

聯合骨科器材永續報告書

United Orthopedic Corp. ESG Report

Environmental, Social, and Governance

2023



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About the report

United Orthopedic Corporation (hereinafter referred to as United Orthopedic) upholds the spirit of social contribution and environmental protection. Hoping to present our fulfillment of corporate social responsibility, convey the concept of sustainable development, and respond to stakeholders' concerns on various related issues under the standards of international reporting certification through the compilation of this report.

Report period Report scope

This report discloses the operating policies of United Orthopedic in the three key aspects of economy, society, and environment for the fiscal year 2023 (January 1, 2023 to December 31, 2023), and highlights our performance in addressing material issues. The content of this report and relevant performance data are primarily based on United Orthopedic.

Reference basis for the report

The preparation of this report is based on the international standards and guidelines, specifically following the GRI Standards issued by the Global Reporting Initiative (GRI), and discloses information in accordance with the "Core" option. It has also been assured by Deloitte & Touche, in compliance with the "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (TWSAE3000) issued by the Accounting Research and Development Foundation in Taiwan, with a limited level of assurance.

Release overview

United Orthopedic issues a sustainability report annually.

Current edition: Issued in August 2024

Previous edition: Issued in September 2023

Next edition: Expected to be released in August 2025

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Message from the operator



Each Step We Care, our goal is to become the most professional high-end orthopedic materials manufacturer in Asia

Since its inception, United Orthopedic has upheld the belief that only high-quality technology and products can earn the trust of customers. In addition to obtaining the accreditations from Taiwan's regulatory authority, Taiwan Food and Drug Administration (TFDA), it has also received accreditations from international bodies such as the US Food and Drug Administration (FDA), EU CE Mark, and China's National Medical Products Administration (NMPA). The belief of focusing on the product quality and functionality is deeply ingrained in our DNA, with the health of patients and successful clinical outcomes as our top priorities. To provide efficient and high-quality service, United Orthopedic will adhere to its four core values of "Integrity," "Responsibility," "Happiness," and "Innovation," while thoroughly implement three quality policies of "Everyone can do things right the first time," "Everything must meet regulatory requirements," and "Every product must satisfy customers." We believe that only by maintaining a strong commitment on quality can a company sustain its operations.

Investing in the Taiwan market and strengthening the international market distribution

United Orthopedic faces competition from major European and American international companies in the artificial joint market, whose scale is far larger than that of United Orthopedic Corporation. However, after nearly thirty years of effort, it has been proven that we have not only survived but have outperformed the industry growth rate, firmly establishing Taiwan's own brand in the international market.

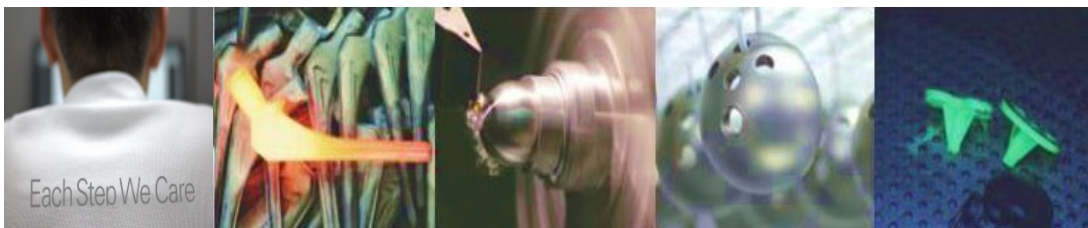
To secure a place in the international market, United Orthopedic has invested over NT\$800 million since 2010 in the construction of three new plant projects at its Kaohsiung plant, implementing a one-stop service production plan across its Taiwan plants. Currently, the production lines in Hsinchu and Kaohsiung meet various international standards and are capable of meeting market demand. In terms of new product development, United Orthopedic is developing niche products tailored to target markets, aiming to integrate with local market sales strategies. The company's current product line is now on par with international giants and some products are even ahead of them. Regarding international market distribution, the company will continue to strengthen its expansion of direct hospital channels in Europe and the United States in response to the increased demand from new product launches. This strategy will bring our brand closer to local markets and establish a new brand image.

Implementing corporate governance and fulfilling corporate social responsibility

As a corporate citizen, sustainable operation has long been a goal for us, guided by core principles of pursuing growth and ensuring product quality to promote corporate social responsibility.

United Orthopedic will continue to enhance the transparency of corporate information disclosure, strengthen interactions with stakeholders, operate with integrity, create a friendly environment for employees, implement corporate governance principles, and fulfill corporate social responsibilities. We strive to provide high-quality medical products and reduce the financial burden for patients. Meanwhile, we will increase investment in Taiwan over time, keep technology rooted in Taiwan, and create more job and business opportunities.

United Orthopedic is committed to implementing measures of emission reduction and optimizing relevant sustainability practices. Currently, a Sustainability Development Committee has been established under the Board of Directors, and a ESG Promotion Task Force has been formed to promote relevant work, thereby implementing United Concrete's social responsibility, environmental protection, and governance efficiency, moving towards sustainable development, and enhancing international competitiveness.



Each Step We Care

Highlights and Performance

- Received the "Taipei Biotech Award International Silver Award - USTAR II Knee System"
- Received the "Hsinchu Science Park Outstanding Vendor Innovative Product Award - USTAR II Knee System"



- Nominated for "National Pharmaceutical Technology & Research Development Award - New Locking Cage Acetabular Hip System"
- Received the "National Innovation Award - Locking Cage Acetabular Hip System"
- Received the "Bronze Prize for Medical Design Excellence Awards - The AiO Block and MDT"

- Received the "Outstanding Biotechnology Industry Gold Award"

2023

2022

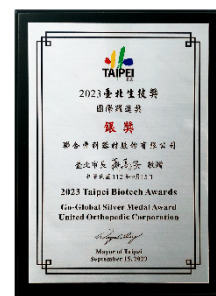
2021

2020

2019

2017

2016



- Received the "Taiwan Excellence Gold Award - USTAR II Knee System"
- Received the "National Innovation Award - Best Optimized Total Hip Arthroplasty Surgery Guidance System"
- Received the "National Innovation Award - Cellbrick Porous Knee Joint Infection Control Pad Block and Repli Case Hip Joint Bone Cement Molding Template"
- Received the "Silver Prize for National Pharmaceutical Technology & Research Development Award - Innovative Surgical Instruments for Artificial Knee Joints"
- Received the "Top Orthopedic Solution Providers in Europe" award
- Received the "Taipei Biotech Award International Gold Award"



01

Genuine Sincerity

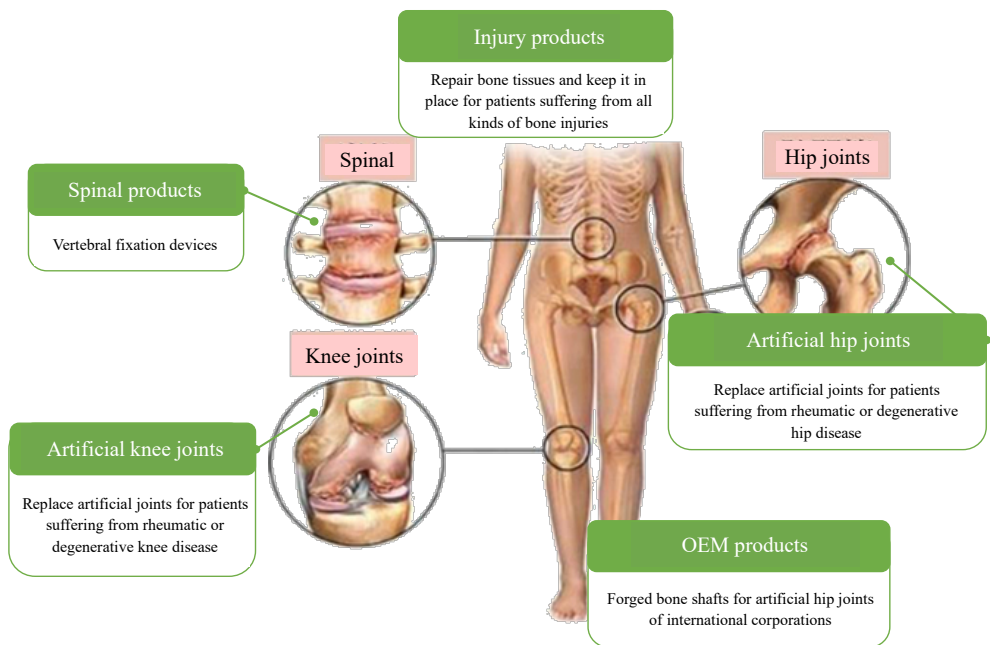
I. Genuine sincerity

As part of the healthcare industry, United Orthopedic adheres to four core values in making responsible operational decisions. Integrity is one of our most important values. We practice what we preach, hold ourselves to the highest standard of honesty, and strive to be a trustworthy partner. We safeguard the quality of life for every patient and take pride in everything we do. We ensure every step is taken with dedication and a selfless attitude, actively working to achieve the highest industry standards as our mission. We are committed to pursuing innovation, seeking change, creating value for orthopedic surgeons and their patients, and improving human well-being. We believe that happiness is a key factor in the success of healthcare. Through our perseverance at every step, we help patients regain their ability to be active and fully enjoy life. With praise and encouragement, we aim to spread happiness and foster a society that benefits all of humanity.



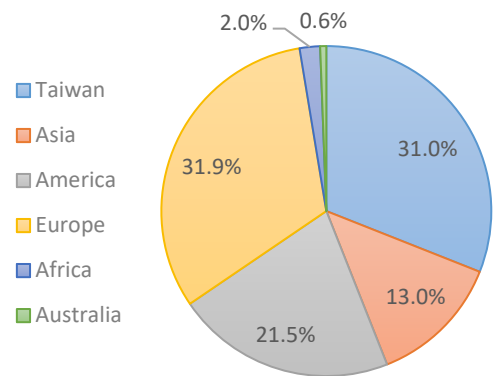
Product and service introduction

The joints in the human body may suffer from cartilage damage or bone spur growth due to degeneration, aging or disease on the articular surfaces. When drug treatments fail to improve the condition, a surgeon will perform an operation to remove the damaged joint and replace it with an artificial joint, alleviating the patient's pain and improving joint mobility. United Orthopedic is primarily engaged in the research, development, manufacturing, and sale of orthopedic medical devices such as artificial hip joints and knee joints, to meet the needs of healthcare and patients. All products manufactured by United Orthopedic undergo a thorough quality inspections and pass the strict international regulatory certifications. Through long-term efforts, we have achieved integration across upstream, midstream, and downstream production. Except for the raw materials of the upstream production, all manufacturing processes can be completed within the factory in an one-stop manner to ensure product quality and timely delivery. To meet the needs of patients, United Orthopedic also provides customized products and continues to monitor patients' postoperative recovery, thereby continuously improving patients' overall satisfaction with the surgery.



The proportions of major product and service provision and sales regions are shown in the following figure, with the three major sales regions being Taiwan, Europe, and the Americas. We are currently developing and expanding our operations in the international market.

Primary sales regions for our products and services



1.2 Core values

Brand and technology advantages

United Orthopedic is committed to managing its own brand, mastering product research and development, and core manufacturing technologies. Its research and development center, along with major production lines, is located in Taiwan, making it the only artificial joint manufacturer in the country capable of vertically integrating key upstream and downstream processes. This allows us to enhance our independent research and development, master key manufacturing technologies, respond rapidly to changes in the international market, and closely meet customer needs. United Orthopedic's products are sold globally, and the company effectively complies with the clinical trial regulations in each country. It has successfully obtained international certifications, making it one of the few artificial joint manufacturers in Asia that has received product marketing certifications from the US FDA, European CE MARK, Japan's Pharmaceuticals and Medical Devices Agency, China's National Medical Products Administration, and Taiwan Food and Drug Administration (TFDA) under the Ministry of Health and Welfare. Facing an increasingly competitive market, the company continually addresses clinical and market demands through research, development, innovation, and quality improvement. Adhering to the spirit of "Each Step We Care," the company is firmly committed to the development and production of high-quality orthopedic implants.

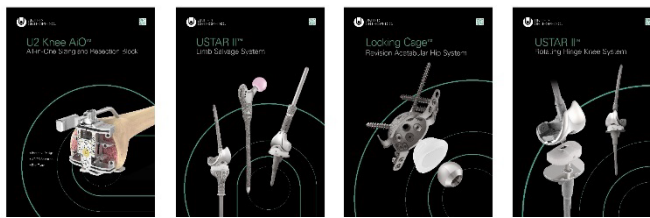


Brand development and diversified marketing

Artificial joints are premium implants, and their market promotion is a long-term competition. It requires a combination of brand visibility, thoughtful design, high quality, and gradually accumulated clinical evidence to gain the trust of physicians and cultivate loyal customers. The integrated diversified marketing activities are as follows:

1. Domestic and international product knowledge training and seminars: In 2022, remote seminars were introduced due to the pandemic. A total of sixteen training sessions were held (thirteen domestic and three international), with an average satisfaction score of 4.97 out of five.
2. Annual global user conference: The fifteenth Global User Conference was held in November 2023 in Kaohsiung, Taiwan, with nearly 300 attendees. The conference focused on the future trends in surgical techniques and artificial joints.
3. Advanced live surgery seminar: Experienced medical teams were invited to demonstrate surgeries. The seminar included live surgery demonstrations and cadaver workshop sessions.
4. Domestic and international distributor conferences: Assist sales partners in understanding the company's current development status and future prospects, particularly in keeping up with new product sales materials and market trends, as well as exchanging and communicating.
5. Actively participate in international orthopedic medical conferences and exhibitions: Increase brand visibility among physicians and increase the opportunities for discussions with distributors in various countries.
6. Collaborate with physicians to accumulate clinical cases and academic publications: From 2020 to 2023, 29 clinical studies involving co-authored product research by physicians have been published both domestically and internationally.





Market operation

United Orthopedic participated in the Taiwan Branding Project, organized by the Ministry of Economic Affairs' Industrial Development Bureau in 2017. Under the leadership of the Chairman, LIN, YEN-SHENG, the brand-reshaping team and employees have successfully repositioned the brand and highlighted its value. The team collaborates with an American brand consulting company to define the brand statement, "Responsive and Versatile." Since 2021, we have introduced a new image, with an elegant design and a newly registered trademark that conveys both high quality and advanced technology. This update has been applied across our website, business cards, product manuals, packaging, and more, allowing customers to experience our refreshed brand identity at both physical and online touchpoints. Our new trademark has been registered in Taiwan, the United States, and the European Union, and applications in Japan and China are underway.



1.3 Corporate governance

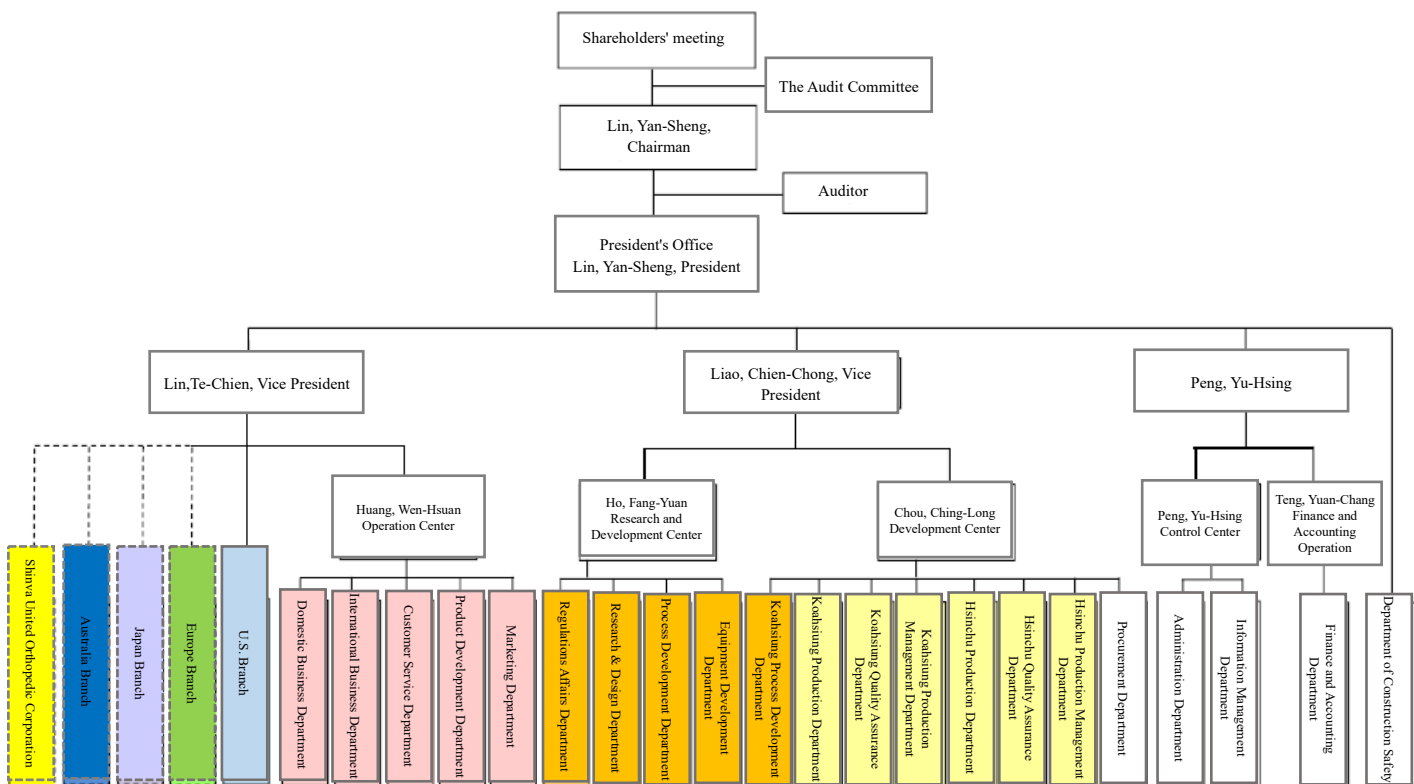
United Orthopedic has always upheld the core values of "Integrity," "Responsibility," "Innovation," and "Happiness." Adhering to corporate integrity and ethical standards is the key to sustainable corporate governance. Through a multi-tiered governance structure and board functions, corporate governance-related matters are effectively handled. Additionally, the company has established a remuneration committee to formulate reasonable policies, and a performance evaluation to safeguard employee welfare. Complemented by the implementation of internal control systems and proper disclosure of material information, the company has established effective communication channels to respond to stakeholders' expectations regarding corporate governance and corporate social responsibility.

