantees, and Acquisition of Disposable Assets	6	12
Accounting Research and Development Foundation	Common deficiencies in internal control management and practical case analysis	6	

Johnson's organization structure



▶ Selection of the members of the Board of Directors





We believe in ethical governance. To ensure that directors may exercise rights independently, the Company formulated the "Regulations for Election of the Directors" and "Regulations for Discussion at the Board of Directors." Open, accumulated ballots are used for director election. Shareholders may decide to exercise voting rights electronically or onsite voting. Independent and non-independent directors are voted on at the same time. The number of elected independent and non-independent directors are counted separately.

It is required that no more than half of the directors elected can be the spouse or second-degree relative of each other. If a director or the entity they represented has stakes in the agenda, they shall explain the important part of the stakes at the current Board of Directors meeting. If there's concern that the company interest might be harmed, the director is not allowed to discuss or vote. In addition, the director shall recuse during discussion and voting, and must not entrust another director to exercise their voting rights.

Johnson actively fulfills the independence requirements of directors. In accordance with the "Corporate Governance Best Practice Principles," it has established at least two independent directors with no fewer than one fifth of the total number of directors. Among the functional committees under the board of directors in 2023, the Audit Committee is composed of all independent directors, and the Remuneration Committee is composed of half of the independent directors and an external party with commercial, legal, financial, accounting, and work experience required by the Company's business.

▶ Functional committee

Johnson established the Audit Committee and Remuneration Committee under the Board of Directors based on the authority and function. The "Audit Committee Charter" and "Remuneration Committee Charter" have been stipulated to fulfill supervision of internal control in the company, and review the performance evaluation standard of director and manager. The following explains convening of the "Audit Committee" and "Remuneration Committee" in 2023:

Committee	Frequency of meetings	Function	Member	Title	Attendance	Regulation
 <p>Audit Committee</p>	Hold at least one meeting per quarter (A total of 4 meetings were held in 2023)	<ul style="list-style-type: none"> • Help the Board of Directors supervise the quality and integrity of accounting, audit, financial reporting process and financial control of the Company. • Adequate expression of the financial statement of the Company • Election, dismissal, independence and performance of CPA • Appointment and removal of financial, accounting or internal audit executive • Effective implementation of internal control of the Company • Make sure that the Company complies with relevant regulations and rules 	Hank Lin	Convener Independent director	100%	Audit Committee Charter 
			Jui-Lin Liu	Independent director	100%	
			ChungHsian Liu	Independent director	100%	
			Wen-Ren Chung	Independent director	100%	
 <p>Remuneration Committee</p>	Hold at least two meetings a year (A total of 3 meetings were held in 2023)	<ul style="list-style-type: none"> • Help the Board of Directors execute and assess the remuneration policy, system, standard and structure of the Company, to fulfill corporate governance and strengthen the remuneration system of the director and manager of the Company. • Assist the Board of Directors in formulating and regularly reviewing policies, systems, standards and structures for performance evaluation and remuneration of directors and managers. • Set the remuneration of director and manager, and evaluate it regularly. 	ChungHsian Liu	Convener Independent director	100%	Remuneration Committee Charter 
			Hank Lin	Independent director	100%	
			Shu-Wen, Lin		100%	

Note: Johnson's Audit Committee and Remuneration Committee were subject to re-election in June 2023. The previous Remuneration Committee convened once in June 2023. Except for member Yu Chao Tang, all members attended the meeting at a rate of 100%.

3.1.2 Operation of the Board of Directors

2-10

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Johnson's Board of Directors is established based on the regulations and the articles of association. It is convened once every quarter. It exercises authority based on the resolution of the shareholders' meeting. To adapt to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" stipulated by the competent authority, we set up the "Corporate Governance Best Practice Principles" to establish the governance system. We endeavor to guarantee shareholder's rights, reinforce the function of the Board of Directors, increase information transparency, elaborate the function of the committee, and respect the stakeholder's rights.



Articles of Association



Corporate Governance Best Practice Principles

Members of the Board of Directors

Title	Nationality	Name	Gender	Executive/ Non-executive director	Age	Accumulated term of office (years)	Industry experience ^(Note 1)	Professional background and competence						
								Business judgment	Accounting finance	Operation management	Crisis management	Domain knowledge	International outlook	Leadership decision-making
Chairman	Taiwan	Peter Lo	Male	Executive	>50	>20	Material, nonessential consumable, finance	✓		✓	✓	✓	✓	✓
Vice Chairman	Taiwan	Cindy Lo	Female	Executive	>50	>20	Nonessential consumable	✓		✓	✓	✓	✓	✓
Director CEO	Taiwan	Jason Lo	Male	Executive	>50	>20	Nonessential consumable	✓	✓	✓	✓	✓	✓	✓
Director	Taiwan	Spencer Hsieh	Male	Non-Executive	>50	11-20	Nonessential consumable	✓		✓	✓	✓	✓	✓
Director Sales Vice President	Taiwan	May Lo	Female	Executive	>50	1-10	Nonessential consumable	✓	✓	✓	✓	✓	✓	✓
Director	Taiwan	Teresa Lo	Female	Non-Executive	>50	1-10	Nonessential consumable	✓		✓	✓	✓	✓	✓
Director Associate	Taiwan	Crista Lin	Female	Executive	>50	1-10	Nonessential consumable	✓	✓	✓	✓	✓	✓	✓
Director	Taiwan	Vincent Chen	Male	Non-Executive	>50	11-20	Industry	✓	✓	✓	✓	✓	✓	✓
Director	Taiwan	YihHorng, Lin	Male	Non-Executive	>50	11-20	Healthcare	✓		✓	✓	✓	✓	✓
Independent director	Taiwan	Hank Lin	Male	Non-Executive	>50	1-10	Industry	✓	✓	✓	✓	✓	✓	✓
Independent director	Taiwan	ChungHsian Liu	Male	Non-Executive	>50	1-10	Industry, Real Estate	✓	✓	✓	✓	✓	✓	✓
Independent director	Taiwan	Jui-Lin Liu	Male	Non-Executive	>50	1-10	Finance, Industrial	✓		✓	✓	✓	✓	✓
Independent director	Taiwan	Wen-Ren Chung	Male	Non-Executive	>50	1-10	Information technology	✓		✓	✓	✓	✓	✓

Note 1: It is classified based on GICS (Global Industry Classification Standard) Level 1.

Note 2: Johnson's shareholders meeting held a re-election of directors in June 2023. Former directors Ya-Kang Wang and Chung-Jen Fu, and independent director Chao-Tang Yu were officially dismissed on June 28, 2023.

Note 3: Refer to the [2023 annual report](#) and [2023 financial statement](#) for other information such as the term of office of Johnson's director, other important positions of Johnson's director, concurrent position of Johnson's director, shareholder with control power, and intersect holdings.

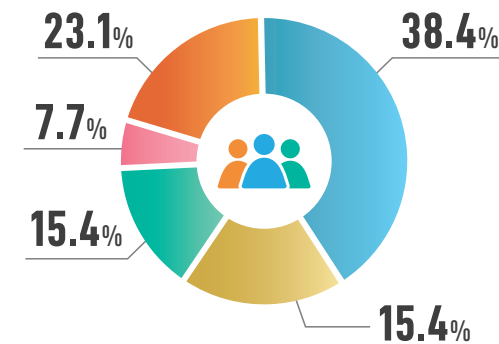
▶ Independence of director

Johnson cares about director independence. To fulfill the requirements of director independence, over half of Johnson's directors in 2023 must not be the spouse or a relative within the second degree of each other to show independence of the Board of Directors. To ensure that independent directors may exercise the power of independent judgment, and make sure that the independent director can elaborate his function for the Board of Directors and company operation, Johnson set up four independent directors out of thirteen directors (30.8%). All independent directors have professional knowledge and do not serve concurrently as directors (including independent directors) of more than five listed and OTC companies. Therefore, directors may maintain independence when performing business.

▶ Director diversity

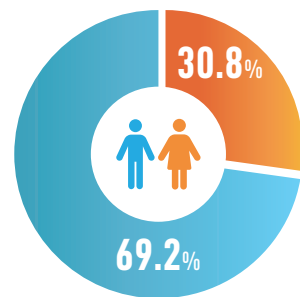
Johnson focuses on director diversity and considers diversity for composition of the Board of Directors. An adequate diverse approach has been stipulated for operation, and operating condition and development. The goal of diversity of the members of the Board of Directors is established, including that in 2023, at least 25% of directors are female or independent. The aspects considered include basic criteria and value, and professional knowledge and skill.

The Board of Directors of Johnson has 13 members, serving as directors for 11.0 years on average. In 2023, the attendance of all directors is 95.9%. All 13 of Johnson's directors have professional and abundant knowledge in different domains such as finance, accounting, business management and medical treatment. Four of them are female (30.8%) and four of them are independent directors (30.8%), over half of all directors. With regard to professional knowledge and skill of the director, the percentage of all directors, female directors and independent directors meet the diversity policy and goal.



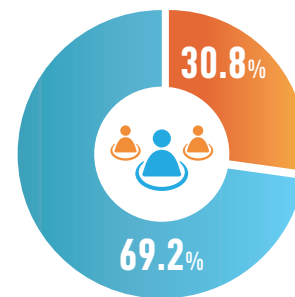
Percentage of the term of the office

- Less than 5 years
- 6-10 years
- 11-15 years
- 16-20 years
- 21 years and above



Percentage of director's gender

- Female
- Male



Percentage of the independent director

- Independent director
- Non-Independent director

▶ Advanced studies of director

Johnson holds fast to ethical management principles. To improve the professional ability of directors, the corporate governance executive notifies directors occasionally and joins in the professional knowledge advanced course held by the relevant unit. In 2023, all directors completed at least 6 hours of advanced courses and 104 hours of advanced courses in total, 8.0 hours per director on average. Courses include sustainable operation, information security, ethical and fair customer treatment, risk management and internal control, and authority of functional committee. Expertise and advanced studies of directors are included in the outcome of performance evaluation. Johnson continues to enhance expertise of directors to optimize and elaborate the supervision function of the directors.

▶ Performance evaluation of director

To enhance the operational efficiency of the Board of Directors, and effectively increase operational performance of the company, Johnson evaluates performance of directors regularly. The Remuneration Committee also reviews the performance evaluation indicators of the Board of Directors regularly. The outcome of the performance evaluation of the Board of Directors is used as the reference for election and nomination of directors. The outcome of individual director performance evaluation is used as the reference for setting the individual remuneration. Director performance evaluation includes the performance evaluation of the overall Board of Directors, individual director member and functional committee, and the highest score of each evaluation item is 5. In 2023, the result of the director performance evaluation shows that the average the of self-evaluation of operating performance of the members of the Board of Directors is 4.80 points. The self-evaluation performance of the members of the Board of Directors is 4.83 points on average. The self-evaluation of operating performance of the Audit Committee is 4.85 points on average. Refer to our [annual report](#) for details.

Self-evaluation for operational performance of the Board of Directors

Evaluate whether the Board of Directors fulfills the responsibility for guidance and supervision of the company strategy, significant business and risk management, and creates an adequate internal control system, to enhance the overall operation and meet corporate governance requirements.

Five self-evaluation aspects

- Degree of engagement in company operation
- Enhance quality of decision-making of the Board of Directors
- Composition and structure of the Board of Directors
- Election and continuous advanced studies of directors
- Internal control

Self-evaluation for performance of the members of Board of Directors

Evaluate whether the director keeps track of the efficiency and effect of operation of all indicators.

Six self-evaluation aspects

- Keep track of the goal and task of the company
- Understanding of the responsibility of the director
- Degree of engagement in company operation
- Operation and communication of internal relationship
- Expertise and continuous advanced studies of director
- Internal control

Self-evaluation for operating performance of Audit Committee

Evaluate whether the Audit Committee fulfills the responsibility for guidance and supervision of company strategy, significant business and risk management, and creates adequate internal control system, to enhance the overall operation and meet corporate governance requirements.

Five self-evaluation aspects

- Degree of engagement in company operation
- Understanding of the responsibility of the Audit Committee
- Enhance decision-making of Audit Committee
- Composition and member election of the Audit Committee
- Internal control

▶ Remuneration of director

According to the "Remuneration Committee Charter," Johnson's Remuneration Committee formulates and regularly reviews the remuneration policy, performance evaluation standard, and annual and long-term performance goal of the director and manager. Considering the outcome of individual performance evaluation, time invested in, responsibility, goal achievement, short- and long-term business goal progress of the company, financial situation of the company, expertise and advanced studies of director (including ESG sustainability cognition), Johnson assesses rationality of connection between personal performance and operating performance and future risk of the company. Based on the result of comprehensive assessment, the remuneration of directors and managers has been set up, and report them to the shareholders' meeting for approval. In 2023, the median ratio of the total highest individual remuneration of the organization is 12.43 times the total annual remuneration of other employees. The ratio of the increased median of the total highest annual individual remuneration of the organization is 1.5 times the ratio of the increased median of the total highest annual remuneration of other employees. Refer to information of [2023 annual report](#) for the director's remuneration in 2023.

3.2 Ethical management

3.2.1 Ethical system

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▶ Ethical engagement regulations

Johnson adheres to the corporate culture spirit of "Sincerity, Professional, Ambition," and implements corporate governance based on ethical management. To enact all ethical regulation policies, and set up a good corporate governance and risk control mechanism, in order to pursue sustainable development, we draw up the "Codes of Ethical Conduct for Directors, Supervisors and Managers" for all directors and managers to comply with. The company's directors and employees must keep any information they learn when performing duties and such information that has a significant impact on the trading price of futures and securities strictly confidential before open disclosure. Directors or employees must not be engaged in insider trading. Furthermore, Johnson has on June 16, July 14, and August 8, 2023, sent information related to public briefing of insider equity transaction law compliance to all directors and managers. Occasionally, common patterns specified in the Violation of the Securities Exchange Act are promoted to managers and employees to continue to motivate employees to focus more on ethics.

The "Operating Procedures for Prevention and Management of Insider Trading" is mapped out by Johnson in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies." The reporting system has been set up. The audit and legal affairs departments accept the reported cases and report execution of handling to the Board of Directors every year. In addition, Johnson aims to ensure that the Company's employees have not sought private gain or been engaged in embezzlement, conducted misdemeanors, divulged secrets or made a fraudulent report, and demands employees not accept entertainment invited by the supplier or the property given by the supplier. Therefore, Johnson has set up the "Work Rules" to require all executives and employees of the Company to abide by professional ethics and conform to enterprise ethics and ethical principles. The reward and punishment mechanism for employee reporting unlawful act is specified in the "Work Rules." A minor merit or higher reward will be honored to the employee reporting the violation. The employee is encouraged to report ethical violations. In 2023, Johnson has reviewed all business locations of the Head Office. There was no litigation or sanction involved with corruption or bribery, fraud, insider trading, anti-competitive practice, antitrust practice, monopoly conduct, or market manipulation. In conclusion, Johnson judges that there is no major corruption risk in 2023.

▶ Ethical education training

Johnson conducts newcomer education and training for all new employees for more than 6 hours, including the promotion of work rules and ethics. In 2023, a total of 227 new employees were hired, accounting for 16.8% of the entire workforce; in 2023, all 13 directors received education and training on ethical corporate management. The education and training completion rate was 100.0%. Moreover, to strengthen promotion of internal control and prevention of insider trading in the Company, Johnson conducts education training for the company employees and audit department every year. The primary execution in 2023 is as follows:

Course type	Target audience	Course topic	Average number of course hours	Number of participants of the course
Internal course	All colleagues	Promotion of 2023 Internal Control Self-Evaluation Homework	0.5	1,224
		Education on Insider Trading Prevention	0.5	1,224
	Auditing Office	Publicize common internal control deficiencies	0.5	2
		Internal Audit Courses	1	2
External course	Auditing Office	Courses related to The Institute of Internal Auditors-Chinese Taiwan	6	4
		Courses related to Accounting Research and Development Foundation	8	2

In 2023, all new employees in Taiwan received integrity education training (a total of 227 people, accounting for 16.8% of all employees in Taiwan). Integrity education training for all new employees at the Shanghai and Vietnam factories is planned to begin in 2024.

▶ Reporting system

Johnson set up a reporting system for violation of ethics. A reporting and appeal channel is available for actual and potential stakeholders. The Auditing Office handles the report diligently. After confirming that the report is true, the employee will be warned, subject to minor demerit, major demerit, demoted or dismissed, depending on the severity of violation. Violation includes embezzlement or misappropriation of public funds, illegal possession and disposition of company property, damage to the company or employees due to forgery and misinformation; breach of the company's internal confidential information and customer relationship information; bribery/private gain seeking/collusion; violation of the law and regulation of the company; violation of the company's financial system, affecting accuracy of the company's financial statement; and damage to personal reputation and the company's reputation or interest. The Auditing Office and the authority later on examine the cause of the incident, bring up improvement measures, and promote the improve measures to employees to prevent similar incidents.