Management policy: corporate governance and integrity, policy and regulatory compliance	
Policies and commitments	United Orthopedic has always adhered to the principles of professionalism, responsibility, and integrity in its operations. Guided by the core values of "Integrity," "Responsibility," "Happiness," and "Innovation," the company promotes corporate social responsibility and implements corporate governance, regulatory compliance, and various operational risk controls.
Goal	<ol style="list-style-type: none"> 1. No violations of laws and regulations 2. Increase the frequency of external communication, such as media exposure
Invest resources and take specific actions	<ol style="list-style-type: none"> 1. Implementing strict BSI quality management review and product certification. 2. Enhance employees' awareness of regulations and integrity culture, and hold training courses. 3. Formulate policies in accordance with the Occupational Safety and Health Act, respect the occupational safety and health requirements of relevant stakeholder groups, and build a healthy and happy working environment. 4. With disaster prevention as the core value , proper management tools, advanced technologies, and available resources are adopted to integrate occupational safety and health issues within the plant. The company proposes effective countermeasures, continuously promote the culture of occupational safety, strengthen protection management for operating personnel, and invest resources to in occupational disease prevention. The goal is to create a zero-accident environment and provide employees with a safe workplace, ensuring the company's smooth operation.
Grievance mechanism	<p>Internal: "Non-conformity" reporting procedure, website announcements.</p> <p>External: "Customer complaint" appeal procedure, company email, and phone. The company website also includes a stakeholder section for feedback and comments.</p>
Evaluation mechanism	In coordination with the results of internal and external audits or evaluations, as well as the oversight of stakeholders such as the media, the company formulates concrete action plans for areas that needing improvement and reports them to management.

Organizational structure

The main units responsible for corporate governance at United Orthopedic are the President's Office, the Finance and Accounting Department, and the Audit Unit. In addition to providing necessary information for directors and supervisors to carry out their duties, they are also responsible for matters related to shareholders' meetings and board meetings. The company organizational structure is shown in the following figure.

United Orthopedic Corporation
Organization chart



Task Force on Climate-Related Financial Disclosures (TCFD) Framework

	Governance	Strategies	Risk	Indicators and
Management policies and plan of action	Responsible unit <ul style="list-style-type: none"> Established a Sustainable Development Committee with the following subcommittees: Corporate Governance Team, Sustainable Environment Team, and Social Welfare Team to promote related work. Organizational operations <ul style="list-style-type: none"> The Board of Directors holds quarterly meetings in principle and discusses the progress of CSR promotion at least once a year. 	<ul style="list-style-type: none"> Climate change issue management approach Potential climate impacts of the target-setting approach 	<ul style="list-style-type: none"> ISO14001 Environmental review operations guidelines 	<ul style="list-style-type: none"> Assessment indicators and targets for significant risk
Execution of the current year	<ul style="list-style-type: none"> In 2023, a total of seven board meetings were held. Conducted ISO 14064-1 greenhouse gas emissions inventory 	<ul style="list-style-type: none"> Organization's operating progress in 2023 	<ul style="list-style-type: none"> Management of issues produced in 2023 (to be determined) 	<ul style="list-style-type: none"> Inventory status of evaluation Status of achievement
Corresponding chapters	<ul style="list-style-type: none"> 6.4 Greenhouse gas emissions and management 	<ul style="list-style-type: none"> 6.4 Greenhouse gas emissions and management 	<ul style="list-style-type: none"> 6.4 Greenhouse gas emissions and management 	<ul style="list-style-type: none"> 6.5 Implementation of the SDGs

Board of Directors

After the re-election of the Board of Directors at United Orthopedic in June 2023, nine directors (eight men and a woman) were elected, including four independent directors. These independent directors form professional committees such as the Audit Committee, the Remuneration Committee, and the Sustainable Development Committee. The composition of the company's Board of Directors is diverse, taking into account their different professional backgrounds. All directors have more than five years of experience in business, legal, finance, accounting, or company operations. According to the company's rules, the board meets at least once a quarter to discuss and resolve important operational matters.

In 2023, seven board meetings were held, and the attendance is as follows:

Title	Number of people	Proportion of members on the Board of Directors	Actual attendance rate
Chairman	1	12%	100%
Director	4	44%	95% (Average)
Independent Director	4	44%	100% (Average)

For more information about the Board of Director members and operations, please refer to the United Orthopedic 2023 Annual Report.

The Audit Committee

After the re-election of directors at United Orthopedic in June 2023, the Audit Committee now comprises four independent directors. The primary purpose of the operation of the Audit Committee is to oversee the following matters:

1. Appropriate presentation of the company's financial statements.
2. Selection (dismissal), appointment, independence, and performance of CPAs.
3. Effective implementation of internal control within the company.
4. The company's compliance with relevant laws and regulations.
5. Management of existing or potential risks to the company.

In 2023, seven meetings were held in total, and the qualifications and attendance of the members are as follows:

Title	Name	Numbers of actual attendance	Actual attendance rate
Convener	Chen, Li-Ju	5	100%
Members	Lee, Kuen-Chang	5	100%
Members	Liu, Chien-Lin	5	100%
Members	Wu, Meng-Ta	5	100%

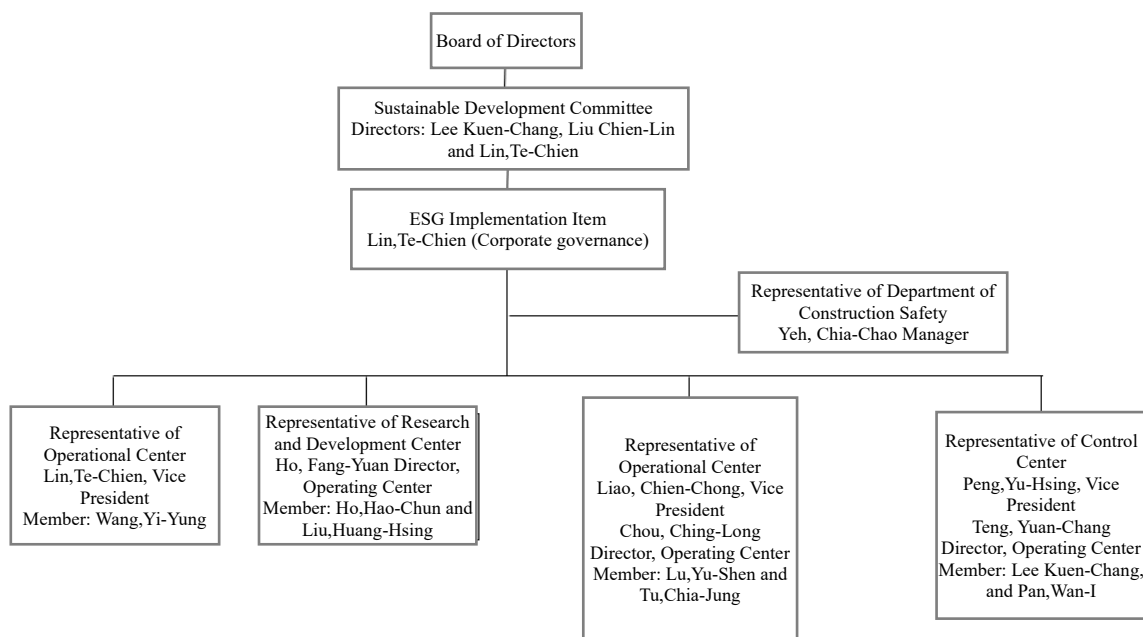
The Remuneration Committee

The remuneration committee of United Orthopedic consists of three independent directors, all of whom are male, serving a term from June 16, 2023, to June 15, 2026. The Remuneration Committee is primarily responsible for the regular performance evaluation of the Board of Directors members and assists the Board with daily operations, operating performance decisions, remuneration policies, procedures for determining remunerations, and future risk management. The members also perform their duties in accordance with the Remuneration Committee's organizational rules. In 2023, two meetings were held, and the qualifications and attendance of the members are as follows:

Title	Name	Numbers of actual attendance	Actual attendance rate
Convener	Lee, Kuen-Chang	1	100%
Members	Wu, Meng -Ta	1	100%
Members	Liu, Chien-Lin	1	100%

Sustainable Development Committee

As the company's highest-level decision-making center for sustainability development, chaired by Independent Director LI, KUN-CHANG, along with senior executives from various fields, it reviews the company's core operational capabilities and formulates medium- and long-term sustainability development plans. The "Sustainable Development Committee" serves as a cross-departmental communication platform for vertical integration and horizontal coordination. It identifies sustainability issues that are relevant to the Company's operations and of concern to stakeholders, formulates corresponding strategies and work guidelines, allocates budgets related to sustainable development for various organizations, plans and implements annual programs, and tracks implementation effectiveness to ensure that sustainable development strategies are fully implemented in the Company's daily operations.



Internal control system

United Orthopedic follows the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and has established relevant internal Standard Operating Procedures, which are strictly implemented. The 2023 annual audit plan has been submitted and approved by the Board of Directors in December 2022, with a resolution to have the audit unit carry out the annual audit plan, and report the results and follow-up actions to the competent authority within the specified time limit. Under the Board of Directors, the audit unit independently conducts the internal audit operations of United Orthopedic. It regularly submits audit reports to the company's independent directors and supervisors, and attends board meetings to present audit results. The audit findings for 2023 did not reveal any major irregularities.

1.4 Operating performance

Management policy: operating performance	
Policies and commitments	While pursuing profit growth and continuously creating value for the company's shareholders/investors, and stakeholders, United Orthopedics always prioritizes the customer's perspective. We remain committed to providing high-quality, functionally appropriate products and services, with the health of patients and successful clinical outcomes as our top priority. This approach helps achieve sustainable operations and profitability.
Goal	<ol style="list-style-type: none"> 1. Adjust expectations of economic growth annually based on actual market conditions. 2. Systematically expand into overseas markets, seeking more domestic or international distributors and operating bases. 3. Continuously enhance products and expand the product line. 4. Actively cooperate with the government's "New Southbound Policy" to explore new opportunities for industries and enter the Southeast Asian market.
Invest resources and take specific actions	<ol style="list-style-type: none"> 1. Organize domestic and international exhibitions to keep up with the latest trends and understand customer needs. 2. Conduct internal education and training to enhance the professional capabilities of staff and expand business opportunities. 3. Strengthen the quality management system to ensure the provision of high-quality products.
Grievance mechanism	Internal: "Non-conformity" reporting procedure, website announcements External: Company website, Email, phone, and reporting channel
Evaluation mechanism	Internal and external audit management and stakeholders' feedback

Economic performance

In 2023, United Orthopedic reported an annual revenue of NT\$3.93 billion and a net profit after tax of NT\$338.309 million. Compared to the previous year's net profit after tax of NT\$223.581 million, the company saw an increase of NT\$114.728 million in net profit. This was primarily due to an increase in operating revenue and gross profit compared to the previous year, resulting in higher net profit for the current period.

Financial performance for the past three years

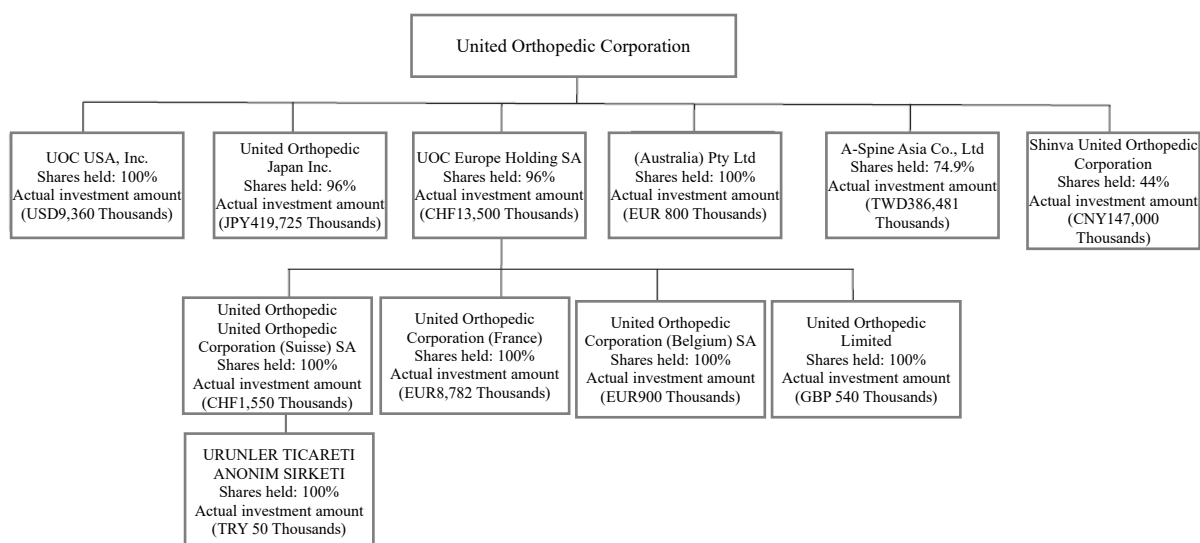
Unit: Thousand dollars

Item	Year		
	2021	2022	2023
Operating revenue	2,570,866	3,168,680	3,929,887
Non-operating revenues and expenses	(86,831)	(38,561)	(34,043)
Operating costs	729,522	805,697	893,517
Employee remuneration and benefits expenditures	714,641	898,810	1,086,383
Dividends and dividend payments	-	218,727	385,946
Tax amount/Income tax expense	21,717	79,440	120,917
Net profit before tax	74,594	303,021	509,226
Net income after taxes	52,877	223,581	338,309

Related companies

The organizational chart of United Orthopedic's affiliated companies is as follows. The primary industries of these affiliated companies are the manufacturing and sales of orthopedic implants and surgical medical devices.

December 31, 2023



Note: For more information on the operating overview of affiliated companies, please refer to pages 55-67 of the annual report.

1.5 Risk management

Risk types

United Orthopedic faces four types of operational and management risks. To address potential risks such as changes in the environment and consumer demand, the company has implemented systematic and procedural management strategies and established execution methods for risk control.



The primary risks are categorized into four types: operational risk, financial risk, regulatory risk, and information risk. The relevant management strategies are explained below.

Management policy

Due to the nature of United Orthopedic's industry, which involves manufacturing medical devices critical to human health and safety, the product quality standards and inspection methods must adhere strict regulatory requirements. The company's rules and the standard operating procedures outline risk assessment requirements for environmental, social, and corporate governance issues related to its operations. Additionally, market competition is one of the risks that the company must address for sustainable development. Therefore, the company categorizes risks based on their attributes, with relevant departments conducting regular reviews and risk assessments. They analyze the risks and develop corresponding management countermeasures, and the audit unit monitors the implementation of risk indicators of each unit and coordinates the execution of improvement strategies. Emergency response and reporting mechanisms are in place for special situations.

Risk types	Management policies and practices
Operational risk	<ul style="list-style-type: none"> ▶ Formulation of restricted shipment and recall plan in the event of abnormal accounts ▶ Conduct audit operations of supplier quality system ▶ Carry out internal quality audits according to internal quality control procedures
Regulatory risk	<ul style="list-style-type: none"> ▶ Update laws and standards on a monthly basis and hold quarterly meetings to stay current with international standards and regulations ▶ Conduct personnel education and training to ensure their understanding of factory regulations and relevant laws
Financial risk	<ul style="list-style-type: none"> ▶ Constantly observe the trend of interest rates and choose between fixed or floating interest rate borrowing ▶ Stay focused on the fluctuations in market prices, and maintain good interactive relationships with suppliers and customers. Collect information on inflation and government pricing policies at all times to make appropriate purchases. ▶ Prioritize using foreign currency deposits from export earnings to pay for import and export material purchases
Information risk	<ul style="list-style-type: none"> ▶ Establish an information security committee, formulate information security management policies, implement information security management for the company, and ensure the security of information, systems, equipment, networks, and related aspects. ▶ Build firewalls, antivirus software, email security mechanisms, server and personal computer backups, and regularly perform system security updates to ensure the security of the company's relevant information equipment. ▶ Establish a permission management mechanism that enforces periodic password changes, conducts annual system disaster recovery drills, and performs system vulnerability scans to enhance system reliability. ▶ Provide information security awareness and training for employees, and conduct regular social engineering drills to ensure their awareness of information security risks.

Laws and regulations

United Orthopedic's products are sold globally. To ensure compliance with the laws of various countries when operating business, the company has formulated relevant policies and procedures based on the laws of Taiwan and other countries. These policies cover areas such as, personal data protection, confidentiality, anti-bribery, anti-discrimination, environmental protection, intellectual property protection, insider trading prevention, anti-unfair competition, and labor protection regulations. The company also promotes corporate social responsibility. To ensure compliance with internal policies and regulations, the company has established a comprehensive control system, complemented by various inspection measures to ensure that business operations meet all relevant requirements.

All employees of United Orthopedic participate and implement policies through cross-departmental collaboration to enhance performance. The company strictly requires employees to maintain integrity, provides a safe and healthy working environment, and conducts pollution prevention to improve worker safety and health. In 2023, there were no violations of any relevant laws or fines imposed.

1.6 Information security

Information security policy

The company's information security objective is to ensure the confidentiality, integrity, availability, and compliance of the core system management business (i.e., the information systems and related management activities within the scope of the information security management system). Define and measure quantitative indicators for information security performance based on each level and competency to verify the implementation status of the information security management system and whether the information security objectives have been achieved.

The implementation of information and communication security management systems should follow the Plan-Do-Check-Action cycle model, with a spirit of gradual progress, to ensure the effectiveness and continuity of information and communication security. Continuously evaluate and review, considering the latest situation of laws and regulations, technological changes, stakeholder expectations, business activities, internal management, and resources to ensure the effectiveness of information security practices and operations.

Information security promotion and education training

Management policies and practices	
Personnel information	<ul style="list-style-type: none"> ▶ 305 participants in information security training ▶ 143 participants in information security professional training ▶ 935 participants in social engineering drill
Safety training	<ul style="list-style-type: none"> ▶ Four information security regulation sessions
Information security protection	<ul style="list-style-type: none"> ▶ All employees (including permanent, contract, vendor on-site service personnel, and equipment maintenance personnel) must comply with the company's information security management regulations. ▶ The company will conduct information security education and training as well as promotion for employees and relevant contractors on a regular or irregular basis, so that all personnel understand the importance of information security and various potential security risks. ▶ All personnel using information systems must undergo annual information security training. ▶ Personnel responsible for information security, including executives and staff, must undergo annual information security training. ▶ All new hires must sign a confidentiality agreement, and the company will clearly inform them about the confidential matters.



02

Diverse interaction

II. Diverse interaction

This year marks the eighth year that United Orthopedic has voluntarily prepared a sustainability report, which also provides the company with an opportunity to review and interact with its stakeholders. In preparing a sustainability report, the company analyzes and discusses material issues. The steps for this analysis include stakeholder identification, issue consolidation, identification of material issues, disclosure and discussion, and stakeholder engagement. Using a systematic analysis method, United Orthopedic identifies the sustainability issues that need to be addressed and responds to stakeholders' expectations on relevant issues through its sustainability report.