3.3 Compliance

3.3.1 Compliance management

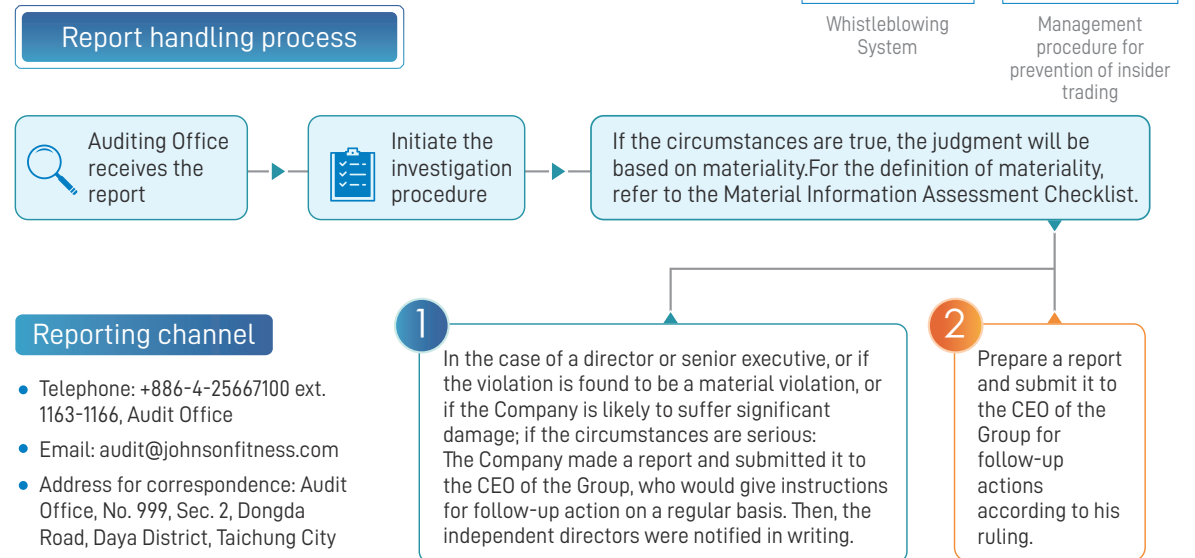
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▶ Authority

Johnson strictly complies with regulatory requirements. The legal affairs department is the authority for receiving regulations, and closely pays attention to all policy and regulation trends that may impose material impact on company business finance. After receiving regulation notice, the legal affairs department filters notices related to different businesses, examines whether there's a risk of violation,

Reporting method



Whistleblowing System



Management procedure for prevention of insider trading

and announces regulation precautions to the relevant employee. Moreover, to make sure all units implement regulatory requirements, Johnson set up an internal auditing unit under the Board of Directors specialized in internal audit. Every year an audit plan has been drawn up by the auditing unit to examine how all units comply with regulatory requirements. For mistake and abnormality, handling measures will be implemented and an improvement plan will be formulated. Improvement progress will be examined to ensure that there's no problem with internal control.

▶ Policy regulations

Johnson draws up and executes government policy and internal company regulations to comply with regulatory requirements. The authority brings up policy formulation requirements when necessary and announces to approve policy formulation depending on the level of authority.

▶▶ Execution method

Johnson holds the "New Employee Guideline" course for all new employees on the on-board day for them to understand the daily rules and relevant regulations of the Company. Based on the government's regulatory requirements and company policy requirements, Johnson occasionally provides training on general education regulations to make sure that company's employees understand and comply with regulatory notices.

3.4 Tax policy

3.4.1 Tax policy 207-1

▶▶ Tax governance policy

To carry out tax governance, Johnson appoints the CEO, the top manager, as the person in charge of tax management, assessing the tax impact and approving all important decisions of the Company. The CAO is in charge of daily tax execution and management. Experienced personnel assists the CAO with tax tasks. Furthermore, Johnson hires an external unit to offer professional tax counseling to comply with tax policies and regulations of different countries.

There are subsidiaries and dealers of Johnson Group all over the world. To respond to global anti-tax evasion trends and comply with related tax law requirements of the country where all subsidiaries and business locations are located, Johnson assures not to set up a subsidiary or business location in tax havens or low tax countries to avoid tax regulations. Johnson demands all subsidiaries adhere to the tax principles below:

▶▶ Tax information

The 2023 tax information of Johnson is as follows:

Unit: Person; NTD thousand

Tax jurisdiction	Major operating activities	Number of employees	Net interest income	Revenue	Pre-tax profit	Income tax paid/payable
Taiwan	Manufacture of CPR series of exercise machines	1,224	191,068	13,952,940	821,815	111,478
China	Manufacture of CPR series of exercise machines	1,199	5,992	9,071,434	6,336	-
Vietnam	Manufacture of CPR series of exercise machines	893	182	1,795,127	(63,852)	-

Note: Refer to [2023 annual report](#) for Johnson's tax information.

In 2023 at Johnson, there is no major violation, violation against product and service health or safety regulation, non-compliance with information or labeling regulation of product or service, noncompliance to marketing communication regulation, or complaint with customer privacy invasion confirmed or customer data loss confirmed.

- Conform to tax policies of the area where each business location is located, and pay tax as required by law.
- Do not plan for tax evasion. Do not transfer profits to tax havens or low tax countries.
- Make sure that tax information is transparent. Comply with financial reporting standards and annual report disclosure rules. Maintain an open, adequate relationship with tax authorities.
- Put tax impact into consideration for important company decisions. Consider the best benefit and create shareholder values.
- The OECD publishes internationally recognized pricing principles and trades with affiliates on the premise that we comply with arm's length transactions.

3.5 Risk management

3.5.1 Risk management culture

▶ Risk management organization

All departments of Johnson convene discussion meetings regularly. They communicate and discuss with each other intensively regarding international and industrial trends and relevant risks encountered. They carry out internal management for related risks and prepare response strategies.

▶ Internal control system

Johnson maps out the internal control system according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies." The system is approved by the Board of Directors. The internal audit unit formulates the audit plan every year to conduct examination.

Refer to Internal Control Statement Announcement of the MOPS for internal control execution in 2023.

▶ Internal audit system

Johnson set up the internal audit unit under the Board of Directors specialized in internal audit work. Qualified full-time internal auditors in an adequate quantity are appointed depending on the company size, business situation, management need, and other relevant regulations, including internal audit executive and internal subordinate auditors, three in total.

Internal auditors adhere to the spirit of independence and conduct their tasks thoroughly, objectively, and fairly. Besides reporting the audit operation to all independent directors regularly, the audit executive shall report at the Board of Directors' meeting.

An annual audit plan has been set up for Johnson's internal audit business based on the risk evaluation result. The audit item, time, procedure and method have been specified explicitly. Auditors regularly or occasionally conduct onsite audit. The working paper and relevant information are attached to the audit result and made into an audit report and submitted for approval. The result will be followed up and improved to ensure effective implementation of Johnson's internal control system.

All internal units of Johnson are urged to check the effectiveness of the overall internal control system themselves for the Board of Directors and the CEO to assess the overall validity of the internal control system. The evaluation of effectiveness is the primary basis for providing the declaration of internal control system. Declaration of internal control system is approved by the Board of Directors. It is announced and declared on the website specified by the FSC and published in the annual report three months after the end of every fiscal year.

▶ Appointment and removal of internal audit executive and internal auditor

The appointment and removal of the internal audit executive at Johnson is agreed by the Audit Committee and submitted to the Board of Directors for resolution. Annual appointment, removal, appraisal and remuneration of the internal audit executive and internal auditor are executed according to the "Employment and Appointment Procedure of the Head Office of the Group," "Labor Relations Termination Procedure of the Head Office of the Group," "Appraisal Management Procedure of the Head Office of the Group," "Salary Management Procedure of the Head Office of the Group," "Performance Bonus Distribution Procedure of the Head Office of the Group," and "Year-end Bonus Distribution Procedure of the Head Office of the Group."




3.5.2 Risk management mechanism 2-12

▶ Risk identification and management

To respond to international sustainability trends and operation development of the Group, Johnson draws up a management approach for all kinds of risks, including financial management, climate change and information security. All units estimate impact and materiality for Johnson occasionally based on the trend information, and internally discuss these risks and respond to them. They convene all relevant units to deliberate on these risks when necessary.

▶ Risk identification result and coping strategy

All types of risks in 2023 at Johnson are shown below:

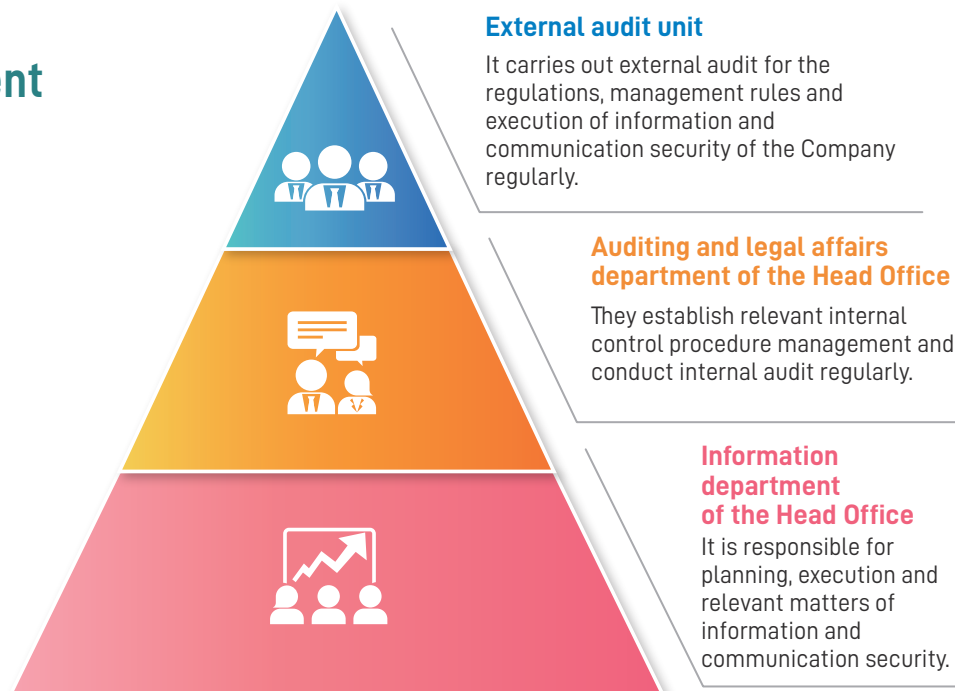
Sustainability topic category	Environment	Society	Corporate governance		
Risk name	Global climate change	Risk of shipment delay	Geopolitical risk	Cybercrime and information security	Risk of inflation and war
 Risk description	<p>Increase of extreme climate events are incurred from aggravated global climate change (e.g. drought, torrential rain), leading to soaring physical climate-related risk. Furthermore, all countries gradually raise the requirements for corporate carbon reduction, so the policy and regulation risk are enhanced accordingly.</p>	<p>The Israel-Palestine War broke out in October 2023, and was followed by the Red Sea crisis triggered by the repeated attacks by Yemeni anti-government armed groups on Israel and merchant ships passing through the Red Sea. As a result, many merchant ships were forced to change their routes, increasing the itineraries of goods by up to two weeks and doubled the freight rate on the Europe-Asia route.</p>	<p>In April and August 2023, a series of "joint patrol and inspection operations in the central and northern Taiwan Strait" were carried out on the other side of the Taiwan Strait.</p>	<p>Cyber-ransomware attacks are a major threat to information security. High-tech and electronics manufacturing industries are not the only industries victimized. In the second half of 2023, traditional manufacturing and service industries such as pharmacies, automobiles, electrical machinery, tourism, plastics, chemicals, and biotechnology are severely threatened, and no industry can stay away from it, which has also led to higher requirements for information security management of enterprises.</p>	<p>In 2023, the impact of high inflation in 2022 will continue. Although it was temporarily restrained by the rise of interest rates by central banks around the world, it has not reached the acceptable range and tends to rebound.</p>
 Impact on Johnson	<p>If Johnson cannot prepare for climate change in advance and adapt to climate change in time, all kinds of risks such as market, technology, reputation, regulation and physical risk will occur.</p>	<p>The prolonged shipping time extends the delivery time between the Company and customers, resulting in increased default and reputation risks. The increase in transportation costs is also negative for the Company's gross profit margin.</p>	<p>Geopolitical conflicts may cause operational disruptions to Johnson Group's headquarters and Taiwan factory.</p>	<p>Cyberattack may lead to breach of company confidential information. The company compliance risk is increased to meet the EU GDPR (General Data Protection Regulation).</p>	<p>Climbing global raw-material price may give rise to increase in raw material and transport cost of product. Inflation impacts financial income of the company.</p>
 Countermeasures	<p>Since 2022, Johnson has gathered all units to discuss impact materiality and occurrence of various climate-related risks. In the meantime, Johnson sets up response strategies and management goals for various material climate-related risks, examines progress regularly and conducts rolling adjustment. In 2023, Johnson conducted scenario analysis on physical climate and transition risks. For the analysis results and countermeasures, please refer to the reference.</p>	<p>Johnson has communicated with customers on the affected routes in advance and placed orders in advance to build inventory and reduce the impact of prolonged transportation time.</p>	<p>Johnson holds the risk management and countermeasures discussion meeting of the Group for possible risk of operation interruption led by geopolitics. Discussion includes increasing inventory in Taiwan and China to ensure that there's no impediment to production in other nations, assessing the risks of production in new countries, establishment and backup of information system, preparation for capital turnover, and countermeasures such as conducting privilege management on leadership teams in different countries when necessary.</p>	<p>Every year Johnson conducts and reinforces drill, testing and promotion for cyberattack, expecting all employees to prevent information security risks. To adapt to GDPR rules, Johnson entrusts a third-party agency to carry out DPIA (Data Protection Impact Assessment), appoints the DPO (Data Protection Officer) at the Group's Head Office in Taiwan, and builds an exclusive SAP hardware backup machine room in Germany. To meet information requirements in different areas, such machine room will be built in other EU regions.</p>	<p>Johnson communicates with all suppliers closely, prepares sufficient inventory beforehand, and responds to risk of material and delivery time in time. We occasionally discuss financial risk internally, prepare countermeasures and conduct regulation and control via derivatives to stabilize impact on company's finance.</p>

3.6 Information security

3.6.1 Structure of Information Security Management

▶ Information security management structure

Work distribution management details for information security management have been specified by Johnson. As for internal information security management, the information department of the Head Office is responsible for drawing up information and communication safety policy of the Group, planning and conducting information and communication security operation, and promoting and executing information and communication security policy. The auditing and legal affairs department are responsible for supervising internal information and communication security of the Company regularly. For any deficiency found, the unit under investigation is required to propose relevant improvement plans and make improvements immediately. Regular follow-up of improvement outcomes is executed to reduce the risk of internal information and communication security. Moreover, to ensure the outcome of information security management, we authorize a third-party external audit unit to audit the regulations, management rules and execution of information and communication security of the Company regularly. For any deficiency found, the unit under investigation is required to propose relevant improvement plans and make improvements immediately. Regular follow-up of improvement outcomes is executed to reduce the risk of information and communication security of the Company.



▶ Information and communication security policy regulations

Johnson cares about information and communication security. Through appropriate system planning, procedure regulations and administrative management, Johnson aims to prevent all information and communication systems from interruption, damage, intrusion or any inadequate behavior due to any factor. The purpose is to prevent internal and external threats, maintain the information and communication system security, and ensure continuous operation of the Company. The Head Office and subsidiary of Johnson Group, the vendor for establishment and maintenance, and other authorized personnel must comply with the "Information and Communication Security Management Policy" stipulated by Johnson. Therefore, we can protect the information and communication system from improper use or sabotage, respond to emergencies such as improper use and sabotage of the information and communication system, resume operation in the shortest time possible, and mitigate possible economic harm and operation interruption brought by the emergency. In addition, to adapt to the EU GDPR (General Data Protection Regulation) rules, we authorize a third-party agency to carry out DPIA (Data Protection Impact Assessment), appoint the DPO (Data Protection Officer), and build an exclusive SAP hardware machine room in the EU region to meet information security requirements.



Information and communication security management policy

3.6.2 Implement information security protection 418-1

According to the "Implement Information Security Policy," Johnson draws up numerous information security management plans to fulfill information security protection. The goal is to guarantee security of Johnson's software, equipment and internet, and ensure continuous business operation.

▶▶ Information security protection execution measures

Numerous information security protection measures have been drawn up for information security protection by Johnson. The information department is in charge of protection. The audit unit supervises protection every year and guarantees implementation of all types of measures. Information security protection execution measures include:

Information security protection measures



Personnel information security and communication awareness and training



Information and communication security management



Information machine room maintenance



Information and communication system and data protection



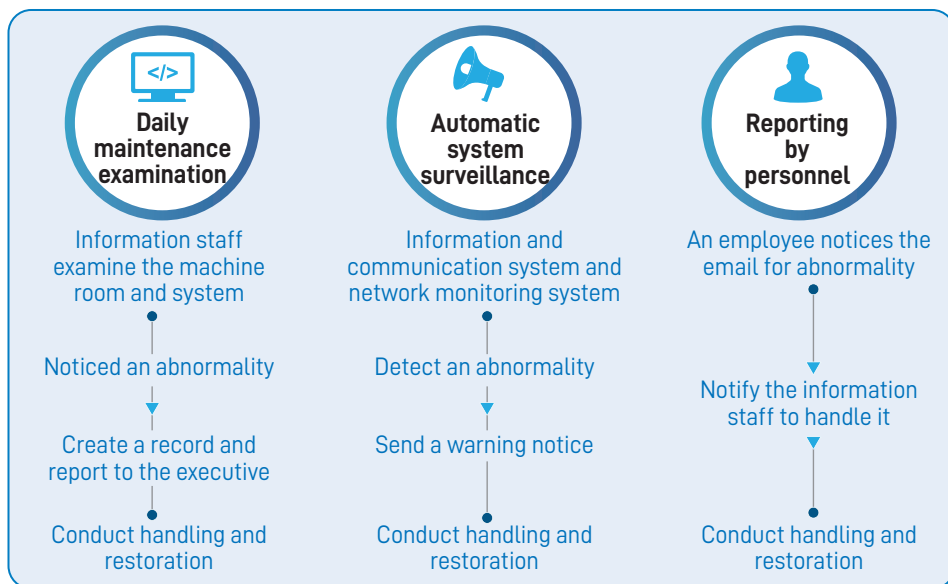
Information and communication system and network monitoring