United Orthopedic 2023 major issue analysis process (using the results of the previous year's analysis)



2.1 Stakeholder identification

United Orthopedic maintains ongoing communication with department heads, considering relevant market trends and operational guidelines within both the domestic and international medical device industries. The company adheres to the AA1000 Stakeholder Engagement Standards to identify key stakeholders based on their dependence, influence, and communication frequency. The primary stakeholder groups identified include employees, suppliers, shareholders, government agencies, customers, and the media. United Orthopedic understands the concerns through daily communication and consultation with the six major stakeholders. Appropriate responses to these stakeholders are outlined in this report.

2.2 Issue summary and survey

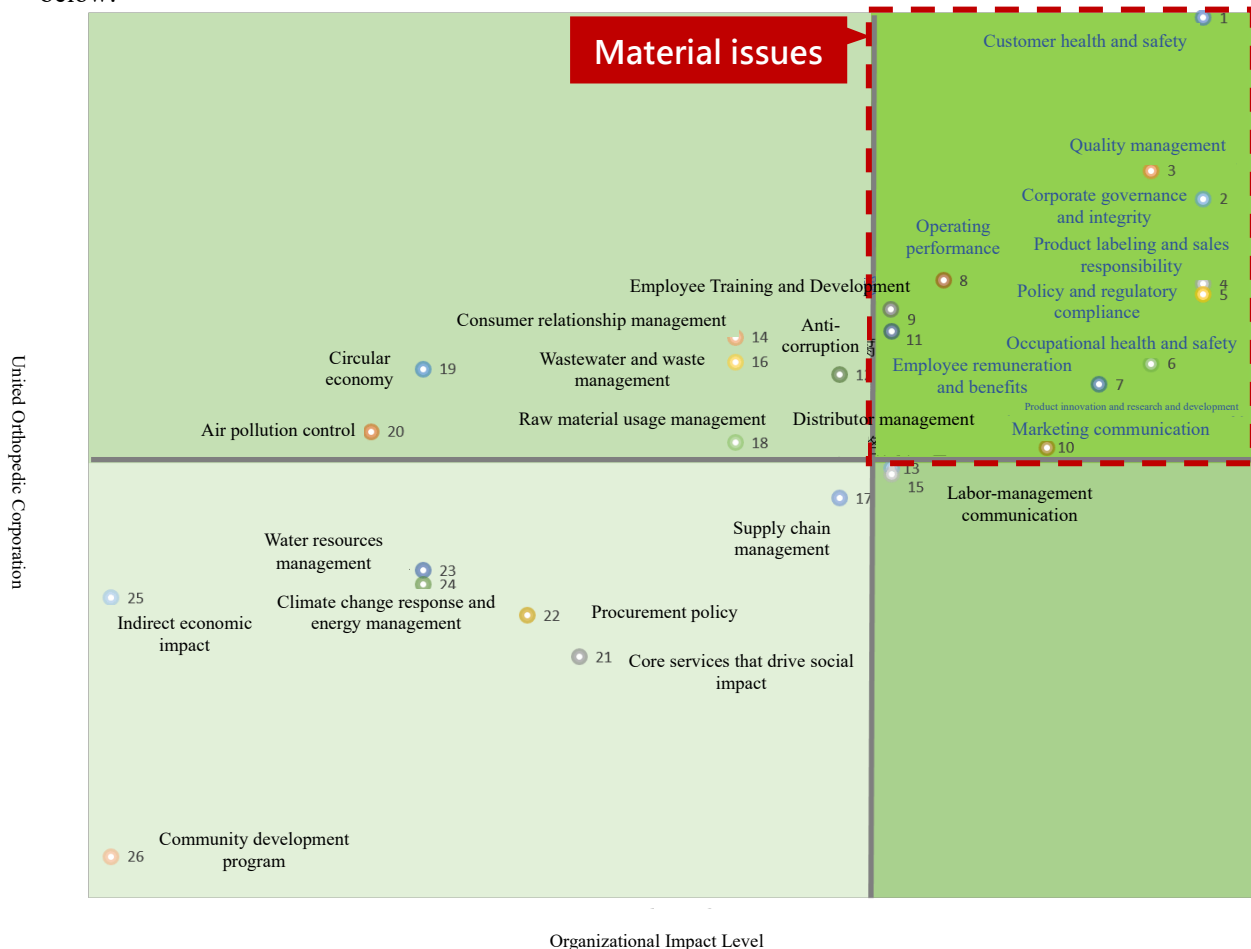
Using the GRI standards' topics and performance indicators as a basis, 27 aspects of corporate social responsibility were summarized based on their relevance to United Orthopedic. These aspects were then used to design the questionnaire topics.

United Orthopedic's corporate social responsibility and sustainability aspects and issues

Corporate governance		Economic aspect	
Content of the issue	<ul style="list-style-type: none">• Corporate governance and integrity• Policy and regulatory compliance• Anti-corruption• Supply chain management• Distributor management	Content of	<ul style="list-style-type: none">• Operating performance• Indirect economic impact• Procurement policy
		Product aspect	
		Content of the issue	<ul style="list-style-type: none">• Consumer/customer health and safety• Quality management• Product labeling and sales responsibility• Product innovation and research and development
Social aspect		Environmental Aspect	
Content of the issue	<ul style="list-style-type: none">• Labor-management communication• Employee training and development• Employee remuneration and benefits• Occupational health and safety• Consumer relationship management• Marketing communication• Community development program• Core services that drive social impact	Content of the issue	<ul style="list-style-type: none">• Climate change response and energy management• Air pollution control• Wastewater and waste management• Water Resource Management• Raw material usage management• Circular economy• Carbon emission inventory

2.3 Material issue identification

Through collaboration with various departments and interactive engagement with stakeholders, the company analyzes the level of stakeholders' concern regarding sustainability issues, concluding material issues for United Orthopedic. By integrating the "impact level of organizational operations" (X-axis) and the external "level of stakeholder concern" (Y-axis), the company categorizes them into high, medium, and general issues. Those with high levels of concern from both aspects are identified as material issues. United Orthopedic has identified eleven material issues, and the major issue identification diagram is presented below:



2.4 Disclosures and stakeholder negotiations

United Orthopedic has identified thirteen major issues, which are outlined in the corresponding chapters of this ESG report. In the future, we will continue to strengthen management and disclose relevant information in our sustainability reports. United Orthopedic communicates with stakeholders through different channels during daily operations. In addition to understanding their concerns and addressing them through regular communication channels, we aim to provide a more comprehensive response to stakeholders' concerns through this report.

Material Issues and Scope

Material issues	Within the organization	Outside the organization					Specified topics corresponding to GRI standards
		Supplier	Shareholder	Government authority	Client	Media	
1. Consumer/customer health and safety	V	•	•	•	•	•	GRI 416
2. Corporate governance and integrity	V		•			•	GRI 205, GRI 206
3. Information security	V						
4. Quality management	V				•		
5. Product labeling and sales responsibility	V				•	•	GRI 417
6. Policy and regulatory compliance	V	•		•			GRI 307, GRI 419
7. Environmental issues	V	•	•	•		•	GRI302, GRI303, GRI305, GRI306
8. Occupational health and safety	V	•				•	GRI 403
9. Product innovation and research and development	V		•			•	
10. Operating performance	V		•				GRI 201
11. Employee training and development	V	•			•		GRI 404
12. Marketing communication	V				•	•	GRI 417
13. Employee remuneration and benefits	V					•	GRI 401

Main stakeholders, concerned topics, and responses

Stakeholders	Topics focused	Methods of communication	Communication frequency	Issue response
Employees	<ul style="list-style-type: none"> Consumer/customer health and safety Employee remuneration and benefits 	<ul style="list-style-type: none"> Suggestion box Labor-management Meetings Survey Face-to-face conversation Department meeting (attended by team leaders, engineers, supervisors and above) Direct personnel education and training Internal website announcements, meeting minutes, emails, phone calls, and Line 	<ul style="list-style-type: none"> Instant Quarterly Irregular Irregular Department meetings are held once a week/every two weeks Quarterly education and training Instant/irregular 	1.5 Risk management 3.1 Quality products 3.2 Customer service 5.2 Talent cultivation 5.3 Remuneration and benefits 5.4 Safe workplace
Supplier	<ul style="list-style-type: none"> Consumer/customer health and safety Corporate governance and integrity 	<ul style="list-style-type: none"> Email, phone, letters, official website, Line, WeChat, video conferencing Face-to-face conversation Through the procurement department to communicate with 	<ul style="list-style-type: none"> Instant/Daily/Weekly Monthly Irregular 	1.3 Corporate governance 3.1 Quality products 3.2 Customer service

Stakeholders	Topics focused	Methods of communication	Communication frequency	Issue response
		suppliers. In some cases, meetings are held to discuss and explain the issues and topics		4.1 Innovative research and development 4.2 Supply chain management
Shareholder	<ul style="list-style-type: none"> Consumer/customer health and safety Corporate governance and integrity Operating performance 	<ul style="list-style-type: none"> Earnings call Company online platform Market Observation Post System Shareholders' meeting Email, phone 	<ul style="list-style-type: none"> Annually Instant Instant Annually Once a year or more 	1.2 Corporate governance 1.4 Operating performance 3.1 Quality products 3.2 Customer service
Government authority	<ul style="list-style-type: none"> Consumer/customer health and safety Recovery, reduction, reuse and recycling 	<ul style="list-style-type: none"> E-mail Phone Letters and official correspondence Ministry of Health and Welfare & FDA audit units of various countries 	<ul style="list-style-type: none"> Instant Irregular Irregular Face-to-face conversation Regulation seminar 	1.5 Risk management 3.1 Quality products 3.2 Customer service 6.1 Energy use and management
Client	<ul style="list-style-type: none"> Consumer/customer health and safety Quality management 	<ul style="list-style-type: none"> Advisory notice, customer complaint reply form Official correspondence, meetings, phone calls, emails, and Skype Customer visit or audit 	<ul style="list-style-type: none"> In the event of a customer complaint Instant Irregular 	1.5 Risk management 3.1 Quality products 3.2 Customer service 4.1 Innovative research and development
Media	<ul style="list-style-type: none"> Consumer/customer health and safety Marketing communication 	<ul style="list-style-type: none"> Email, phone 	<ul style="list-style-type: none"> Irregular 	3.1 Quality products 3.2 Customer Service 3.3 Social Contribution

External participation

In addition to maintaining strong and close interaction with stakeholders, United Orthopedic actively participates in external associations and activities, engaging in the exchange of industry and technology-related information. Below is a summary of the external organizations in which the company participates.

External organization participation
<ul style="list-style-type: none"> ▶ The Allied Association for Science Park Industry ▶ Institute For Biotechnology and Medicine Industry ▶ Taiwan Bio Industry Organization ▶ Taiwan Association of Orthopedic Exchange ▶ Taiwan Medical and Biotech Industry Association



Turning dedication into gold

III. Turning dedication into gold

In terms of product research and development, production, and market sales, United Orthopedic has established a leading position in the domestic market. The company's products have also received approval for sale from government authorities in over 40 countries, and its sales market continues to grow steadily. As of 2023, United Orthopedic's products have been successfully implanted in over 630,000 cases globally, yielding significant clinical outcomes. These products have directly improved the overall quality of life for patients and their families.

3.1 Quality products

The goal of corporate sustainability is to achieve stable growth in operating performance while emphasizing humanitarian care and a commitment to social responsibility. The end users of the company's products are patients undergoing artificial joint replacement surgery. Therefore, the company's approach to sustainable operations involves providing quality products and services that meet patients' needs and ultimately improving the overall quality of life for them and their families

Management policy: quality management	
Policies and commitments	With the commitment of "Each Step We Care", United Orthopedic upholds its dedication to becoming the most professional high-quality orthopedic materials manufacturer, standing from the customer's perspective to produce the products that truly meet their needs. We firmly believe that maintaining high quality is the foundation for a company to sustain its operations. The belief of focusing on the product quality and safety is deeply ingrained in the company's DNA. Three major quality policies are thoroughly implemented: "Everyone can do things right the first time," "Everything must meet regulatory requirements," and "Every product must satisfy customers." This ensures that products meet customers' needs and that production is strictly carried out in accordance with ISO 13485 and applicable regulations.
Goal	<ol style="list-style-type: none"> 1. Achieved zero major non-conformities in the audit conducted by the competent authority. 2. Strictly follow the quality standards and applicable regulations of orthopedic products and medical device quality systems. 3. Number of customer complaints due to quality assurance inspection oversights: ≤ 0 cases. Number of non-conformance reports due to quality assurance inspection oversights: ≤ 0 cases. 4. KPI overall performance management and talent development system. 5. Continuously implement cost control to reduce production costs.
Invest resources and take specific actions	<p>To embody the spirit of the Continuous Improvement Process, the scale of the second Quality Control Circle event was expanded in 2018, and the sixth Quality Control Circle event will be held in 2023.</p> <p>Upholding our commitment to contributing to society, we host group visits and internships from industry-academia-research organizations every year. This allows organizations at all levels to understand our determination to being deeply rooted in Taiwan and our unwavering commitment</p>

Management policy: quality management	
	<p>to producing high-quality products.</p> <p>Establish and develop competency maps for direct personnel, defining the required skills based on different job attributes. Systematically establish necessary training items and courses, and achieve operational quality stability through an accreditation system.</p> <p>Recognizing the unique environment of medical device manufacturing, we have integrated safety and energy saving into the 7S management approach, in addition to the ongoing 5S activities. This supports our recent initiatives for operational safety and energy conservation. We also conduct 7S audits periodically and provide the results to relevant units for improvement.</p> <p>In 2020, the reporting department of our testing laboratories in Kaohsiung implemented an online system for signing and approving reports, providing customers with electronic files to a paperless approach for environmental protection. In 2023, this system was further extended to include electronic signatures and archiving.</p>
Grievance mechanism	<p>Internal: "Non-conformity" reporting procedure, website announcements</p> <p>External: Customer complaint handling forms and suggestion forms, company website, Email, phone, and reporting channels</p>
Evaluation mechanism	<ol style="list-style-type: none"> 1. Internal audit report and management review meeting 2. Quality objective achievement rate 3. Advisory notice and customer complaint statistics 4. Factory inspection report by competent authority or audit unit

Management policy: consumer/customer health and safety	
Policies and commitments	United Orthopedic prioritizes serving the general public as its core value, and with the consumer/customer safety as its top priority. Before launching, all products undergo strict standard inspections, including functionality and safety tests, ensuring quality control at every stage. Meanwhile, before patients use the product, we provide physicians with educational training programs to convey the principles of the products and devices, as well as their proper usage methods, ensuring patient health and safety.
Goal	<ol style="list-style-type: none"> 1. Strictly adheres to each regulation to achieve zero incidents of non-compliance. 2. Plan to digitize education and training resources to overcome geographical and time limitations and enhance the efficiency of knowledge transfer. 3. Develop courses on virtual reality or augmented reality. 4. Plan to cultivate regional educational training personnel to overcome geographical limitations, with the aim of providing efficient local support and ensuring the most comprehensive allocation of educational training resources. 5. Continuously cooperate on the use of the company's new implantable product and integrate them with mainstream surgical methods. Design corresponding tools or refine existing medical devices to enable doctors to perform surgeries more precisely and safely.
Invest resources and take specific actions	<ol style="list-style-type: none"> 1. Arrange education and training for users (doctors, nurses, regional distributors, etc.), such as explaining product principles, observing clinical surgeries, and practicing surgical procedures, to allow users to have a comprehensive and accurate understanding of the product. 2. Actively reduce the number of product design errors and achieve the targets as follows: implantable products (target: zero actual cases), device products (target: \leq four cases, actual: three cases), processes (target: \leq one cases, actual: zero cases). 3. Strictly implement safety testing for products.
Grievance mechanism	<p>Internal: "Non-conformity" reporting procedure, website announcements</p> <p>External: Online web reporting system, Email, phone, reporting channels</p>
Evaluation mechanism	<ol style="list-style-type: none"> 1. Internal and external audits 2. Stakeholder feedback 3. Management review meeting

Brand guarantee and design

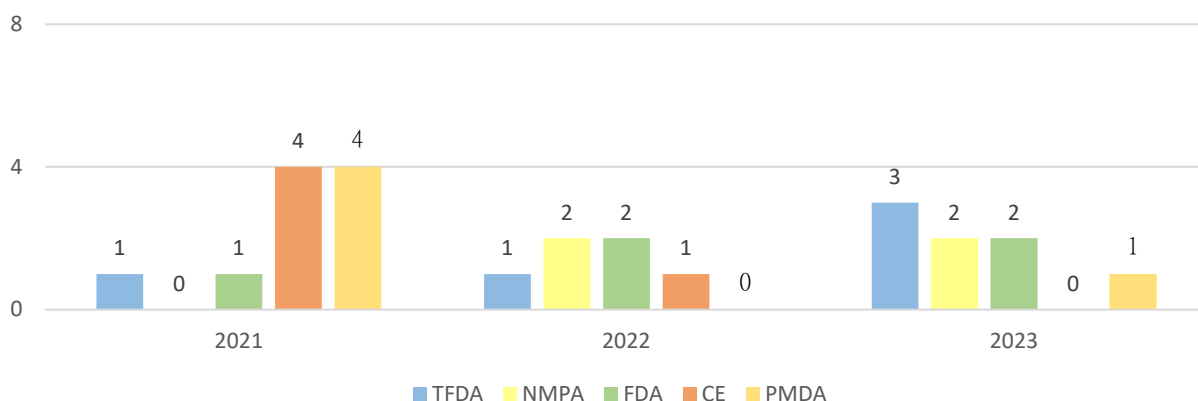
United Orthopedic is committed to quality and continuous innovation while providing enthusiastic service to offer customers a healthy and excepting living experience. The goal is to gain user trust and achieve the highest level of customer satisfaction. By promoting quality awareness and providing comprehensive education and training within the company, we have deeply embedded a culture of quality. With the utmost dedication, we continuously strive to improve and deliver the best service to our customers.

Products that meet international quality standards

The company's products undergo strict quality inspections at all stages, including design and development, production, storage and sales, installation, and service. To ensure high efficiency and quality in production and service, United Orthopedic integrates all stages of operations--from initial research and design, production and manufacturing, and finally to marketing and customer service--into a seamless process. This not only minimizes the possibility of errors during the process but also accelerates the research and development phase, allowing us to provide customers with the best service more efficiently.

The spirit of United Orthopedic aims for each product manufactured by the company to embody both the precision of mechanical processing and the meticulous craftsmanship of a craftsman, while implementing a product philosophy focused on quality and functionality. Therefore, the company strictly enforces the norms of the Quality Management Systems, following the ISO 13485 standard established by the International Organization for Standardization. Furthermore, it adheres to international standards set by the International Organization for Standardization, American Society for Testing and Materials, American Society of Mechanical Engineers, Association for the Advancement of Medical Instrumentation, as well as national standards of the European Union, China, and other countries, ensuring good and stable product quality.