Execution content of information security protection

- Provide frequent information and communication security education training and promotion to employees of the Company to help personnel learn more and become aware of information and communication security, and reduce impact of internal anthropic factor on information and communication security.
- Equipment such as the computer host and all servers shall be set up in an exclusive machine room and managed by the information unit. Unauthorized access to the machine room is not allowed. Visitors who need to enter the machine room for maintenance when necessary must be accompanied by information personnel and sign the access control list.
- Personnel are arranged every day to record whether there is an abnormality on the rotation check sheet of the machine room network maintenance. Any exception must be recorded and reported to executives of all levels according to the abnormality handling process.
- The person in charge of system backup checks exceptional conditions of the host backup every day, records the exception and conducts backup again after the abnormality is corrected.
- Remote storage is available for all system and data backup.
- Backup restoration drill and recording are conducted every year. Amend the procedure for post-restoration drill test.
- In 2023, we completed 2 ERP restoration drill tests and 4 meetings, 10 various system restoration drill tests, and 1 phishing email drill test and meeting.
- Set up the monitoring system to monitor operation and resource use of all systems and ensure operation of all systems.
- Create a network monitoring system to observe network status and broadband use in all areas to ensure sufficient network broadband and network performance in all areas.
- When an exception occurs to the system and network, the monitoring system sends a warning, and immediately handles or repairs the problem when necessary, to maintain operation of the Company.

▶ Information security incident reporting

Johnson set up the information and communication system and network monitoring system to monitor abnormality of the system automatically. A warning is sent to relevant personnel to make sure that the abnormality of the system is handled and repaired immediately. For external suspicious emails, Johnson promotes information security knowledge to require all employees to follow the Three No's, not being tricked, not open and not to click; report to the information department, and the personnel of the information department will handle the email. There is no information breach or information security incident reported at Johnson in 2023. Besides this, the Head Office is not the direct contact of the customer. Relevant personal customer information is managed by subsidiaries in charge of business. Therefore, no customer privacy infringement or customer data loss occurred in 2023 at Johnson.



▶ Information security incident communication and response

Johnson's information department is in charge of handling the information and communication security incident. It communicates with the accountable executive and staff of relevant units and proposes improvement measures. Meanwhile, the information department promotes information security to employees of the Company more to avoid recurrence. In 2023, there

was no major information or communication security incident, property loss or impact on company operation due to an information security incident at Johnson.

2023	Group Headquarters and Taiwan factory	Shanghai factory	Vietnam factory
Cyber security breach incidents	0	0	0
Violation of customer privacy or loss of customer data	0	0	0

3.7 Supplier management

3.7.1 Supplier management

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As a leader in global gym product manufacturing industry, we are confident in our products and we have extremely high quality requirements. We are well aware that materials purchased from the supplier will eventually become a part of our products. Therefore, we comply with regulations and strict requirements and demand suppliers to comply with the regulations and requirements as strict as ours.

Johnson emphasizes sustainable management of suppliers. The Material Department is in charge of selection of new suppliers and regular evaluation of suppliers. By evaluating suppliers and guiding disqualified suppliers, Johnson keeps track of suppliers and reduces the risk of all suppliers. As for sustainability requirements, our regulations contain requirements in environmental, social and governance aspects. To adapt to sustainable supplier management, the "Supplier Management Team" is established to conduct appraisal and guidance and track supplier improvement regularly. In 2023, suppliers were managed mainly by the Group's headquarters and the Shanghai factory. Since the Vietnam factory is still in its early stage and will continue to optimize various management systems, some supplier disclosures in this chapter are not included in the Vietnam factory information.

▶ Supplier management regulations

To urge suppliers to increase performance in economic, social and environmental aspects, achieve the sustainable development goal, and build a sustainable supply chain with suppliers, Johnson formulated the "Supplier Management Policy" and disclosed it on the company website. Regular evaluation, management and communication with suppliers are implemented, expecting to become supplier's partners and achieve sustainability and co-prosperity.

In addition, to comply with regulatory requirements in all regions, we demand suppliers abide by Johnson's management rules in aspects including labor, health and safety, environment, business ethics and management system, including:

- We require suppliers stay committed to good faith and honesty, and forbid suppliers from offering or accepting any type of bribery or kickback.
- We strictly protect industrial secrets and prohibit suppliers from disclosing secrets or infringement.
- We and suppliers protect the environment and attempt to carry out environmental measures such as energy, waste and water resource improvement, and reduction of GHG emission.
- To meet environmental requirements from the international society, we require suppliers assure that materials they offer meet standards related to environmental requirements.
- We strive to prevent work injury and accident, and demand suppliers abide by health and safety regulations to make sure that suppliers are safe when they visit the factory.



Supplier management regulations

▶ Establish a sustainable supply chain

Johnson has built an effective bridge of communication with suppliers through the Supplier Relay (SRM), actively conducts two-way communication with suppliers, and ensures that the sustainability philosophy of Johnson and supplier partners matches through three major management methods of sustainability commitment, due diligence and education and training.

Sustainability Commitment

Formulation of Sustainability Commitment to address different aspects such as ethics, labor human rights, environmental sustainability, product safety, prohibition of conflict minerals, and request suppliers to make a commitment to jointly respond to sustainable development.

Education training

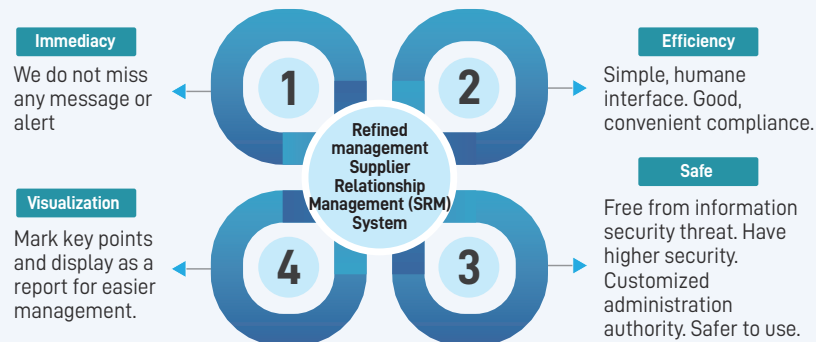
Reach consensus with suppliers by signing the Letter of Undertaking, publish a promotional video in the supplier's SRM system to enhance communication and enhance supplier awareness, and focus on promotion at the annual supplier conference to promote two-way communication with suppliers.

Due Diligence Investigation

Risk rating for suppliers, screening and guidance of qualified suppliers, regular evaluation of suppliers, evaluation and control of suppliers' technical capabilities, product quality, delivery time, environmental management, and on-site audits are effective in reviewing the actual conditions of suppliers.

Our management advantage

We are well aware that supplier partners are important assets for corporate sustainable development at Johnson. To achieve the ESG prospect and objective with suppliers, we maintain a great, transparent, open relationship with suppliers. By building the Supplier Relationship Management (SRM) System, we promote important standard documents and policies to suppliers, and disclose supplier appraisal results. Therefore, suppliers can find our latest announcement, communication and improvement in time, and hence we can ensure smooth communication with suppliers. Every year we hold the supplier conference, offer a communication channel, listen to and accept supplier feedback, continue to strive for progress, and improve supplier management.



Supplier communication

The upstream of Johnson is mainly composed of raw material manufacturers and suppliers. In 2023, our Taiwan factory had a total of 263 supplier partners, including 234 domestic suppliers (accounting for 89.0 % of the total number of suppliers) and 16 foreign suppliers (accounting for 64.0 % of the total number of suppliers). We require suppliers stay committed to good faith and honesty and conduct regular appraisal. No supplier corruption occurred in 2023. Communication of annual anti-corruption issues is as follows:

Communication with suppliers on anti-corruption issues	Taiwan	Overseas	Total
Number of suppliers we communicated with	218	16	234
Total number of suppliers	238	25	263
Percentage of the suppliers we communicated with	91.6%	64.0%	89.0%

Supplier Commitment

Our commitment to customers has always been to ensure product safety. We are proud to provide excellent and reassuring products. We are well aware that achieving product safety protection requires the joint efforts of us and our suppliers. We attach great importance to the risk assessment of the materials provided by suppliers. Regarding the management of hazardous substances and chemicals, to ensure the safe use of materials, Johnson requires suppliers to sign EU RoHS and REACH commitments when establishing relationships with new suppliers. All the materials provided by suppliers must comply with EU RoHS and REACH specifications; for existing suppliers, we will also hold a promotion meeting every two years, asking suppliers to update EU REACH commitment and EU RoHS commitment. In addition, we require suppliers provide quality certification such as ISO 9001 Quality Certification, and Material Safety Data Sheet, to reduce chemical risk of material and ensure the safety of customers' products.

Moreover, to effectively assess the sustainability risks with and transacted suppliers, Johnson formulated the "Johnson Sustainable Development Commitment" in 2023 to integrate the "Supplier Safety and Health Management Commitment," "REACH Commitment," and "RoHS Commitment" with the newly formulated "Supplier Sustainable Development Best Practice Principles." In addition to the requirements for the management of hazardous substances and chemicals in products, the "Supplier Sustainable Development Best Practice Principles" are used to strengthen the requirements for suppliers to comply with human rights, occupational safety and health, and environmental sustainability requirements by reaching a consensus to gradually strengthen the establishment of a sustainable supply chain. In 2023, all newly engaged suppliers fully cooperated, and it is planned to require existing suppliers to cooperate in 2024.

Shanghai factories

Status of signing onto the commitments by suppliers	Transaction suppliers	
	Number of signatories	Percentage of annual transactions
Supplier Commitment		
Basic Trading Contract	18	100.0%
Supplier Management Integrity Policy Declaration	18	100.0%
EU REACH Commitment	18	100.0%
EU RoHS Commitment	18	100.0%

Vietnam factory

Status of signing onto the commitments by suppliers	Transaction suppliers	
	Number of signatories	Percentage of annual transactions
Supplier Commitment		
Supplier Safety and Health Management Commitment	53	100.0%
Supplier Management Integrity Policy Declaration	53	100.0%

AEO Safety Certification Quality Enterprise Certification

When Johnson Shanghai Factory conducted the AEO Quality Enterprise Certification in 2023, the suppliers designated according to the certification requirements provided the Business Partner Trade Security Agreement and the Supply Chain Security Assessment Form. Supplier signatures in 2023 were as follows:

Status of signing onto the commitments by suppliers	Transaction suppliers	
	Number of signatories	Percentage of annual transactions
Commercial Partner Trade Security Agreement	7	100.0%
Supply Chain Security Assessment Form	7	100.0%

Conflict Mineral Due Diligence

Johnson is committed to promoting risk management in the supply chain. To reduce potential human rights risks in the use of product materials, we independently made reference to the regulations of the Responsible Business Alliance (RBA) and formulated the "Conflict Mineral-Free Commitment" for electronics suppliers, which requires suppliers of specific electronic materials to be committed to avoiding the use of materials and reducing materials that may be extracted from areas that may be in areas of armed conflict or that infringe human rights in their extraction. Suppliers shall reference the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI) to conduct due diligence on conflict minerals to ensure that the use of raw materials complies with social justice and protects labor rights.

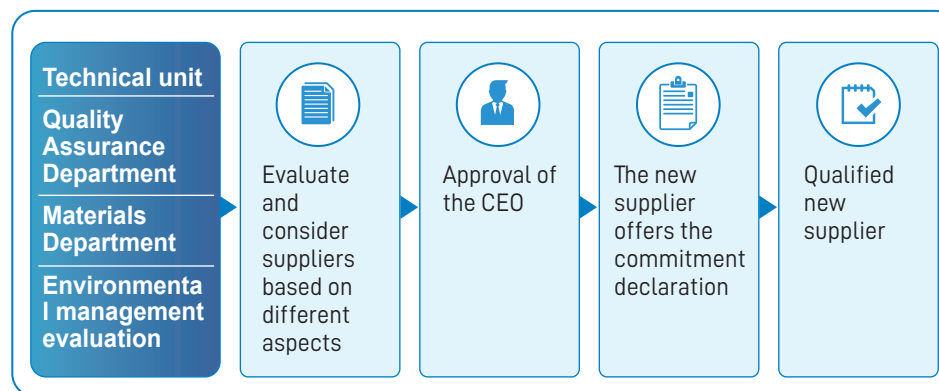
3.7.2 Supplier evaluation

308-1 414-1

▶ Selection of new suppliers

Johnson has formulated the "Manufacturer Evaluation (Price) Procedures" and "Supplier Selection and Management Procedures" for the new suppliers. The technical units, quality assurance, and material supervisors and other relevant units considered different factors and environmental management evaluation results to comprehensively assess the applicability of new suppliers, and ultimately the CEO is responsible for adjudication of the evaluation results; ESG evaluation items are expected to be added in 2024, and supplier sustainability management ability will be included as one of the selection criteria. Promoting the sustainable development of suppliers; new suppliers passing the decision will be required to sign the "Johnson Sustainable Development Commitment" to ensure that suppliers meet the requirements of labor, health and safety, sustainable development, environment, business ethics and management systems. All aspects of the Company met Johnson's requirements.

Selection process of new supplier

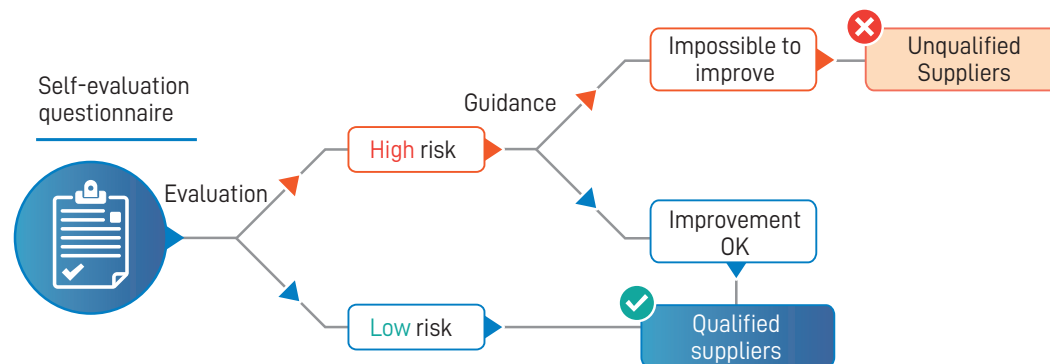


▶ New suppliers were screened based on environmental and social criteria in 2023.

Supplier selection standard	Taiwan factory		Shanghai factories		Vietnam factory	
	Number of suppliers selected	Percentage of Screening	Number of suppliers selected	Percentage of Screening	Number of suppliers selected	Percentage of Screening
New suppliers that were screened using environmental criteria	11	100.0%	13	100.0%	0	0.0%
New suppliers selected based on the social standard	11	100.0%	13	100.0%	53	100.0%
Total number of suppliers	11	-	13	-	53	-

▶ Supplier Risk Assessment and Response

Aiming to strengthen the sustainable management of the supply chain, Johnson will design an ESG self-assessment questionnaire in 2024, and add ESG risk assessment factors to the supplier evaluation project. Suppliers who are at high risks as shown by the ESG assessment results, these suppliers will be selected for improvement measures through guidance. If the ESG risk still cannot be improved after guidance, it will be classified as an unqualified supplier. In addition, Johnson will also plan to conduct on-site ESG sampling checks on suppliers to truly understand the ESG implementation status of suppliers and for exchange of opinions.



▶ Supplier Audit

Written audit is conducted for suppliers that Johnson traded with in all years. Onsite spot audit is carried out for new suppliers of the current year. Auditing in 2023 is described below:

Audit type	Taiwan factory		Shanghai factories	
	Number of suppliers audited	Percentage of suppliers audited	Number of suppliers audited	Percentage of suppliers audited
Number of suppliers subject to written audit	234	100.0%	295	100.0%
Number of new suppliers subject to written audit	11	100.0%	13	100.0%
Number of new suppliers subject to onsite audit	1	9.1%	3	23.1%

Johnson sets up improvement management mechanism for supplier audit. Considering supplier appraisal result, the supplier is notified when an abnormality is detected. The appraisal unit serves as the auditor, carries out auditing and onsite spot audit for suppliers, depending on the situation, guides suppliers for improvement, and continues to track and manage improvement. The appraisal unit completes and countersigns the supplier correction report, and records the correction in the supplier connection system.