The number of new accreditations obtained for various products



continuing

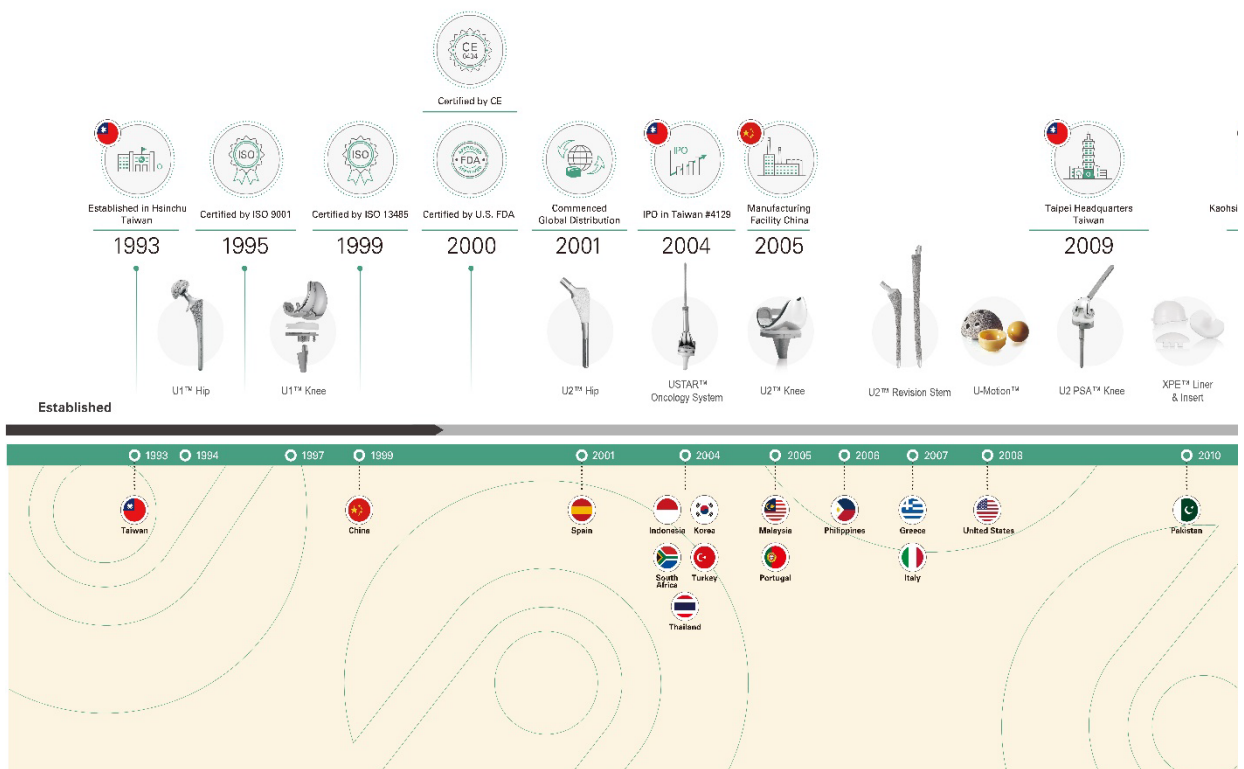
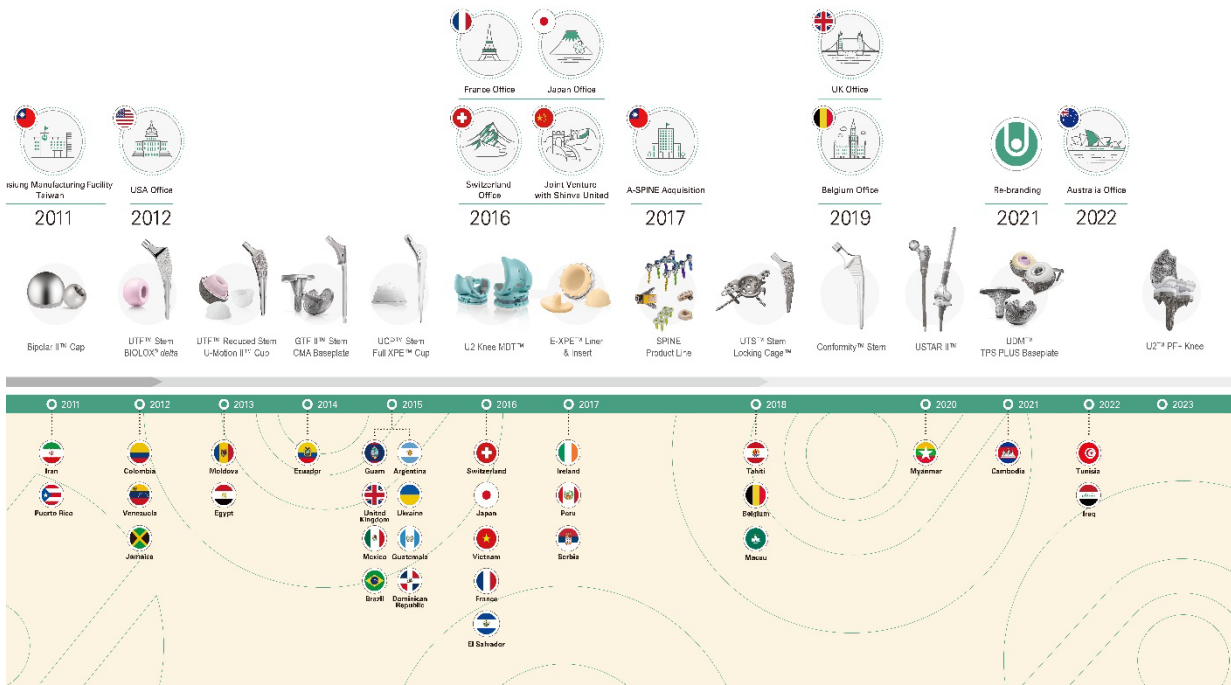


Product evolution history

The quality control team at United Orthopedic consists of engineers and quality control personnel, each having undergone the company's comprehensive professional training. They adhere to stringent inspection standards to monitor the production process, ensuring that the products meet the international manufacturing and quality standards. To this day, United Orthopedics' high-quality artificial joint products and surgical instruments have successively obtained multiple international patents. In addition to meeting the TFDA accreditation, the company's products have received accreditations from the US Food and Drug Administration, EU CE Mark, and China 's National Medical Products Administration, successfully exporting to markets in Europe, America, Asia, and many other countries.

The company's founder, Mr. LIN, YEN-SHENG, once said, "Artificial joints do not involve highly sophisticated technology, so it should not be too difficult to manufacture them; however, achieving 100% quality is not easy." The company adheres to strict quality control by establishing numerous inspection checkpoints throughout the manufacturing process to minimize the possibility of oversight. This commitment has allowed the 30-year-old United Orthopedic to maintain a leading position in the medical device industry, which demands high quality and zero defects.

Product evolution timeline



Product safety and functionality assessment

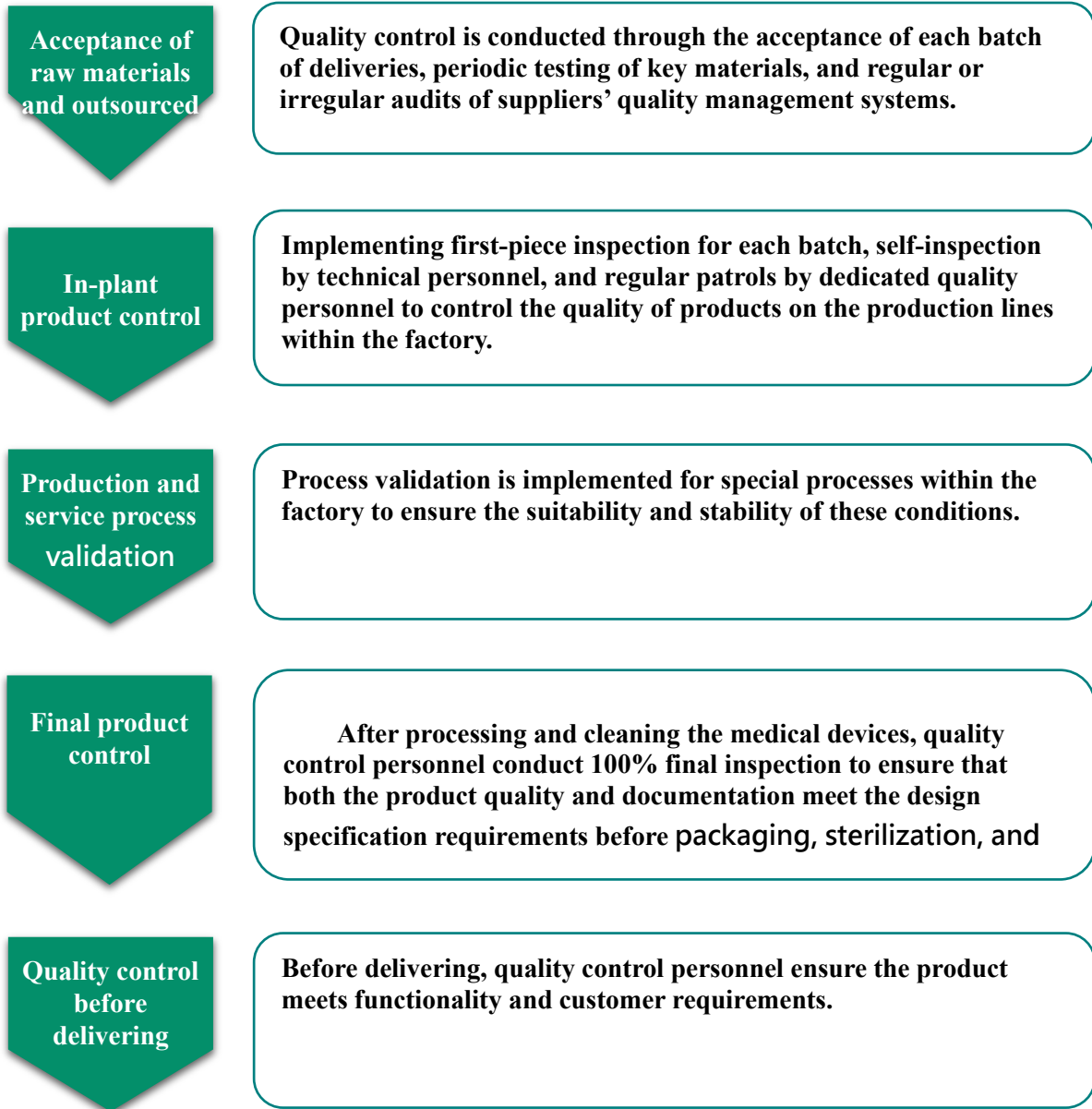
Since joint implant medical devices remain in the human body for a relatively long time after implantation and joint movement is a daily necessity, comprehensive evaluations must be conducted before the product is marketed. These evaluations consider risks from product manufacturing, implantation procedures, and post-operative use, and verify the product's biocompatibility, structural safety, and functional correctness through standard testing methods that meet regulatory requirements. Regarding its main product lines of hip and knee joint implants, United Orthopedic has conducted a series of post-marketing clinical follow-up studies on various items. These studies carefully evaluate the functional performance and patient feedback after the products are implanted in the human body to ensure the safety and functional performance throughout the entire product life cycle.

Quality, safety, and management

United Orthopedic has always been committed to product quality, which is a key reason for its customer trusts. Since its founding, the company has been dedicated to producing high-quality artificial joints with innovative designs. To meet customer requirements for quality, United Orthopedic ensures that all products comply with relevant laws, regulations, testing, regulatory standards, and international quality requirements. In addition to maintaining quality standards, the company strictly monitors user safety and product stability, and strengthens process and product risk management procedures to ensure product safety and performance reliability.

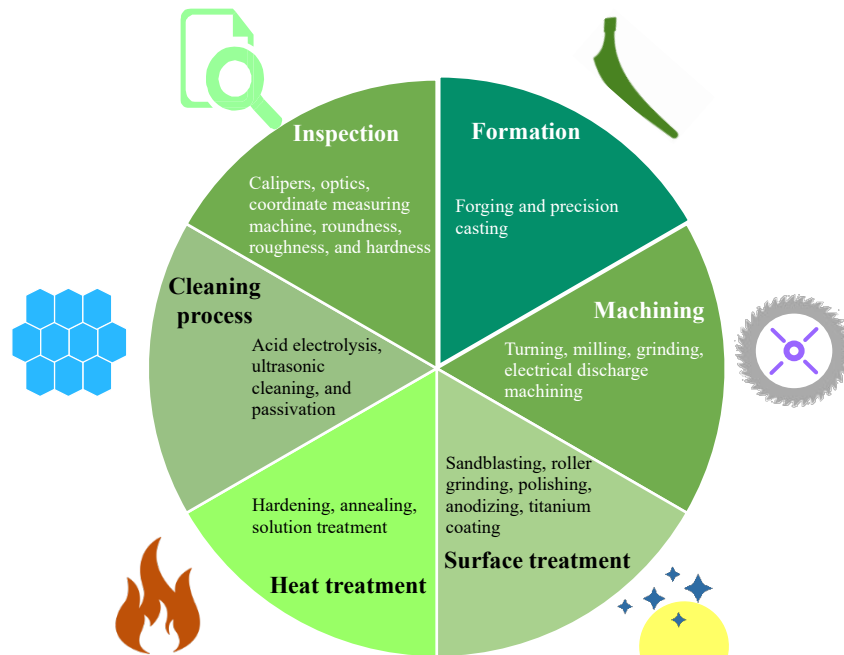
Production quality control

Under the strict quality control requirements, United Orthopedic provides a detailed production tracking system. From the outset, the production unit operates according to the issued work orders. Each product has a production history for tracking and control. Traceability records include relevant details such as raw materials, manufacturing processes, packaging, and sterilization. This ensures that every final product shipment is accompanied by complete and consistent information, allowing for control over the production quality of each batch. By establishing "product barcode" and "manufacturing batch number" mechanisms, each product's barcode labeling information is traceable. We provide labels for medical personnel to attach to medical records and documents, which helps to quickly and accurately identify medical supplies, enhances their quality and effectiveness, and reduces medical errors, thereby ensuring patient safety. SPC Plus, an electronic statistical process control system, was introduced in 2019.



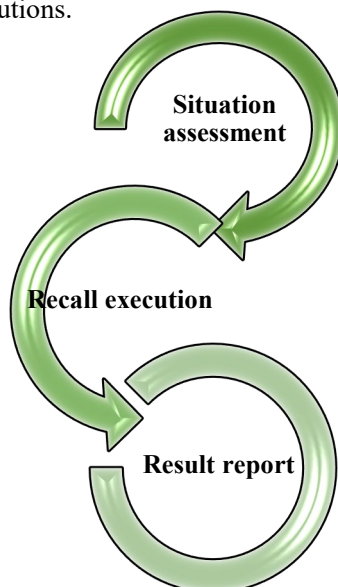
Clinically validated design

Based on years of experience in product development and design, as well as the suggestions from orthopedic surgeons and medical staff in clinical practice, and taking into account clinical research and in-depth market research from countries, United Orthopedics has designed high-quality artificial joints and surgical instruments. To ensure consistent and stable quality, United Orthopedic strictly implements and manages all internal manufacturing processes, including forming, cutting, surface treatment, heat treatment, cleaning, and inspection.



After-sales service for products

In addition to establishing strict quality control processes to ensure 100% product quality, United Orthopedic also formulates risk control measures to address potential issues. Through a stringent sales control system, the company tracks the status of products at times and provide prompt and comprehensive solutions.



- If the company's products receive customer complaints and, after investigation, are found to not meet the expected usage functions, or if a recall notice is received from the competent authority requiring a recall, the production and sales data and the severity of the problem, should first be confirmed. The "Quality Anomaly Handling Team" should then be convened to discuss and evaluate whether the abnormal products need to be withdrawn from sale immediately.

- When conducting a recall, it is necessary to fill out the "Product Recall Notification," "Medical Device Advisory Notification Review Form," and "Medical Device Emergency Market Notification." After obtaining approval from the General Manager, the customer service unit will formulate a "Product Recall Plan." A "Medical Device Emergency Market Notification" will be issued to relevant customers or users, and an effective confirmation response will be requested to ensure the successful implementation of the recall operation. If necessary, notification to the relevant authorities in each country is required in accordance with regulations.

- After the recall plan is completed, a "Product Recall Result Report" should be prepared and submitted to the supervisor for approval and closure. When necessary, the results must be reported in accordance with the regulations of the competent authorities of each country.

3.2 Customer Service

Focusing on customer satisfaction is the most powerful marketing tool and business strategy. Through customer surveys, communication, and excellent pre-sales and after-sales services, United Orthopedic has earned customer trust. Customer feedback and satisfaction ratings drive the company continuous improvement and enhancement of service quality. By providing comprehensive services and high-quality products, the company further boosts the competitiveness of its products in the global market. The core of customer service upheld by the company is:

Each Step We Care

United Orthopedic values social well-being as its most important principle. Even when facing the needs of a minority of special patients, the company committed to researching and producing customized products to meet their diverse needs. For example, to address the specific issue where, after implanting an artificial joint, the femoral stem is well-fixed but the acetabular implant is damaged, the company has established a project to develop specialized Revision Femoral Head products to meet this medical need. This aims to reduce the patient's mobility issues and the risk of bone defects associated with surgery.

Transparency of product information

Management policy: product labeling and sales responsibility	
Policies and commitments	<p>The company strictly adheres to relevant laws and regulations regarding labeling of medical products. The product review process follows the required compliance documents for different stages.</p> <p>To control the quality of products, United Orthopedic provides a detailed production tracking system. The barcode information on each product is traceable, which helps customers quickly identify medical materials. This greatly improves quality effectiveness, reduces medical errors, and ensures safety.</p>
Goal	<ol style="list-style-type: none"> 1. Strictly adheres to the laws and regulations of various countries with no violations 2. Consistently adhere to a 100% commitment to customers and provide high-quality pre-sales and after-sales services
Invest resources and take specific actions	<ol style="list-style-type: none"> 1. Establish strict standard operating procedures for factories and inspection processes 2. Continuously promote and implement the monitor system 3. Regularly host educational training courses and conferences on proper product use
Grievance mechanism	<p>Internal: "Non-conformity" reporting procedure, website announcements</p> <p>External: Customer complaint handling forms and suggestion forms, company website, Email, phone, and reporting channels</p>
Evaluation mechanism	<ol style="list-style-type: none"> 1. Collect feedback from stakeholders and regularly review and monitor it at management review meetings 2. Regular or irregular internal and external audits

Management policy: marketing communication	
Policies and commitments	In both internal and external communications, United Orthopedic maintains 100% authenticity and accuracy, avoiding exaggeration or ambiguity. The company upholds the 5R principles - Right Time, Right Quality, Right Quantity, Right Price, and Right Place) - to ensure timely, high-quality, appropriate quantities, fair pricing, and convenient locations. These principles guide us in providing the best possible service to our customers.
Goal	<ol style="list-style-type: none"> 1. Increase in brand value. 2. Revenue and market share growth rates.
Invest resources and take specific actions	<p>Domestic and international product knowledge training and seminars: In 2022, remote seminars were introduced due to the pandemic. A total of sixteen training sessions were held (thirteen domestic and three international), with an average satisfaction score of 4.97 out of five.</p> <p>Annual global user conference: The fifteenth Global User Conference was held in November 2023 in Kaohsiung, Taiwan, with nearly 300 attendees. The conference focused on the future trends in surgical techniques and artificial joints.</p> <p>Advanced live surgery seminar: Experienced medical teams were invited to demonstrate surgeries. The seminar included live surgery demonstrations and cadaver workshop sessions.</p> <p>Domestic and international distributor conferences: Assist sales partners in understanding the company's current development status and future prospects, particularly in keeping up with new product sales materials and market trends, as well as exchanging and communicating.</p> <p>Actively participate in international orthopedic medical conferences and exhibitions: Increase brand visibility among physicians and increase the opportunities for discussions with distributors in various countries.</p> <p>Collaborate with physicians to accumulate clinical cases and academic publications: From 2020 to 2023, 29 clinical studies involving co-authored product research by physicians have been published both domestically and internationally.</p>
Grievance mechanism	<p>Internal: "Non-conformity" reporting procedure, website announcements</p> <p>External: Customer complaint handling forms and suggestion forms, company website, Email, phone, and reporting channels</p>
Evaluation mechanism	<ol style="list-style-type: none"> 1. Regular or irregular internal and external audits 2. Conducting performance review, collecting feedback from stakeholders, and regularly reviewing and monitoring at management review meetings

Provision of product material information

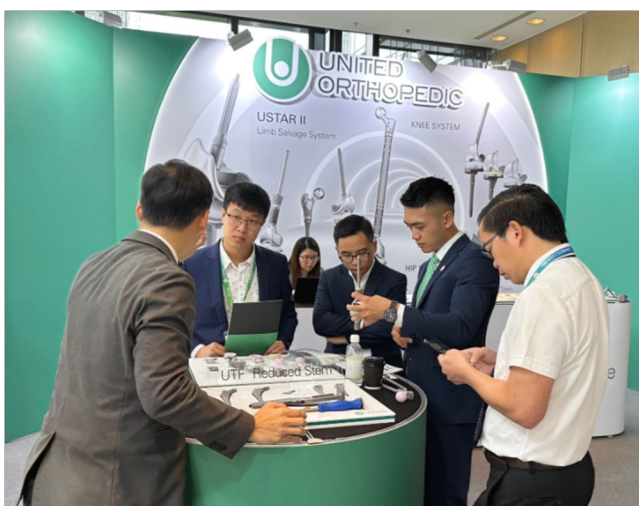
Product information helps distributors or physicians understand the features and operating procedures of the device, ensuring correct operation during surgery. This allows the product's features to fully demonstrate their clinical efficacy and enhances the quality of medical care. When launching a product, United Orthopedic provides a variety of product information materials, including: product catalogs, surgical procedure introductions, electronic product introduction files, animated introductions of surgical procedures, actual surgical videos, X-ray projection comparisons (including hardware and digital versions), etc., providing distributors and physicians with comprehensive and effective product usage information.



Hosting an exchange forum



Face-to-face instructions with customers at the exhibition



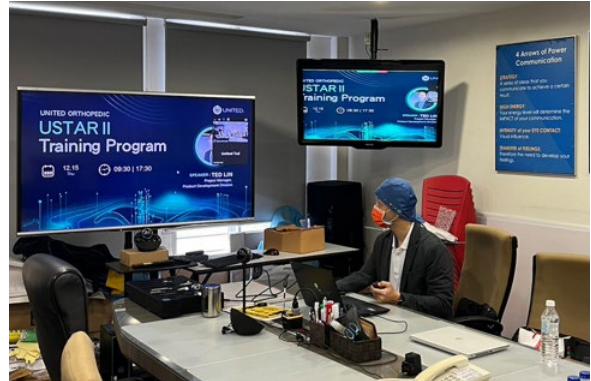
Product usage education and training

When launching new products or onboarding new customers, United Orthopedic provides education and training on product usage. Taking the domestic market as an example, United Orthopedic arranges for professional personnel to hold product briefings and seminars for the medical institutions using its products, enhancing the understanding of orthopedic surgeons and medical personnel towards the company's products, and learning the correct surgical operation methods. For the international market, regional distributors can apply for education and training from the company according to the needs of their internal personnel or medical institutions, including product briefings and practical operation demonstrations. Moreover, if a physician has any concerns or is unfamiliar with the surgical procedure in a clinical setting, the company will arrange for clinical educators to follow the hospital's standard procedures and observe the actual surgical situation in the operating room. This approach helps the physician clarify any issues and facilitates discussions with other physicians, which will serve as a reference for further improvement of product design. In 2023, a total of sixteen training sessions were held (thirteen domestic and three international), and the average satisfaction rate for the training sessions was 4.97 out of five.



Organizational education, training, and workshops

Overseas distance learning



Dedicated service with the spirit of humanitarian

Provision of customized products

The medical device industry involves a diverse range of key technologies, requiring expertise in both medical and ergonomic fields. In particular, the needs of artificial joint users can vary greatly. Differences in bone structure and strength among individual may change with age and health conditions. For varying needs in artificial joint medical devices, United Orthopedic treats patients like family, providing the best service and care. Often, the entire production line will accelerate to meet the specific needs of just one patient. For customized products, we design them based on the patient's X-ray images, considering factors such as height, weight, race, differences, to provide products that best fit the patient's bone structure. We also manufacture surgical instruments tailored to enhance the accuracy of surgical procedures, reducing the risk of post-operative complications and extending the lifespan of the products. Additionally, the company contributes to the market for specialized medical supplies, such as customized bone tumor prostheses for cancer patients. While imported products this type may be unaffordable for general patients, we produce tumor joint products regardless of cost to meet the needs of special patients in Taiwan. United Orthopedic ventures into the medical materials industry with the goal of helping others in every endeavor. This commitment also represents best embodiment of our dedication to social responsibility.

Clinical follow-up study

United Orthopedic has a clinical follow-up mechanism and management measures in place. We actively track the postoperative conditions of patients to ensure the clinical safety and performance of our products. Relevant research data is compiled into clinical study reports and properly stored to ensure full protection of patient privacy. United Orthopedic has intensive experience in product safety supervision and evaluation. For the clinical follow-up studies, the company evaluates patients' various condition indicators before surgery and at one, three, five and ten years after surgery. As of 2023, the company have completed follow-up for 3,660 cases. The execution for clinical follow-up is:

Develop post-market clinical follow-up plan



Evaluation and review



Effectiveness and implementation



Preparation for tracking reports



Document archive

Listening to customer feedback

United Orthopedic is committed to improving customer service quality by implementing "caring service" and seriously listening to every customer's feedback. We diligently review and improve our practices to provide the best service and meet customer expectations.

Customer satisfaction

To continuously improve service quality, the company conducts an annual satisfaction survey, systematically tracks and reviews the results on a regular basis, and implements an improvement execution mechanism. The survey targets two major customer groups, domestic and international, and covers three main areas: 1. Personnel services, 2. Product satisfaction, and 3. Marketing support. The results of the 2023 satisfaction survey show that the domestic market achieved a score of 95, while the international market scored 92, both meeting the predetermined satisfaction goals.

The proportions of the relevant survey in 2023 are as follows:

Part 1 - Customer Service: Overseas markets account for 40% (Domestic markets account for 40%)

Part 2 - Product Service: Overseas markets account for 30% (Domestic markets account for 30%)

Part 3 - Marketing Service: Overseas markets account for 10% (Domestic markets account for 30%)

Improving and strengthening domestic distribution services, product education and training, while deeply enhancing the company's brand image. We regularly hold online seminars and new product launches, with satisfaction levels meeting expectations and achieving our anticipated goals.

Customer complaint mechanism

United Orthopedic' direct customers are primarily distributors, medical institutions, and doctors in various countries. Complaints are generally directed through the company's business units for feedback. Investigations, statistics, and analysis reveal that customers are most concerned with issues such as the quality and design of implant medical devices, packaging instructions, the durability of surgical instruments, and the ease of use and operation of these instruments. Therefore, in addition to regularly holding various educational training and seminars, United Orthopedic immediately notifies relevant departments to carefully respond and make improvements through a comprehensive feedback process whenever customers have any questions or suggestions, in order to promptly and effectively resolve customer issues and provide responses. The related reports are regularly compiled and filed for reference.

Customer complaint handling principle

If a customer complaint meets the criteria for a recall notice issued by the competent authorities or involves a serious product defect incident that endangers human safety, a "Quality Abnormality Task Force Meeting" will be convened immediately to address the issue and initiate subsequent notification procedures.

After reviewing and evaluating the complaint, if the case does not require further investigation, the reason for this decision and the name of the decision maker should be recorded in the "Customer Complaint File." After the complaint is registered, controlled, investigated, and analyzed by the product insurance unit, the customer will receive a "Customer Complaint Response Form" that includes the investigation results, improvement measures, and other relevant details.

When a customer complaint involves defects in product, label, or packaging that do not meet the established specifications, an internal investigation should be initiated unless a similar complaint has been reviewed and no further investigation is necessary. The issues raised in the complaint should be reviewed, evaluated, and corrective and preventive measures should be implemented.

Customer privacy management

In terms of management systems, we have confidentiality agreements with customers to align with United Orthopedic's commitment to information security and confidentiality. Internally, the company's network is protected by a robust firewall and legal anti-virus software, and the system enforces periodic password changes. Customers making inquiries through the Internet are required to setup an account and password. In 2023, there were no incidents related to violations of customer privacy. To comply with the Personal Data Protection Act, the company has unified the registration of customers' personal information in the system since 2017 by replacing the middle names with the letter "X" to protect customers' privacy.

United Orthopedic places high importance on protecting customers' confidential information and privacy. The company is committed to securing management of confidential information by establishing procedures and regulations. These managing procedures have been integrated into the quality manual. The relevant information systems are used primarily for internal purposes and do not store customers' private information, ensuring the protection both the company's and its customers' rights and interests. In 2023, no complaints were received regarding any violation of customer privacy or loss of customer data.

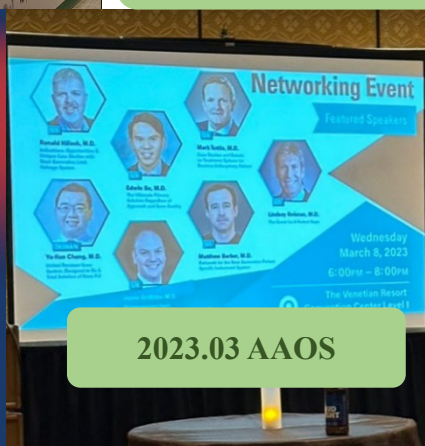
3.3 Social contribution

Taiwan possesses world-class medical and public health technologies. For a long time, both the government and private sectors have been conducted humanitarian medical assistance in other countries. As a medical equipment manufacturing company, United Orthopedic not only produces high-quality products but also fulfills its corporate social responsibility. Internally, the company fosters harmonious labor-management relations, while externally, it actively promotes social welfare activities, participates in and supports orthopedic-related research and development, as well as academic activities, making an effort to further enhance Taiwan's orthopedic medical standards.

Recent events

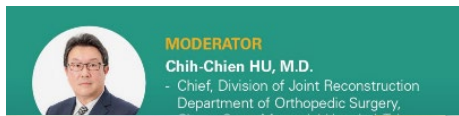


2023.02 The 53rd Annual Meeting of the Japanese Society for Replacement Arthroplasty

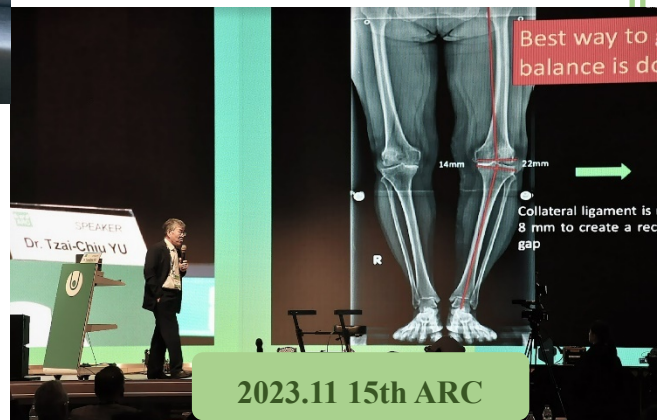
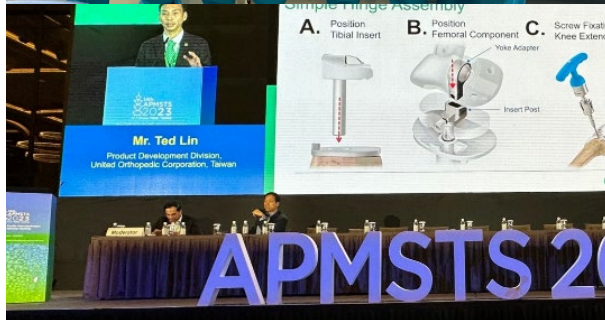


2023.03 AAOS





2023.10 TOA Annual Meeting





2023. 2 Ukraine	2023. 2 Cambodia
2023. 3 India	2023. 3 Peru
2023. 4 Japan	2023. 5 Indonesia
2023. 9 Chile	2023. 7 Japan
2023. 8 Japan	2023.10 Malaysia
2023.11 Ukraine	2023.11 Japan



Our commitment to customers

As orthopedic products with a relatively long life cycle, artificial joints require utmost safety, stability, and long-term joint function restoration capabilities. They serve as silent guardians in the ever-evolving landscape of medical technology. As advancements are made in the theory, design, and material technology of joint products, United Orthopedic does not remain static in its existing product lines. Instead, it continuously evolves its products and surgical instruments, offering innovative solutions to patients and doctors, actively addressing market demands and the challenges of implanting complex surgical devices. United Orthopedic's USTAR II was designed in a standardized approach. After undergoing clinical trials at major medical centers in Taiwan and the United States, it provides a comprehensive, stable, and cost-effective limb preservation solution for patients with severe lower limb bone structure defects and bone tumors. From 2018 to 2019, the company began using the severe acetabulum defect locking acetabular reinforcement device. United Orthopedic responded to the clinical needs of physicians to face extreme angle screw installation stability. By combining the concepts of guided devices used in bone trauma, the company developed a compression screw nut positioning aiming device. This device provides precise and convenient auxiliary guidance for clinical surgery in the surrounding residual bone area, effectively enhancing installation stability and safety. Established for over 30 years, United Orthopedic continues to uphold the spirit of "Each Step We Care," striving to bring better well-being to the general public.





4

Innovation and change

IV. Innovation and change

With the well-being of humanity as its core value, United Orthopedic continues to devote more effort and resources to product quality and innovative research and development. While expanding its market and manufacturing products, the company also places great emphasis on responding to and managing various environmental issues, aiming to achieve prosperity in economic, social, and environmental aspects.

4.1 Innovation and research and development

With ever-evolving medical technology, United Orthopedic has been upholding the goal of "Enhancing patients' quality of life through research and development, innovation and quality" (Each Step We Care) for over twenty years since its establishment. To achieve this goal, the company maintains close interactions with physicians, scholars, and experts, staying updated with the latest global medical trends, and is committed to technological breakthroughs and product research and development, to meet the diverse needs of clinical cases. The company further assists physicians in using the innovative product solutions to improve surgical efficacy and enhance the quality of life for patients.

Management policy: product innovation and research and development	
Policies and commitments	In terms of process planning, the company approaches it with the most rigorous attitude, designing with precision, and confirming and verifying with high standards. This ensures that the designed process maintains both the stability and safety of the product. In addition to improving quality and safety, for doctors, being able to perform operations with precision and operational convenience is also a goal that United Orthopedic continues to refine.
Goal	<ol style="list-style-type: none"> 1. Enhance existing manufacturing processes and product quality, and address gaps in the current product lines to provide a comprehensive solution for artificial joint problems. 2. Introduce new technologies, such as assistive devices like robotic arms, minimally invasive navigation, and intelligent technology with precision medicine marketing models, as a strategy to enter high-end markets or expand market share. 3. Use artificial joints as the market theme to promote diversified operations. Establishing a complete medical technology chain for artificial joints, such as extending to peripheral consumables and surgical assist devices. Expand into the development of pre-operative diagnostic techniques and post-operative care systems. 4. Combine the use of the company's new implant products and mainstream surgical methods to design corresponding surgical instruments to ensure the safety, accuracy, and efficiency of surgeries performed by doctors. 5. Complete the development of new products on time, focus on

Management policy: product innovation and research and development	
	improving and optimizing existing processes, reduce the cost of plasma spray coating process, increase the productivity on the product cleaning line and packaging lines, and alleviate the workload of workers in the casting area.
Invest resources and take specific actions	<ol style="list-style-type: none"> 1. In 2023, two projects (both being developed products) completed design confirmation. 2. Projects with confirmed design: <ol style="list-style-type: none"> (1) U-Motion II - Screw Hole Cover (2) U2 PSA Stem Extension Line 3. During 2017 to 2020, the company successively launched ultra-high molecular polyethylene components made of E-XPE material, UTS femoral stems, and Locking cage (locking acetabular reinforcement ring). 4. Reorganize the clinical research team to focus specifically on relevant data collection and analysis, and expand the workforce dedicated to product development to improve overall efficiency. 5. Continue the QCC (Quality Control Circle) activities, increasing the quantity and quality of improvements, improving production efficiency, and reducing fatigue for personnel performing repetitive tasks. 6. Improved the surface treatment process to reduce product defect rates, and completed the planning and contracting of the third plant's automated cleaning line and clean room packaging production line. Additionally, invested in labor-saving devices for casting processes and automated robotic grinding arms to reduce the burden on workers and increase productivity.
Grievance mechanism	<p>Internal: Communication channels for internal website announcements, various activities, and project plans</p> <p>External: Company website, customer complaint response forms, Email, phone, and reporting channels</p>
Evaluation mechanism	<ol style="list-style-type: none"> 1. Regular or irregular internal and external audits ensure the normal operation of the quality system, and collect feedback from stakeholders. The feedback is regularly reviewed and monitored in management review meetings. 2. Review the implementation together with the relevant department supervisors and colleagues through QCC activities and appropriately documenting the control methods for regulation. 3. Conduct regular meetings to review and ensure the accuracy and optimality of all activities.

Advancing innovation through continuous research and development

United Orthopedic adheres to a research and development-oriented approach. We expect all colleagues to leverage technology as a foundation, brainstorm new ideas, actively face challenges, and turn concepts into practical actions to create values. United Orthopedic believes that innovation is a crucial driving force for sustainable growth. The ratio of regular research and development expenditures to operating revenue is highly significant. In 2023, the company allocated a research and development budget of NT\$215 million, accounting for approximately 5.5% of operating revenue. Various new product development projects are also proceeding as planned.