▶ Supplier evaluation result

Johnson evaluates its suppliers rigorously. During evaluation, the Materials Department, Quality Assurance Department, and Production Management Department assess factors in different aspects every month, and put suppliers into consideration comprehensively. The results are divided into Grade A, B, C, D and E. The appraisal result is announced in the supplier connection system. Furthermore, the R&D Department, Quality Assurance Department, Production Management Department and Materials Department carry out annual final appraisal at the end of the year for suppliers who trade with us in the current year, considering the average of monthly appraisal of suppliers. The improvement management mechanism has been set up for the appraisal result of the supplier in the current year. If a supplier is scored Grade E in annual final appraisal, it is on a watch list. The Materials Department asks the supplier to draw up an improvement plan and guide the supplier. If the supplier has not improved after guidance, Johnson will communicate with the supplier carefully and consider replacing the supplier.

Through regular supplier evaluations, supplier conferences, and open information promotion and communication, Johnson continues to assist suppliers in improving their management mechanism. The overall supplier evaluation results for 2021 to 2023 are as follows:

Taiwan factory

Assessment Level	2021		2022		2023	
	Number of suppliers assessed	Percentage	Number of suppliers assessed	Percentage	Number of suppliers assessed	Percentage
Class A	103	53.0%	130	64.1%	124	61.7%
Class B	87	42.4%	64	61.5%	70	34.8%
Class C	13	6.3%	8	3.9%	7	3.5%
Class D	2	1.0%	1	0.5%	0	0.0%
Class E	0	0.0%	0	0.0%	0	0.0%
Total	205	100.0%	203	100.0%	201	100.0%

Shanghai factories

Assessment Level	2021		2022		2023	
	Number of suppliers assessed	Percentage	Number of suppliers assessed	Percentage	Number of suppliers assessed	Percentage
Class A	203	80.2%	203	89.4%	212	86.2%
Class B	22	8.7%	14	5.9%	19	7.7%
Class C	27	10.7%	21	8.8%	13	5.3%
Class D	1	0.4%	1	0.4%	1	0.4%
Class E	0	0.0%	0	0.0%	1	0.4%
Total	253	100.0%	239	100.0%	246	100.0%

Note: The total number of evaluated suppliers for the year is after deducting the number of suppliers including those overseas, intra-group, tooling, purchasing-only and designated suppliers, and no longer trading.

3.7.3 Supplier Education and Training

Johnson is constantly striving for perfection in the quality and design of its products. We also hope to jointly create a sustainable and healthy management system through active guidance and education and training for joint creation of sustainable and healthy management structure, and continue to provide customers with excellent products and services. For supplier partners whose regular audits do not meet the standards or the results of risk assessments are too high, Johnson proactively provides guidance and education and training to enhance the supplier's relevant awareness and improve product technical capabilities. Moreover, to build a sustainable supply chain, Johnson provides ESG education and training to suppliers through the production of promotional videos, SRM system releases, holding supplier conferences, and organizing physical courses or seminars from time to time. In 2023, we also organized through the supplier conference to communicate about our sustainability strategies and the sustainability strategies and goals to our suppliers, hoping to advance and grow together with suppliers to promote sustainable development and contribute to the environment and society.

3.7.4 Responsible purchase

204-1

▶▶ Procurement regulations

Johnson formulates the "Domestic and Overseas Procurement Procedure" for procurement, and conducts the procurement process via the SAP system record. The Production Management Department issues a requisition form. The Materials Department and the technical unit approve the supplier jointly. The Materials Department carries out procurement. The Production Management Department traces and expedites the material, and identifies and solves the problem.

We built a risk management procedure for supplier procurement, including paying attention to preliminary material preparation and international trend, and tracing and evaluating quality of incoming material. The Materials Department and Quality Assurance Department discuss in the meeting regularly to manage and reduce the potential risk for material.

▶▶ Manufacturing and outsourcing

Johnson's products are sold all over the world. To adapt to the sales of gym market in the current year, we prepare productivity in advance, and hire suppliers who will be in charge of outsourcing manufacturing depending on the needs. Manufacturing and outsourcing in 2023 are analyzed based on the number of manufacturing sites:

Number of manufacturing sites	Manufacturing sites owned and operated by Johnson	Outsource manufacturer
Quantity	11	17
Percentage	39.3%	60.7%

▶▶ Green procurement

To respond to sustainable environmental protection, we make a rational plan for product packaging. Besides packaging reduction, Styrofoam and plastic used for product packaging is replaced with paper packaging for recycling. We slowly replace equipment and carry out benefit assessment of energy saving and green energy for global climate change. An energy-efficient air conditioner has been installed in the office. Level 1 energy efficiency equipment is prioritized for new equipment procurement. The green procurement in 2023 is as follows:

Currency: NTD Million

2023	Taiwan factory	Shanghai factories	Vietnam factory
Green Procurement Amount	0.2	304.3	0.0
Total procurement amount	1,511.1	5,830.4	1,394.0
Green Procurement Ratio	0.1%	5.2%	0.0%

Note 1: The purchase amounts for overseas factories are all calculated at the exchange rate as of the end of December 2023.

Note 2: The definition of green procurement participates in the definition of green procurement or procurement that is conducive to the environment in various countries, such as eco-labeling and green product certification.

▶▶ Local procurement

Johnson anticipates building trust and connection with local suppliers via local procurement. Johnson supports domestic supplier suppliers via local procurement, reduces GHG emissions from international transportation, and does its own bit for Earth sustainability. Local procurement in 2023 is described below:

Currency: NTD Million

Item	Taiwan factory	Shanghai factories	Vietnam factory
Local Procurement Amount	1,073.3	5,225.4	515.2
Total procurement amount	1,511.1	5,830.4	1,394.0
Percentage of local procurement	71.0%	89.6%	37.0%

Note 1: The purchase amounts for overseas factories are all calculated at the exchange rate as of the end of December 2023.

Note 2: Local procurement refers to procurements made at the location of the production factory (Taiwan, China, Vietnam).

Appendix

About this report

Thank you for reading the sustainability report from Johnson Health Tech. We prepare and issue this report according to the GRI Universal Standards 2021 (Global Reporting Initiative) and the SASB Standards (Sustainability Accounting Standards Board). The TCFD framework (Task Force on Climate-Related Financial Disclosures) is also included in the report. We will issue the report in Chinese and English every year, and enhance sustainability information disclosure and information communication to answer expectations from stakeholders.

▶ Reporting Principles

▶ Reporting period and scope

This report discloses Johnson's sustainable performance and achievement in 2023 (January 1 to December 31, 2023), covering governance and economic performance, environment, and human and human rights information of Johnson's primary business locations, the Group Headquarters, Shanghai and Vietnam factories. Some contents of the report are traced back to 2021 for integrity of sustainable implementation information. The financial data in this report is in line with Johnson's disclosure scope of consolidated financial statements and based on International Financial Reporting Standards (IFRSs). The financial data is in NTD. With regard to sustainability data in non-financial statements, the primary reporting scope is business activity in Taiwan. Social health covers overseas team information.

The unit issuing the standard	The standard complied with
The Global Reporting Initiative, GRI	GRI Universal Standards 2021
Taiwan Stock Exchange	Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
United Nations, UN	Sustainable Development Goals, SDGs
Sustainability Accounting Standards Board, SASB	Toys & Sporting Goods
Toys & Sporting Goods	Task Force on Climate-related Financial Disclosures, TCFD

▶ Internal management process and publication



Sustainability section

01



Data collection and gathering

- Green Operation Division, Social Care Division and Corporate Governance Division under Sustainable Development Committee collects and gathers data from all departments.

02



Internal review

- After the report is reviewed and signed-off by the department heads and consolidated by Sustainability Office.
- The review and approval will be conducted by the General Manager, who serves as the convener of the Sustainability Committee, and then submitted to the Board of Directors for discussion. Upon approval, it will be issued.

03



External assurance

- BSI Pacific Limited, Taiwan Branch, a third-party independent verification body, adopts AA1000AS v3 Type I medium assurance and checks GRI 2021 when verifying the report. It aims to make sure that the report meets the eight quality management principles, accuracy, balance, clarity, comparability, integrity, sustainability context, timeliness and verifiability.

04



External disclosure

- Perform art editing, translate the content in English, and typeset and finalize the manuscript, and disclose the report on Johnson's website and TWSE MOPS.
- First date of publication: June 2023
- Release date of the next version: June 2024

Contact information

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Compliance for sustainability information disclosure

► GRI Standards index

Usage statement	Johnson Health Tech reported the content from January 1 to December 31, 2023 according to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No applicable GRI Sector Standard was released during the reporting period of this report.