United Orthopedic is committed to innovative research and development, including advancements in product lines, research and development capabilities, and process improvements, gradually aligning with the international standard of its peers. The company has received considerable recognition from external parties. Since 2013, it has been awarded the "National Innovation Award (Corporate Group)" for three consecutive years. In 2014, it also received the "Taiwan Excellence Award." In 2015 and 2016, it earned the "Hsinchu Science Park Innovation Product Award" and the "Taiwan BIO Awards Gold Award," respectively. In 2017, it was honored with the "Bio Awards Go-Global Award." In 2018, it was featured by the American media Orthopedics This Week. In 2019, it received the Bronze Medal at the "Medical Design Excellence Awards" in the United States and the "National Innovation Award (Clinical Group)" in Taiwan. In 2020, it won the Silver Award for Medical Devices at the 19th "Pharmaceutical Technology Research and Development Award." In 2021, the company's USTAR II Knee System won the 30th "Taiwan Excellence Gold Award," highlighting the recognition United Orthopedic has achieved both domestically and internationally.

Product research and development management

United Orthopedic produces a range of sizes for products and accessories for doctors, with dozens to hundreds of items available. Additionally, when doctors perform artificial joints surgeries, they require hundreds of surgical instruments and tools to assist. To address this, the company has established strict product development and sales control processes. This includes defining work scopes, planning and design procedures, and testing processes, in order to provide precisely designed products and instruments that support doctors in performing artificial joint replacement surgeries.

Control of product research and development

Risk management

Before product launch	After product launch
During the development stage, risk analysis and control of the product must be conducted according to the company's internal quality document for risk management procedures (UQP-02-2046), which complies with relevant international regulations.	According to the risk management application, an annual risk management review meeting must be held to assess and manage potential risks following the product launch. Review topics include product post-launch information, design changes, clinical follow-up, and market feedback.

The connection between the research and design department and internal and external parties of the company











Outside the company	Within the company
<ul style="list-style-type: none"> ◆ The design and development of products ◆ Verification and validation of product functionality and safety (testing items performed by external parties, with data provided by engineers) ◆ Products that need customization ◆ Customers' relevant requirements for product use 	<ul style="list-style-type: none"> ◆ Formulation of product specifications and quality standards ◆ Capability assessment of new suppliers or outsourcing vendors ◆ Assistance with engineering issues for vendor or contractor ◆ Assistance with product-related issues during production and inspections

Innovative technology and issues

The company continues to invest in new product development, including advancements in design, materials, and technology, to ensure that United Orthopedic maintains its product competitiveness and market-leading position. Additionally, the innovative products developed through these projects have successively received marketing approvals from Taiwan, the United States, and the European Union, and have obtained several product and innovation awards. In 2023, applied for four patents in Taiwan and three patents in the United States.

Type	Project
Design innovation	USTAR II hip
Design innovation	Conformity stem
Design innovation/technological innovation	DM cup
Design innovation	Lockage cage
Material Innovation	Umotion II EXPE Liner
Process innovation	PF+ Knee
Process innovation	PF+ Knee (Patella)
Process innovation	Modular Revision Stem
Process innovation	Momentum Acetabular Cup System
Process innovation	SYSTEM ONE Shoulder

New product development

Second generation tumor reconstruction artificial joints and tools	Femoral head	Epicondylar artificial knee joint and instruments 
U2+ artificial knee femoral component system and tools 	Modular acetabular cage system 	Dual mobility cage system and instruments 
E-poly artificial joint liners and inserts 	Short-handle femoral stem and instruments 	Modular femoral stem and instruments 
Disposable surgical equipment 	3D printed acetabular system and tools 	Corail femoral stem and instruments 

4.2 Supply chain management

United Orthopedic considers suppliers and distributors as crucial partners. In addition to strengthening competitiveness through manufacturing and research and development, the company is committed to maintaining long-term relationships with upstream and downstream partners in the supply chain, working together towards the goal of sustainable operations.

Raw material supply situation

In 2023, the ratio of domestic and overseas procurement of raw materials was 17% and 83%, respectively, with the main materials procured included ceramic ball heads, rods, plastic rods, and ingots.

Region		Materials
Domestic procurement		Titanium alloy bar
		CoCrMo bar
		Stainless steel bar
Overseas procurement	The United States and Europe	Stainless steel bar
	The United States	Titanium alloy bar
	The United States	CoCrMo bar
	The United States and Europe	Plastic bar
	The United States	Titanium beads
	Europe	Ti /HA powder
	The United States	Ingot

(Note: Domestic suppliers refer to companies or their agents registered in the Republic of China, who must issue a uniform invoice for billing in accordance with regulations, and follow the relevant procedures and regulations for domestic procurement.)

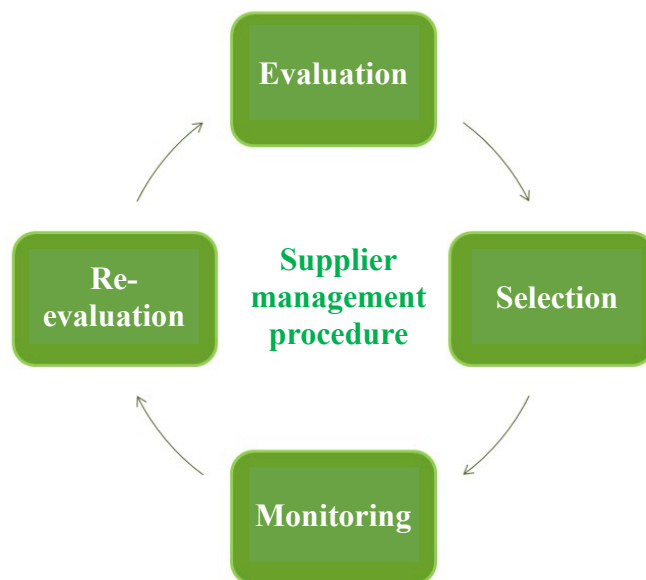
Supplier management regulations

United Orthopedic adheres to a comprehensive supplier management system, upholds the spirit of honesty, openness, and fairness, and develops long-term and stable partnerships with suppliers. The supplier management guidelines include the assessment, selection, and monitoring of suppliers. In addition to evaluating suppliers based on their price, quality, and delivery time, supplier risk management is also included in the guidelines to ensure that they meet sustainability management requirements.

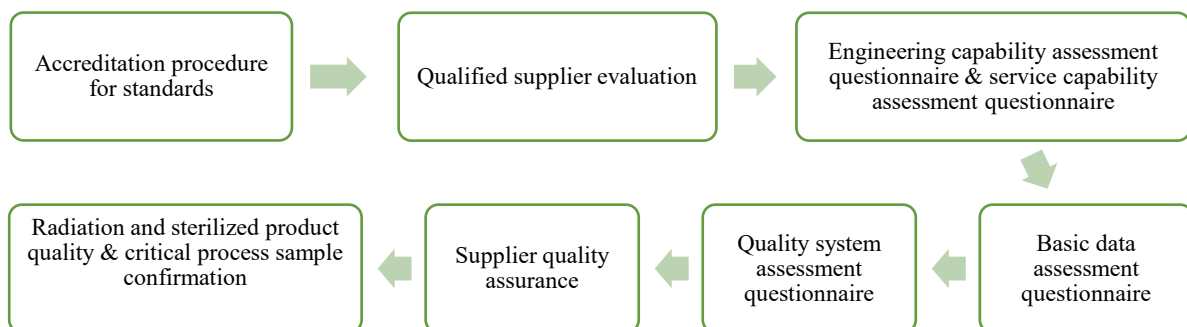
Before becoming a qualified supplier of United Orthopedic, all suppliers must go through a selection process, where they are evaluated based on their basic information, production capacity, quality standards, regulatory compliance, and other criteria. Only after being approved by the authorized units through a co-signature process can they become a supplier of United Orthopedic. In addition, important material suppliers need to undergo an evaluation for special specifications to ensure that their management systems and products meet the requirements of United Orthopedic.

United Orthopedics' main customers are organizations such as hospitals and foundations that require information transparency. The selection of suppliers also follows a clear screening SOP, requiring them to undergo an evaluation before being listed as qualified suppliers. Under normal circumstances, third-party external audits of the ISO13485 system are conducted according to strict procedures, ensuring that the process design does not allow for corruption.

Supplier management procedure



Standard selection process



Supplier performance management

United Orthopedic's suppliers are categorized into ten classes based on demand. To ensure the implementation of supplier performance management, an annual audit plan is formulated based on the nature of suppliers, transaction items, and evaluation results. On-site inspections are conducted to confirm the supplier's performance and re-evaluation process.

Audit and management

To consistently maintain quality and ensure product safety, United Orthopedic has implemented comprehensive monitoring and audit tracking procedures to oversee supplier quality. The audit types are categorized into three areas: supplier performance reports, implantable key material testing, and quality system audits.

After becoming a qualified supplier, United Orthopedic will still conduct regular audits and assessments to ensure the sustainability and quality of supplier operations. For general suppliers, if their annual average performance rating falls below 85 points, or if a supplier improvement request is issued more than three times within a year, or if the most recent quality system audit score for the supplied products is below 85 points, a re-evaluation is required. Based on the risk level of the products or services provided by the supplier, either a physical or written audit will be conducted. For technical service suppliers, re-evaluation is based on the validity period of the required conditions and certificates for testing services. In terms of supplier management, except for Category E suppliers, those without transaction records for over a year will be temporarily classified as retained suppliers. For Category E suppliers, those without transactions for over three years will be classified as retained suppliers. When re-engaging with these suppliers, the relevant departments will conduct a re-evaluation according to the supplier evaluation procedures.

Distributor education and training

United Orthopedic is committed to providing guidance and product education to its distributors, as supply chain risk management is essential for maintaining competitiveness. Therefore, the company places great emphasis on communication and training, actively offering assistance when needed to enhance the distributor competitiveness and foster strong corporate partnerships.

Distributor education and training

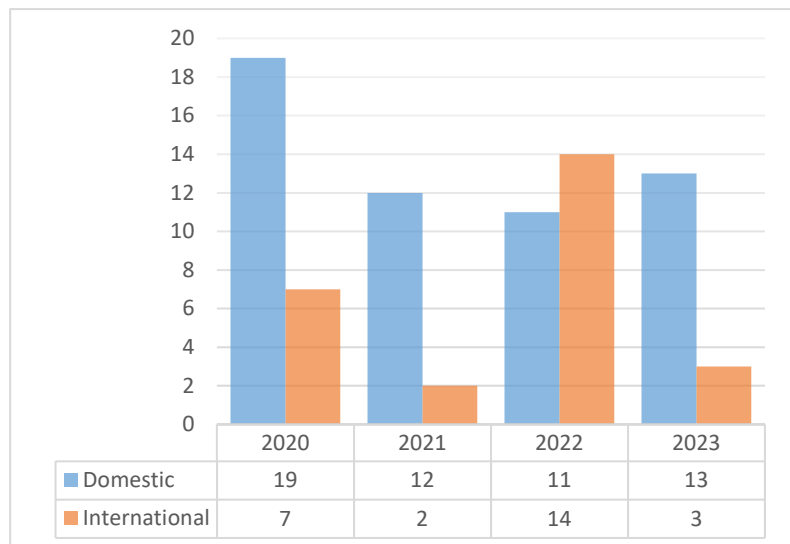
United Orthopedic carefully monitors the risks of supply chain suppliers. The company organizes an annual distributor education and training program, offering courses at different levels based on professional expertise, allowing distributors to select appropriate courses according to their specific needs. Additionally, in response to the launch of new products, the company also arranges domestic and overseas educational training courses on an irregular basis, allowing distributors from different regions to attend courses nearby. In 2023, United Orthopedic held a total of sixteen external training meetings and seminars both domestically and internationally.



Product knowledge training

United Orthopedic has dedicated personnel who regularly gather new product reports from international research institutions. They summarize key points and trends of new products into presentations, providing distributors with the latest clinical information on product use across various countries. This enables them to share the most recent updates from the global orthopedic market. Additionally, the company invite professional physicians to give lectures on the medical knowledge related to the new products and specialized areas that the company plans to develop for each quarter of the year, inviting distributors to participate together. This allows the company to maintain good interaction and communication with

In April 2021, the definition of training was redefined as a systematic teaching activity, excluding "product introductions and demonstrations" from the scope of training.



physicians and enhance their professional knowledge in actual clinical practice. Statistics for the user education and training sessions held in 2023 are as follows:

The international activities are as follows:

- 2023. 02 United Orthopedic Oncology & Adult Reconstruction Course USA
- 2023.02 The 53rd Annual Meeting of the Japanese Society for Replacement Arthroplasty Japan
- 2023.03 American Academy of Orthopedic Surgeons AAOS
- 2023. 08 Cadaver Course Japan
- 2023. 11 AAHKS Annual Meeting USA
- 2023. 11 SOFCOT Annual Congress France



Annual international exchange conference

United Orthopedic holds an ARC Meeting every year, inviting the company's distributors and customers to participate. They discuss annual cooperation plans and exchange ideas on specific topics, encouraging distributors to improve service quality and promote better coordination with customers.





5

Happy working
environment

V. Happy working environment

United Orthopedic is committed to providing a good workplace and establishing a comprehensive management system to safeguard employee rights, health, and safety. At the same time, the company establishes smooth communication channels and complaint mechanisms, allowing employees to have channels for feedback. In addition to formulating sound policies, the company has established a comprehensive training and management system, aiming to attract and retain like-minded talents through extensive employee education and training, as well as smooth promotion channels.

Management policy: employee training and development, employee compensation and benefits	
Policies and commitments	United Orthopedic promises to provide a good workplace and establish a comprehensive management system to protect employees' rights and health and safety. Meanwhile, United Orthopedic has established smooth communication channels and complaint mechanisms, allowing employees to express their concerns freely. In addition to formulating sound policies, the company has established a comprehensive training and management system, aiming to attract and retain like-minded talents through extensive employee education and training, as well as smooth promotion channels.
Goal	<ol style="list-style-type: none"> 1. Implement manpower assessments to maximize the value of human resources 2. Effectively cultivate talents, place the right person in the right position, and enhance the company's competitiveness 3. Integrate functions of various organizations and establish management mechanisms 4. Establish an employee learning map
Invest resources and take specific actions	Promote "Care for Every Step" by clarifying the upstream and downstream relationships between organizational functions, and caring for the work that needs to be done when each step is carried out, including process establishment, improvement, inspection, and performance management.
Grievance mechanism	<p>Internal: "Non-conformity" reporting procedure, labor-management meetings, employee suggestion box, internal website announcements</p> <p>External: Company website, Email, phone, and reporting channel</p>
Evaluation mechanism	<ol style="list-style-type: none"> 1. Internal audit report 2. Management review meeting

5.1 Employee overview

The company upholds the spirit of caring for its employees, maintaining continuous communication, coordination, and cooperation between management and employees. This approach helps employees improve their professional skills while embodying the core values of United Orthopedic. Through comprehensive systems and activities, the company further unites its employees, leading the company forward and encouraging employees to actively contribute to society.

Hiring principles

According to actual business needs, United Orthopedic publicly recruits personnel. For direct recruitment, we are committed to developing diverse channels and initiatives to uphold the principle of hiring based solely on talent, regardless of race, religion, color, nationality, gender, or other factors, and to avoid employing child labor.

In terms of employee benefits and human rights, we strictly comply with the regulations of the Labor Standards Act, Gender Equality in Employment Act, and the Occupational Safety and Health Act, as well as other relevant laws and regulations. In accordance with the People with Disabilities Rights Protection Act and the Indigenous Peoples Employment Rights Protection Act, we employ people with disabilities and indigenous employees to safeguard their fair employment rights.

Manpower structure

As of the end of 2023, United Orthopedic has a total of 679 employees, an increase of 10.6% compared to 2022. Currently, the company's employees have not formed a labor union. The employee hiring situation is described as follows.

Manpower overview

For the past three years, the ratio of employees at United Orthopedic's Taipei headquarters to its factory sites has been approximately 1:8. The majority of personnel are still concentrated in the production and manufacturing factories. The company's manpower status over the past three years is as follows:

Year	Plants	Local employees	Foreign Employees	Indigenous employees	Employees with disabilities	Subtotal	Total
2021	Taipei headquarter	79	1	0	0	80	563
	Hsinchu factory	269	12	3	3	287	
	Kaohsiung factory	192	2	2	0	196	
2022	Taipei headquarter	81	0	0	0	81	607
	Hsinchu factory	282	9	3	5	299	
	Kaohsiung factory	212	12	2	1	227	
2023	Taipei headquarter	83	2	0	1	86	679
	Hsinchu factory	298	16	2	4	320	
	Kaohsiung factory	247	21	4	1	273	

Note: All indigenous and employees with disabilities hired by United Orthopedic are of national origin.

Employee categories

The proportion of employee categories hired by United Orthopedic over the past three years is as follows: In 2023, there were 631 permanent employees, accounting for 93% of the total workforce, and 48 contract employees, making up 7%.

Organizational manpower analysis

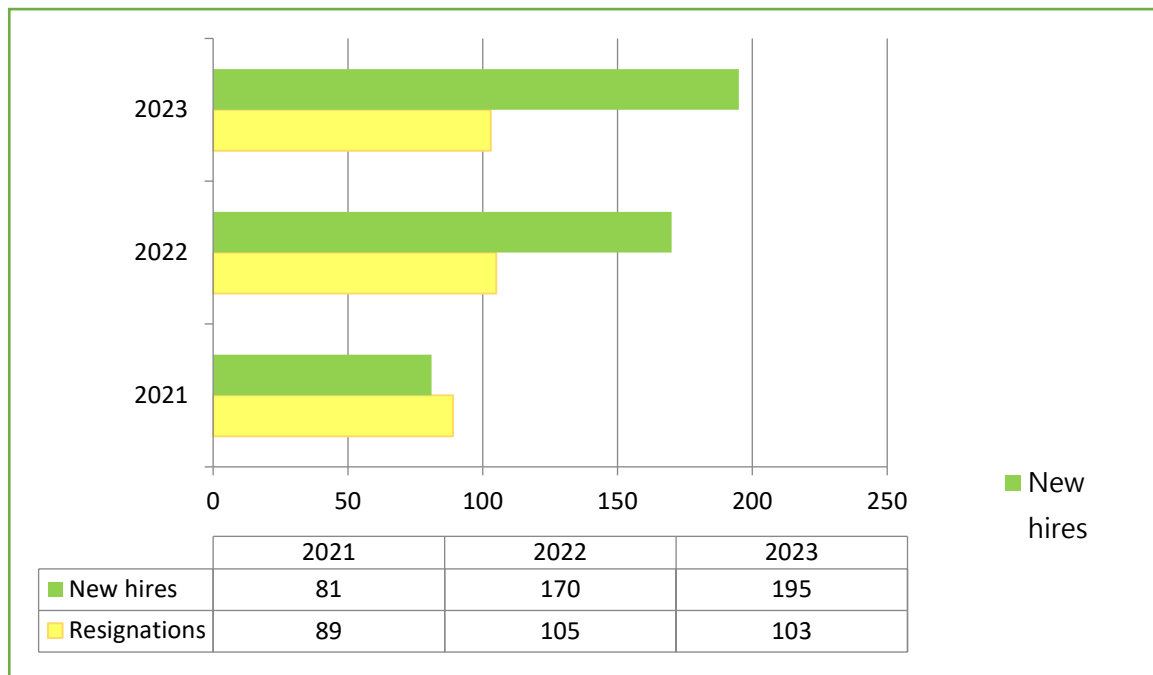
Due to the industrial nature of its operations, United Orthopedic has a higher proportion of male employees, with an average male-to-female ratio of approximately 6:4 over the past three years. The largest proportion of employees falls between 30-40 age group. By job type, technical staff and engineering positions account for the largest proportion at 54% and 25%, respectively. In terms of educational background, over 65% of employees hold a bachelor's degree or higher, including master's degrees.