Index	Disclosure requirement	Chapter in the report	Description	Page no.
GRI 2: General Disclosures 2021				
The Organization and its Reporting Practices				
2-1	Organizational details	Company profile		6
2-2	Entities included in the organization's sustainability reporting	Company profile About this report		6 109
2-3	Reporting period, frequency and contact point	About this report		109
2-4	Restatements of information	Appendix	No restatements of information for current year	-
2-5	External assurance	Appendix		123
Activities and Workers				
2-6	Activities, value chain and business relationships	Company profile 3.7.1 Supplier management		6 102
2-7	Employee	2.1.2 Labor composition		59
2-8	Workers who are not employees	2.1.2 Labor composition		59

Index	Disclosure requirement	Chapter in the report	Description	Page no.
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2-9	Governance structure and composition	3.1.1 Governance organization structure		90
2-10	Nomination and selection of the highest governance body	3.1.1 Governance organization structure		90
		3.1.2 Operation of the Board of Directors		92
2-11	Chair of the highest governance body	Structure of sustainable development		9
		3.1.1 Governance organization structure		90
		3.1.2 Operation of the Board of Directors		92
2-12	Role of the highest governance body in overseeing the management of impacts	Stakeholder communication		19
		Structure of sustainable development		9
		3.5.2 Risk management mechanism		99
2-13	Delegation of responsibility for managing impacts	Structure of sustainable development		9
2-14	Role of the highest governance body in sustainability reporting	Structure of sustainable development		9
2-15	Conflicts of interest	3.1.1 Governance organization structure		90
		3.1.2 Operation of the Board of Directors		92
2-16	Communication of critical concerns	3.2.1 Ethical system	For the communication of other major events, please refer to the Market Observation Post System for details. In 2023, Johnson released a total of 34 major information, mainly financial and governance personnel-related information.	95
		3.3.1 Compliance management		96
		Appendix		-

Index	Disclosure requirement	Chapter in the report	Description	Page no.
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2-18	Evaluation of the performance of the highest governance body	Structure of sustainable development		9
		3.1.2 Operation of the Board of Directors		92
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		3.1.2 Operation of the Board of Directors		92
2-20	Process to determine remuneration	2.1.3 Salary and performance appraisal		61
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2-21	Annual total compensation ratio	3.1.2 Operation of the Board of Directors		92
Strategies, policies and practices				
2-22	Statement on sustainable development strategy	Words from the CEO		3
		Sustainable strategy		11
2-23	Policy commitments	2.3.1 Human rights policy and management		70
		2.3.2 Human rights due diligence		71
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2-24	Embedding policy commitments	Structure of sustainable development		9
		2.3.1 Human rights policy and management		70
		2.3.2 Human rights due diligence		71
		3.7.1 Supplier management		102

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		2.3.2 Human rights due diligence		71
		3.2.1 Ethical system		95
2-26	Mechanisms for seeking advice and raising concerns	2.3.1 Human rights policy and management		70
		2.3.2 Human rights due diligence		71
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2-28	Membership associations	Economic performance		8
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2-29	Approach to stakeholder engagement	Stakeholder communication		19
2-30	Collective bargaining agreements	2.3.3 Employee communication and satisfaction		74

Index	Disclosure requirement	Chapter in the report	Description	Page no.
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201-4	Financial assistance received from government	Government subsidy		8
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202-2	Proportion of senior management hired from the local community	2.1.2 Labor composition		59
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205-1	Operations assessed for risks related to corruption	3.2.1 Ethical system		95
205-2	Communication and training about anti-corruption policies and procedures	3.2.1 Ethical system		95
		3.7.1 Supplier management		102
205-3	Confirmed incidents of corruption and actions taken	3.2.1 Ethical system		95

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404-3	Percentage of employees receiving regular performance and career development reviews	2.1.3 Salary and performance appraisal		61
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405-1	Diversity of governance bodies and employees	2.1.2 Labor composition 3.1.2 Operation of the Board of Directors		59 90
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Marketing and labeling				
3-3	Management of material topics	Sustainable development goal Materiality analysis		
417-2	Incidents of non-compliance concerning product and service information and labeling	-	No such circumstance in 2023	
417-3	Incidents of non-compliance concerning marketing communications	-	No such circumstance in 2023	
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418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.6.2 Implement information security protection	No such circumstance in 2023	101

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204-1	Proportion of spending on local suppliers	3.7.4 Responsible purchase		108
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302-3	Energy intensity	1.5 Energy management		51
GRI 303: Water and effluents 2018				
303-3	Water withdrawal	1.6 Water resource management		53
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403-4	Worker participation, consultation, and communication on occupational health and safety	2.4.1 Occupational safety and health management		75
403-5	Worker training on occupational health and safety	2.4.1 Occupational safety and health management		75

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403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	2.4.1 Occupational safety and health management 2.4.2 Occupational safety and health hazard identification and risk assessment		75 76
403-9	Occupational Injury	2.4.3 Occupational injury and disease		78
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406-1	Incidents of discrimination and corrective actions taken	-	No such circumstance in 2023	
GRI 414: Supplier social assessment 2016				
414-1	New suppliers that were screened using social criteria	3.7.2 Supplier evaluation		105

▶ SASB Content Index

From 11 sectors and 77 industries in SASB Materiality Map of SASB Content Index, Johnson selected adequate metrics for disclosure considering the operating activity of the corporation and referring to the suggestion from competent authorities:




- Sector: Consumer Goods
- Industry standard: Toys & Sporting Goods

Topic	Indicator code	Accounting metrics	2023 Data	Chapter in the report	Page no.
Activity metrics	CG-TS-000.A	Annual production	-	Economic performance	8
	CG-TS-000.B	Quantity of Manufacturing and Percentage of Outsourcing	61%	Economic performance	8
Product Quality and Safety	CG-TS-250a.1	Number of recalls	0	1.2.1 Product quality management	35
		Total Number of Recall Units	0	1.2.1 Product quality management	35
	CG-TS-250a.3	Total amount of monetary losses as a result of legal proceedings associated with product safety	0	1.2.1 Product quality management	35
	CG-TS-250a.4	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	-	1.2.2 Hazardous substance management	36
Supply Chain Management	CG-TS-430a.1	Social responsibility audits of suppliers: (1) non-conformance rate; and (2) (a) priority non-conformity and (b) other non-conformity related corrective action rate	(1) 0% (2) (a) None (b) 0%	3.7.1 Supplier Management	102
	CG-TS-430a.2	Non-conformity rate of social responsibility audits and related corrective action rates of direct suppliers	-	3.7.1 Supplier Management	102

► Comparison table of Task Force on Climate-Related Financial Disclosures (TCFD) framework

Aspect	Disclosure item	Chapter in the report	Description	Page no.
Governance	Board of Directors' supervision of climate-related risks and opportunities	Structure of sustainable development 1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		9 39
	Describe management's role in assessing and managing climate-related risks and opportunities	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		39
Strategy	Short-, medium- and long-term climate-related risks and opportunities identified by the organization	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		39
	Impacts of climate-related risks and opportunities in the organization's business, strategic and financial planning	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		39
	The organization's strategic resilience, considering physical climate-related risks under different climate-related scenarios (including 2°C or more severe scenarios).	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		39
Risk management	Process for identifying and assessing climate-related risks	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		39
	The organization's climate-related risk management process	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		39
	How the climate-related risk identification, assessment and management processes are integrated into the organization's overall risk management system	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		39
Indicator and goal	Disclose the indicators used by the organization to assess climate-related risks and opportunities by following the strategy and risk management process.	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		39
	Disclosure of Scope 1, Scope 2, and Scope 3 (as applicable) GHG Emissions and Related Risks	1.4.2 Greenhouse gas emission management		50
	Describe the objectives used by the organization to manage climate-related risks and opportunities, and the performance of the objective	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		39
	If internal carbon pricing has been used as the planning tool, the pricing foundation shall be explained.	-	Johnson has not used internal carbon pricing yet.	

Independent third-party verification statement

INDEPENDENT ASSURANCE OPINION STATEMENT

2023 Johnson Health Tech. Sustainability Report

The British Standards Institution is independent to Johnson Health Tech. Co., Ltd. (hereafter referred to as Johnson in this statement) and has no financial interest in the operation of Johnson other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Johnson only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Johnson. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Johnson only.

Scope

The scope of engagement agreed upon with Johnson includes the followings:

1. The assurance scope is consistent with the description of 2023 Johnson Health Tech. Sustainability Report.
2. The evaluation of the nature and extent of the Johnson's adherence to AA1000 Accountability Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2023 Johnson Health Tech. Sustainability Report provides a fair view of the Johnson sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Johnson and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Johnson's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Johnson's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to Johnson's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 3 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that Johnson has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Johnson's inclusivity issues.

Materiality

Johnson publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Johnson and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Johnson's management and performance. In our professional opinion the report covers the Johnson's material issues.

Responsiveness

Johnson has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Johnson is developed and continually provides the opportunity to further enhance Johnson's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Johnson's responsiveness issues.

Impact

Johnson has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Johnson has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Johnson's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Johnson provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the Johnson's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the Johnson's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu, Managing Director BSI Taiwan



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