Category	Group	Male	Female	Total	
		Number of people	Number of people	Number of people	Proportion
Age	Below 30	78	57	135	20%
	31~40	178	94	272	40%
	41~50	113	91	204	30%
	Over 51	44	24	68	10%
Education	Under high school	106	59	165	24%
	Bachelor's degree	245	161	406	60%
	Master's degree	55	45	100	15%
	Doctor's degree	7	1	8	1%
Employment category	Permanent employees	370	261	631	93%
	Contract employees	43	5	48	7%
	Dispatched personnel	0	0	0	0%
Management level	Technical position	251	118	369	54%
	Engineering position	99	72	171	25%
	Business position	27	20	47	7%
	Administrative management position	36	56	92	14%

Employee turnover rate

In 2023, United Orthopedic hired 195 new employees. Of these, 158 (81%) were under 40 years old. The new hire rates were 19% for male employees and 10% for female employees. In the 2023, 103 employees resigned, resulting in a turnover rate of 15%. This rate matches the turnover rates of the past two years but is lower than the average turnover rate of 17% in the manufacturing industry in Taiwan.

To address the current employee turnover rate, the company has established a comprehensive knowledge base system. By enhancing the skills of existing employees, we aim to mitigate the manpower shortage. Additionally, the company continuously improves the remuneration and benefits to retain talented individuals. We also promote a mentorship system, which facilitates the transfer of work skills to new employees and helps them quickly adapt to the company culture.



5.2 Talent cultivation

Talent is the cornerstone of a company's operations. United Orthopedic firmly believes that having the suitable and excellent talents, combined with a sound system and operational processes, is key to the company's sustainable development. Over the years, we have been dedicated to enhancing the work skills of our employees and the management expertise of our executives, fostering consensus to achieve the company's long-term vision.



Learning and development

The training plan for United Orthopedic's employees is designed to align with the company's vision,

business strategies, and goals. It focuses on developing and introducing new technologies, concepts, and tools to promote employee growth and organizational learning. The company formulates and implements training plans annually to meet the needs of work objectives, competencies, management, onboarding, employee development, and legal requirements. It also offers diverse learning channels, encourages self-learning, and supports participation in professional certification courses related to competency training systems, quality management systems, and legal regulations.

Training situation

The number of trainees and hours by gender and management level are as follows:

Employee education and training		Annual total	Male	Female	Supervisors	Non-Supervisors
Internal training	Number of participants	5013	3063	1950	504	4509
	Hours	23442.5	15756	7686.5	1862.5	21580
External training	Number of participants	250	156	94	88	162
	Hours	2556	1710.5	845.5	935.5	1620.5

The number of trainees and training hours by course categories are as follows:

Professional training

Quality is a fundamental core value of the company. United Orthopedic values its employees' embodiment of quality, upholding the principle of "getting it right the first time." Therefore, there is a comprehensive plan for quality management education and training.

Course categories	Number of trainees	Course hours
Basic competency	1551	1696.5
Professional competency	1489	15825
Business management	41	272
General education course	930	4101
Legal provisions	1621	2175.5
Annual total	5632	24069.5

Quality management training

The quality engineering personnel provides the following training courses:

Position	New hires	On-the-job education and training
Quality control personnel	<ul style="list-style-type: none"> Adopting one-on-one mentor training method Providing a six-week comprehensive education and training courses, including: 	<ul style="list-style-type: none"> Implement personnel multi-skill technical training and inspection technical ability assessment annually Irregularly implement training on new product development and measurement

Position	New hires	On-the-job education and training
	<ul style="list-style-type: none"> ■ Operation of testing instruments ■ Product testing technology ■ Understand quality control standard operating procedures, medical devices, and requirements for quality standards 	<p>technology to ensure that quality control personnel continuously maintain and improve their technical capabilities</p>
Quality assurance engineer	<ul style="list-style-type: none"> ● According to the professional competency training plan, each subject is conducted by responsible personnel of each specialty ● Provide a three-month observation and training, including: <ul style="list-style-type: none"> ■ Instrument operation technology ■ Quality plan development workflow ■ Recognition of engineering symbols ■ Geometric graphics, inspection technology development, and gauge design ■ Understanding of quality system operating procedures ● After completing the training and passing the qualification assessment, one can begin independent work as a medical device production quality control operator 	<ul style="list-style-type: none"> ● Monthly "Improvement Project" sharing meeting held by the Quality Assurance Department ● Assign a dedicated person responsible for document specification, continuously enhance the workflow and professionalism ● Implemented irregularly: <ul style="list-style-type: none"> ■ Internal new product ■ Training for new measurement technology ■ Quality system and internal audit personnel training ■ Attend external seminars or education and training on medical device regulations and international standards ● Ensure that quality assurance engineers can maintain their engineering knowledge and technical capabilities to support ongoing progress ● Organize Quality Control Circle improvement activity annual to optimize the quality improvement methods and awareness of frontline staff

Furthermore, the Kaohsiung factory provides training courses for personnel based on the

manufacturing processes (forging, casting) for which they are responsible:

Employee category	Training content
Direct personnel	<ul style="list-style-type: none"> ● Training on quality system specifications, ERP system operations, standard operating procedures, measurement equipment operations, etc. ● Irregular issue course training to enhance professional competency ● Conduct regular on-the-job training based on the relations between work and product quality ● For non-destructive inspection, it is required to obtain non-destructive testing certificates (PT and RT certifications)
Indirect personnel	<ul style="list-style-type: none"> ● Training on instrument calibration, basic graphics, testing work manuals and quality control plans, testing equipment operation, testing techniques and gauge design, and quality system specifications, etc. ● Conduct irregular on-the-job training based on the relation between work and product quality

The education and training courses provided by the production department for its job duties are as follows:

Course Name	Number of trainees	Number of courses	Course hours
Administrative management training			
Promotion of administrative regulatory systems	166	7	359
Production line management practices	1	1	7
Comprehensive production management practices	1	1	7
Lean management	10	1	70
Skill training			
RCA root cause analysis (combined with EXCEL)	1	1	7
Tongtai vertical machining center programming instructions	1	1	15
Instruction of Tongtai vertical machining center control panel	3	1	18
Kaizen methods and techniques	2	1	14
Cobalt chromium molybdenum sintered test education training	7	1	4
Medical device product safety risk management	1	1	6
Safety training			
Occupational safety and health related courses	803	24	1173
New hire training			
New training courses and practices	704	565	749
Professional onboarding training	690	646	9136.5

Education training for various factories

The statistics for the training courses at the Hsinchu factory, including the number of sessions, total hours, and number of trainees, are as follows:

Employee education and training	Male	Female	Supervisors	Non-Supervisors
External training (person-times)	78	108	48	138
Average hours	8.9	9	9	8.9

Course Name	Number of trainees	Number of courses	Course hours
Management training			
Production line management practices	1	1	7
Comprehensive production management practices	1	1	7
Process design and cross-departmental communication	1	1	7
Effective time management to enhance work performance	1	1	6
Lean management	13	1	91
Skill training			
ISO 13485 Basic Awareness Course - Onsite Course	1	1	7

Course Name	Number of trainees	Number of courses	Course hours
“Weekday Class” EXCEL Pivot Table Analysis Practice and Application (Hands-on)	2	1	14
“Practical Guide to Clinical Evaluation Reports (CER) for Medical Devices in the EU”	1	1	6
1. Validation of Heat Treatment Process - Vacuum Heat & Atmospheric Heat Treatment Furnace Chamber Temperature Uniformity & Hardness Testing 2. Sintering Quality Verification for CoCrMo Products	1	1	1
112 Internal Carbon Pricing Course	1	1	2.5
112.05.04_ISO 11737-1,-2 Training Course on Microbiological Testing Methods for Sterilized Medical Devices	1	1	6
May 12, 2023 (Friday) [Physical Course] Medical Device Sterilization and Packaging Validation Planning and Report Integrity Acceptance	1	1	6
12C310 [Weekday Class] VBA Prerequisite - Excel Formula and Advanced Practical Applications Class	2	1	36
2023 TOA	8	1	60
2023 United Advanced Interactive Live Surgery	3	1	32
2023 Taiwan Talent Market Overview - A Comprehensive Analysis of Recruiting, Attracting, and Retaining Talent	1	1	2.5
7/1-7/2 United Advanced Interactive Live Surgery	9	1	96
8D Method - Enhancing Problem Analysis and Problem-Solving Ability	1	1	7
Ansys Workbench Structural Analysis Fundamentals Course	1	1	13
Cadaver workshop	3	1	25.5
Calypso ZEISS Advanced 3D Measurement Training Course	8	1	56
Introduction to ESG Initiation and Related Issues	3	2	5.5
IEC 62366-1 How to Apply Usability Engineering in the Design, Development, and Lifecycle Management of Medical Devices	2	1	12
Practical Analysis and Evaluation of ISO 10993 Biocompatibility Regulations	9	1	54
ISO 11737-1,-2 Training Course on Microbiological Testing Methods for Sterile Medical Devices	7	1	42
ISO 13485 Fundamentals Course	6	2	42
ISO 13485:2016 Medical Device Quality Management System Lead Auditor Training Course	1	1	40

Course Name	Number of trainees	Number of courses	Course hours
ISO 13485:2016 Medical Device Quality Management System Internal Auditor Course	2	1	32
ISO 14064-1:2018 Organizational Greenhouse Gas Internal Verifier Training Course	1	1	14
ISO 14971:2019 Medical Device Risk Management Training Course	11	2	77
ISO 13485:2016 Internal Auditor Training Course	18	1	54
MDR EU Medical Device Regulation	3	1	36
New Edition of Electromagnetic Compatibility and Electrical Safety Practice for Medical Devices	3	1	18
Power BI Desktop Big Data Analytics Practical Applications	9	2	108
Taiwan Auto Design Co., - Ansys Workbench Structural Dynamics	1	1	7
Solid Edge Training Course	13	9	197
T-7M CNC Lathe Operation Education and Training	4	1	20
TOA Autumn Orthopedic Medical Association	2	1	75
Tongtai vertical machining center programming instructions	6	1	30
Instruction of Tongtai vertical machining center control panel	6	1	36
The 2023 Annual Academic Seminar of the Joint Reconstruction Society, R.O.C.	5	1	40
Internal Auditor Regulatory Education and Training	34	1	102
Biocompatibility Testing ISO 10993 Practices	1	1	12
Pre-service Training Seminar for New Corporate Internal Auditors	1	1	18
How to Promote Calibration Management of Measuring and Testing Equipment According to ISO 9001:2015	1	1	6
Kaizen methods and techniques	2	1	14
Seminar on Common Labor Inspection Violations in the Technology Industry	1	1	2
Common Quality Defects Analysis and Troubleshooting Skills Class	1	1	6
Regular Training on Product Recall Operation Procedure	5	1	5
Practical Introduction to the Application of EU Medical Device Automation EUDAMED	1	1	6
Medical Device Regulation (EU) 2017/745 Practical Training Course	1	1	12
Practical Writing of Clinical Evaluation Report (CER) for	4	1	24

Course Name	Number of trainees	Number of courses	Course hours
EU medical devices			
EU Medical Devices and In Vitro Diagnostic Medical Devices Regulation Course Series - CE-05: Information and Instructions to be Provided by Manufacturers of Medical Devices	1	1	6
Validation of Equipment Product Deactivation	1	1	0.5
Briefing on Quality System Documentation (QSD) Regulations for Medical Device Manufacturers to Meet Quality Management System Guidelines	1	1	3.5
Medical Device QMS Requirements and Implementation Practices Course	1	1	6
Medical Device Biocompatibility Testing ISO 10993 Practice	17	2	57
Medical Device Manufacturing and Process Validation	4	1	24
Training Course on the Concept and Method of Process Validation for Medical Device Manufacturing	2	1	14
Planning, Design, and Implementation Practices for Medical Device Safety and Efficacy	6	1	72
Software and Process Validation Training for Medical Device Quality Systems	2	1	12
Medical device product safety risk management	9	1	54
Control of the Medical Device Design and Development Process and Risk Management	8	2	96
Discussion on Software Validation and Cybersecurity for Medical Devices	1	1	6
Medical Device Sterilization, Packaging Validation Planning, and Completeness Review of Reports	8	1	48
Standards and Practical Planning for Sterilization of Medical Devices	4	1	48
Practical Applications of Electromagnetic Compatibility and Electrical Safety for Medical Devices	1	1	6
Information and Instructions Provided by Medical Device Manufacturers	1	1	6
QMS establishment process and planning for medical device manufacturing plants	1	1	6
Safety training			
Occupational safety and health related courses	675	14	1049.5
New hire training			
New training courses and practices	574	509	625.5
Professional onboarding training	505	481	6467.5

the number of classes, hours, and trainees in the training courses at the Kaohsiung plant are as follows:

Employee education and training	Male	Female	Supervisors	Non-Supervisors
External training (person-times)	30	8	15	23
Average hours	12.1	7.6	11.5	10.9

Course Name	Number of trainees	Number of courses	Course hours
Skill training			
Radiation protection education and training	9	7	78
2023 Labor Standards Act Seminar	1	1	4.5
8D Report Problem Analysis and Solution Application Practice	5	1	5
ISO 13485:2016 Internal Auditor Training Course	4	1	12
MES (Manufacturing Execution System) Design and Practical Application	1	1	7
Solid Edge Basic Course	3	1	63
Internal Auditor Regulatory Education and Training	19	1	57
Regular Training on Product Recall Operation Procedure	1	1	1
Cobalt chromium molybdenum sintered test education training	19	1	9.5
Plasma Spray Coating Basic Course	4	1	10
Medical Device Production and Process Validation Course	1	1	6
Medical device product safety risk management	3	1	18
Safety training			
Occupational safety and health related courses	892	37	1273.5
New hire training			
New training courses and practices	866	537	948
Professional onboarding training	922	819	8871

Career development

The company emphasizes the career development of its employees. In addition to providing various training courses based on the business needs of different plants, each department also conducts internal training according to their responsibilities. The company also identifies suitable employees for job rotation and learning opportunities across departments based on internal job vacancies.



Competency training

External training (person-times)	292			
Average hours	8.6			
Course categories	Course Name	Number of trainees	Number of courses	Course hours
Competency training	Related training required for each competency	292	178	2516

When new hires onboard or employees transfer within the company, appropriate competency training will be arranged based on their positions to facilitate their work. The learning effectiveness will be assessed within a specified period. During the learning process, various forms of training will be adopted depending on the job functions, including classroom education and training, hands-on operation, and other methods. Additionally, after employees have been in their positions for a certain period, timely competency assessments will also be arranged to evaluate their learning effectiveness, as well as other periodic training sessions to enhance various professional skills.



5.3 Compensation and benefits

United Orthopedic considers its employees to be like family, recognizing them as the key driving force for the company's sustainable development. We firmly committed to our responsibility toward our employees. In addition to strictly complying with labor-related regulations and providing essential labor, health, and group insurance protections, we are dedicated to optimizing the compensation structure and welfare system, in hopes of motivating our employees to work collaboratively with the company.



Employee remuneration

Harmonious labor-management relations are crucial for successful business operations. In recent years, economic changes and structural transformation in industries have highlighted the need for both labor and management to recognize the importance of the corporate entity. Since its establishment, United Orthopedic has not experienced major labor-management disputes, and employees are able to express opinions through various channels to maintain positive communication.

Remuneration ratio

The company treats all employees equally, and remuneration is determined based on the their educational background, professional expertise, job duties, skills, and individual performance. Remuneration is fairly determined without being affected by factors such as gender, marital status, race, political stance, religion, or other differences among employees.

Employee category/gender		Male	Female
Direct Employees		1	1
Indirect Employees	General employees	1	1
	Supervisors	1	1

Employee performance evaluation

To implement performance management, United Orthopedic has established a comprehensive and transparent evaluation system. Through biannual "goal setting" and "performance evaluation" sessions, the company aims to enhance organizational efficiency and improve employee capabilities. In 2023, the evaluation coverage ratio was 100%.

Direct personnel	Annual performance score evaluation is conducted
Indirect personnel	Set individual KPI at the beginning of each year, review and confirm them in the middle of the year, and conduct performance scoring evaluation at the end of the year.

In 2023, approximately NT\$600 million was invested in employee benefits (including remuneration expenses, etc.). The company allows employees to share in the operating results through stock-based remuneration plans, with the hope that they will become business partners and work together toward the goal of sustainable operations.

Employee Welfare Committee

In accordance with the law, the company established the "United Orthopedic Corporation Employee Welfare Committee" (abbreviated as Welfare Committee) to enhance employee welfare. The Employee Welfare Committee is responsible for organizing various welfare activities, including the distribution of bonuses and birthday gift cash, subsidies for weddings and funerals, birthday parties, group meals, team-building activities, employee travel, and other events.

Pension system

United Orthopedic and its domestic subsidiaries have established employee retirement plans in accordance with the provisions of the Labor Pension Act, under which monthly contributions are made to individual labor pension accounts at the Bureau of Labor Insurance based on 6% of employees' salaries.

Parental leave

In accordance with the "Act of Gender Equality in Employment" and the "Regulations for Implementing Parental Leave for Raising Children," the company grants employees the right to apply for unpaid parental leave. Employees who have been employed for six months or more may apply for this leave before their child turns three years old. After the parental leave ends, the company will arrange for the employee to return to their original department and position and provide relevant educational and counseling courses to help them reintegrate quickly into their work.



Item			2021	2022	2023
Number of eligible applicants	Male		49	30	32
	Female		23	15	23
	Total		72	45	55
Actual number of applicants	Male		3	4	2
	Female		0	6	3
	Total		3	10	5
Return-to-work rate	Male	Number of employees required to return to work after parental leave	2	4	2
		The actual number of employees apply for reinstatement after parental leave	2	1	1
		Return-to-work rate	100%	25%	50%
	Female	Number of employees required to return to work after parental leave	3	4	3
		The actual number of employees apply for reinstatement after parental leave	3	3	2
		Return-to-work rate	100%	75%	67%
	Return-to-work rate		100%	75%	67%
Leave of absence Retention rate	Male	Number of employees reinstated in the previous year	2	1	1
		Number of people reinstated for more than a year in the previous year	1	1	1
		Retention rate	50%	100%	100%
	Female	Number of employees reinstated in the previous year	1	3	3
		Number of people reinstated for more than a year in the previous year	1	3	2
		Retention rate	100%	100%	67%

Note: Reinstatement rate = Actual number of reinstated employees / Number of employees eligible for reinstatement in the year

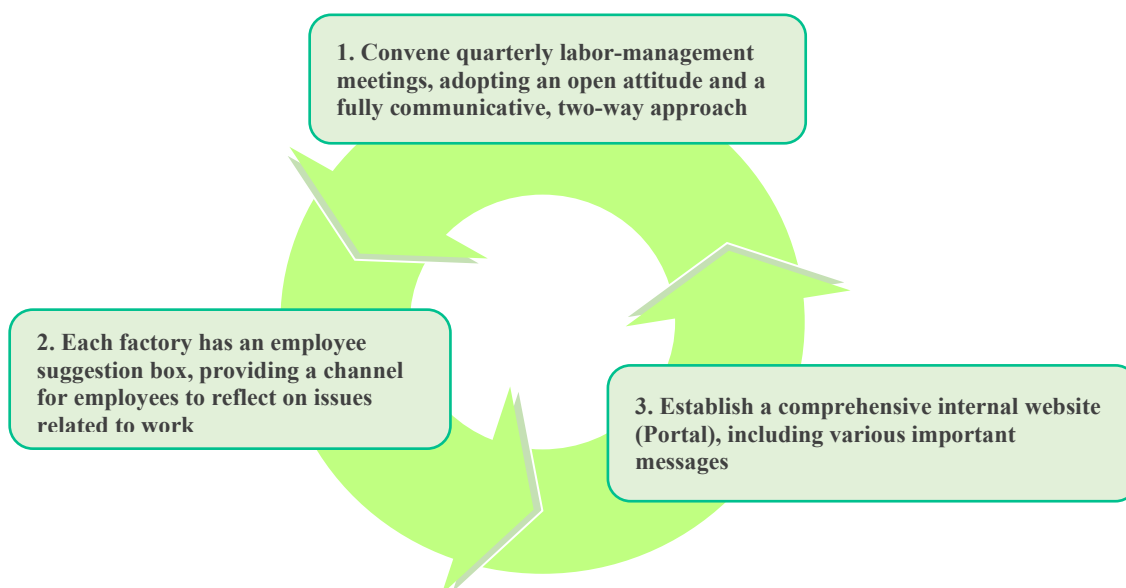
Retention rate = Number of employees who remained employed for one year or more after reinstatement / Number of employees reinstated in the previous year

Employee Benefits

Permanent employees	Contract employees
1. Year-end bonus	1. Record-breaking performance bonus
2. Record-breaking performance bonus	2. Retirement system
3. Retirement system	3. Nursing room.
4. Employee bonuses and capital increase subscription	4. Travel allowance
5. Nursing room	5. Marriage and funeral allowance
6. Regular employee health examinations	6. Childbirth allowance
7. Travel allowance	7. Hospital consolation money
8. Marriage and funeral allowance	8. Group meal
9. Childbirth allowance	9. Birthday event
10. Hospital consolation money	10. Group activities
11. Group meal	11. Family day activities
12. Birthday event	
13. Group activities	
14. Family day activities	

Labor-management communication

United Orthopedic has always emphasized the clarity and rationality of its management system to facilitate labor-management negotiations and the communication of opinions. The company has also established "Work Rules" based on the Labor Standards Act, relevant laws, and regulations, serving as a standard to follow. The company establishes a two-way communication channel through labor-management meetings, the company website, and employee suggestion boxes, thereby building consensus.



5.4 Safe workplace

Safety is not only a core requirement for work but also a goal. All employees should strive to create a safe, healthy, and comfortable workplace. The Occupational Safety and Health Policy of United Orthopedic aims to "protect the safety of employees," "promote a healthy workplace," and "care for the physical health of employees." The company continuously improves and enhances occupational safety and health performance to achieve the vision of sustainable operation and continuous service.

Management approach: occupational health and safety	
Policies and commitments	<p>Fulfill compliance obligations and social responsibilities</p> <p>Risk-oriented thinking to reduce operational risk</p> <p>Life cycle perspective, creating a mutually beneficial environment</p> <p>Promote full participation, effective consultation, and communication</p>
Goal	<ol style="list-style-type: none"> 1. Strictly comply with regulations and requirements to achieve zero violations, and continuously identify regulations, requirements, and standards 2. Aside from traffic accidents, reduce the number of occupational safety incidents to fewer than three cases 3. Reduce non-conformities 4. Continue to allocate budgets to address various risks and opportunities, such as preventing work safety incidents in the plastic milling bed and saw bed areas 5. Conduct at least ten education and training courses
Invest resources and take specific actions	<ol style="list-style-type: none"> 1. Seventeen sessions of educational training were conducted to enhance the safety and health skills and awareness of all employees 2. Operate and maintain the effectiveness of ISO 14001 & 45001 management systems 3. To ensure a safe workplace for employees and reduce occupational accidents, United Orthopedic implemented five targeted programs, investing approximately NT\$421,000 in improvements 4. To comply with regulations, implement pollution prevention, energy conservation, and carbon reduction, the company conducted five targeted programs, investing approximately NT\$2.504 million in improvements 5. Organize employee health examinations, health consultations and education seminars, on-site health services by medical personnel, physical fitness tests, and other activities
Grievance mechanism	<p>Internal: "Non-conformity" reporting procedures, occupational safety and health committee meetings, department meetings, on-site suggestion boxes, internal website announcements</p> <p>External: Company website, Email, phone, and reporting channel</p>

Management approach: occupational health and safety	
Evaluation mechanism	<ol style="list-style-type: none"> 1. Internal audit report and management review meeting 2. Review the performance indicators of environmental safety and health for each quarter and discuss them in the occupational safety and health committee

Occupational safety management

United Orthopedic is committed to sustainable operation and fulfilling corporate social responsibility. In addition to complying with occupational safety and health regulations and other relevant regulatory requirements, we pledge to continuously invest resources through organizational operations and employee participation. Our goal is to improve safety and health facilities in plant areas, prevent harm and unsafe conditions, and protect the safety and health of our employees, contractors, and relevant third parties by addressing potential risk issues. Moreover, we also implement procedures according to the Contractors EHS Management Rules of Occupational Health and Safety Management System to ensure the safety of contractors and other workers within the factories.

Occupational safety and health management

United Orthopedic has designated personnel responsible for occupational safety and environmental protection at each of its factory. These individuals assist departments in adhering to company policies and standard procedures, carry out daily occupational safety and environmental protection tasks, reduce risks, and regularly review the implementation. Designated personnel conduct periodic audits and verifications of environmental protection and safety-related operations in the factories. They are responsible for complying with relevant legal and regulatory requirements from external parties such as customers, suppliers, and government agencies, as well as implementing various improvement action plans.

To effectively prevent occupational diseases and accidents, the company follows the regulations of the Occupational Health and Safety Management System, formulating occupational accident prevention plans and appointing occupational safety and health management personnel. Additionally, conduct regular environmental testing and self-inspections. The environmental safety department also regularly convenes the occupational safety and health committee to assess the workplace. The committee identifies any safety concerns or deficiencies related to environmental safety and health in the workplace and proposes corrective improvements to ensure a safer and more supportive working environment for employees. Among them, the Director-General of the occupational safety and health committee is Mr. CHOU, CHIN-LUNG. The committee comprises 25 members, including twelve labor representatives.

The company displays labor safety and health slogans to remind employees of the importance of environmental safety and health. In accordance with the "Labor Health Protection Rules," the company regularly conducts employee health examinations and arranges education and training according to the "Labor Safety and Health Education and Training Rules" and the second-tier document UEOP-08-0001 Contractors EHS Management Rules of the environmental safety and health management system.

Working environment of United Orthopedic



Ensure a safe working environment for employees

In 2023, to ensure a safe workplace for employees, United Orthopedic implemented five targeted programs, with a total expenditure of NT\$421,000:

1. Investing NT\$39,000 in installing fall arrest anchor points on the rooftop of the building at the Hsinchu factory.
2. Investing NT\$58,000 in dust accumulation improvement work for the dust collection pipes of the phase three building at the Kaohsiung factory
3. Invested NT\$35,000 in fire smoke exhaust system improvement work in Kaohsiung factory.
4. Invested NT\$68,000 in the noise improvement project for the cleaning room on the second floor of the phase three building at the Kaohsiung factory.
5. Invested NT\$221,000 in the noise reduction project for the grinding room on the first floor of the phase two building at the Kaohsiung factory.

Additionally, for contractor operation management, United Orthopedic has issued a new version of construction management regulations for contractors. These regulations require all personnel entering the plant for operations to have received appropriate safety and health education and training, and strictly adhere to entry and construction management regulations to strengthen contractor operation safety.

Occupational accident statistics

United Orthopedic reported a total of nine occupational accidents in 2023, including three injuries and six traffic accidents. Currently, various improvement measures have been strengthened, such as developing relevant SOPs and enhancing education and training for new hires. These efforts aim to raise employees' safety awareness and reduce the occurrence of occupational accidents (injuries).

Plant category	Occupational injury statistics	Occupational hazards		Days lost from work	Total occupational injuries	Injury rate (IR)	Lost day rate (LDR)	Absence rate (AR)
		Number of injuries	Death toll					
Hsinchu factory	Total	1	0	0	1	0.32	0	0.00%
	Occupational injury category	One person with a hand abrasion.						
Plant category	Occupational injury statistics	Occupational hazards		Days lost from work	Total occupational injuries	Injury rate (IR)	Lost day rate (LDR)	Absence rate (AR)
		Number of injuries	Death toll					
Kaohsiung factory	Total	2	0	0	2	0.81	0	0.00%
	Occupational injury category	One person with a hand abrasion and one person with an electric shock.						

Explanation:

1. The calculation of absence rate is based on employees' absence due to the loss of their ability to work, not limited to occupational injuries or illnesses. Excluding leaves such as holidays, training, maternity/paternity leave, and bereavement leave.
2. The number of "days" of "loss" for workers who are unable to perform their regular work due to an occupational accident or occupational disease.
3. The determination of occupational diseases for employees must be diagnosed by a professional doctor from the occupational medicine department of a hospital.
4. The calculation formula is as follows, including permanent and non-permanent employees
 - A. Injury rate (IR) = (Total disabling injuries / Total hours worked) x 200,000
 - B. Lost day rate (LDR) = (Total lost workdays / Total hours worked) x 200,000
 - C. Absence rate (AR) = Total absent days / (Number of employees x Total working days in a year) x 100%

The company has established an accident investigation and reporting management procedure to ensure that incidents are handled, reported, and analyzed in a timely manner, with subsequent investigations. The process is as follows:

In the event of an incident

Diseases, injuries or accidents caused by employment or work activities in the workplace and other occupational reasons

Accident report

Report step by step according to the environmental safety and health emergency accident reporting procedure

Survey analysis

The competent authorities should work together with labor representatives to conduct investigations and analyses

Accident report form

Record the time of the accident, its cause, the sequence of events, and measures to prevent recurrence

Leave registration

For cases identified as occupational injuries or illnesses, relevant document copies will be forwarded to the human resource department for registration

Filing and storage

Based on the accident reports, fill out the online monthly occupational accident reports and submit them to the central authority for reference

Emergency response measures

The company prioritizes the personnel safety in emergencies. To enhance the emergency response capabilities of members within relevant organizations in the factories, United Orthopedic conducts annual fire and evacuation drills at each factory. These drills strengthen personnel skills and ensure that internal members become familiar with the operation of fire protection facilities through regular training.

To effectively implement emergency response plans and procedures, handle incidents, and prevent or mitigate the impacts of emergencies on the company, employees, property, and the environment, United Orthopedic has established a series of emergency response procedures. Meanwhile, through regular emergency response drills, employees become more familiar with the response process and enhance their crisis awareness.

Additionally, each factory is equipped with emergency exits and evacuation route signs, as well as sufficient fire safety equipment and alarm systems. All emergency equipment systems are tested regularly to minimize the impact in the event of a disaster.

Employee health management

Employees are United Orthopedic's most valuable asset and a key factor in its sustainable development. The company regularly conducts employee health examinations and organizes health promotion activities to ensure comprehensive health care for all employees.

Employee health care

The company places great emphasis on maintaining the health of its employees. It has hired dedicated nurses and on-site occupational health physicians to provide physical and mental care for all employees. All production and operation sites are equipped with first aid supplies to provide immediate assistance to employees, and regular health examinations are also conducted. Furthermore, the company complies with occupational safety and health regulations, promoting various health management measures through questionnaires and analysis of annual health examination reports. According to the "Regulations for Labor Health Protection," when employees are hired or their jobs are changed, special physical examinations are provided for operations that pose particular health hazards. Additionally, special health examinations are conducted annually to continuously monitor employee health. The company also implements labor operation environment monitoring and hazard prevention measures.



06 Environmenta

VI. Environmental management

United Orthopedic adheres to regulations by establishing and implementing a comprehensive environmental, safety, and health system. This system ensures the company fulfills its responsibilities for energy conservation, waste reduction, pollution prevention, and protection of labor safety and health. With integrity, responsibility, happiness, and innovation as the core values, the company's environmental safety and health policies focus on respecting and safeguarding the safety, health, and environmental well-being of employees, customers, suppliers, contractors, and community residents. We are committed to achieving the goals of zero accidents and zero environmental pollution. The company promises to:

1. **Fulfill regulatory obligations and undertake social responsibilities**
Regularly identify and evaluate laws and regulations, integrate obligations and management processes to enhance all employees' awareness and responsibilities regarding compliance with environmental and safety regulations to ensure implementation.
2. **Risk-oriented thinking to reduce operational risks**
Applied to the planning and implementation of Contractors' EHS Management Rules, the production process aims to eliminate occupational injuries and illnesses, prevent pollution, mitigate environmental impacts, improve environmental and occupational safety and health performance, and reduce operational risks.
3. **Life cycle perspective, creating a mutually beneficial environment**
Develop environmental, safety and health management processes from a life cycle perspective, ensuring employees, suppliers, and contractors to coexist and thrive in a safe, healthy, and environmentally friendly manner.
4. **Promoting full participation, effective consultation, and communication**
Focus on the needs and expectations of stakeholders by providing smooth consultation and communication channels. Continuously improve the working environment and workplace safety for employees to create a comfortable, safe, and healthy workplace.

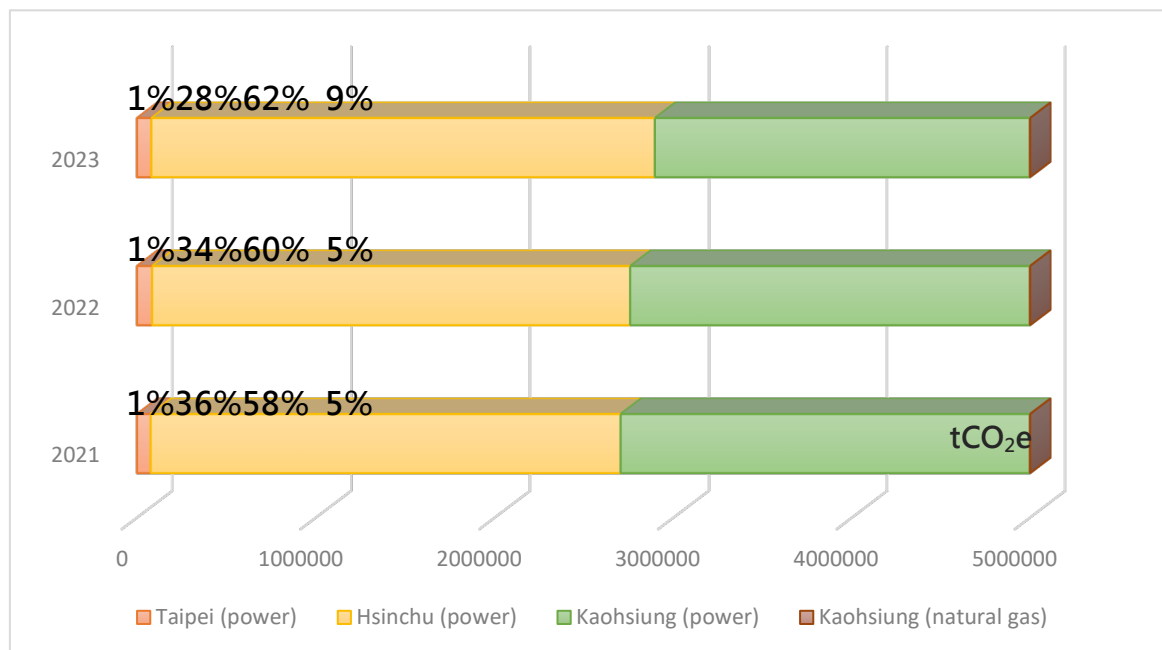
6.1 Energy use and management

The company values the sustainable co-prosperity of the enterprise and the environment. It regularly collects and tracks energy consumption and greenhouse gas emissions. The primary sources of energy consumption are purchased electricity and natural gas. Over the past three years, electricity consumption at each factory has continued to grow due to increased production capacity. In 2023, the total electricity consumption was 9,246,250 kWh, and natural gas consumption was 89,663 m³, equivalent to 36,647 GJ. The total greenhouse gas emissions for 2023 were approximately 5,738 tCO₂e.

Historical energy usage quantity

Factory category	Energy category	Units	Year		
			2021	2022	2023
Taipei	Power	kWh	76,218	84,227	80,034
Hsinchu	Power	kWh	2,628,213	2,673,732	2,816,016
Kaohsiung	Power	kWh	4,236,000	4,743,600	6,350,200
	Natural gas	m ³	37,653	41,424	89,663
Total	Calories	GJ	26,392	28,372	36,647

United Orthopedic's energy usage quantity for the year 2021 to 2023



Solar panel setup project

1. The Kaohsiung factory achieved an annual electricity saving of 47,127 kWh, with a total annual electricity consumption of 5,417,000 kWh. Greenhouse gas emissions were reduced by 23,280.738 kg, resulting in an average annual electricity saving rate of 2.66%.
2. The annual solar power generation at the Kaohsiung factory is 483,856 kWh, reducing greenhouse gas emissions by 239,024.864 kg.
3. Increase the utilization of recycled water, saving 1,365 cubic meters of tap water.

6.2 Water use and management

Facing the global risk of water scarcity, the company recognizes the importance of water resource management and actively promotes various measures to make good use of water resources, including waste reduction, water conservation, and water recycling and reuse programs at its factories. The statistics on water resource usage at the factories in 2023 are as follows and the use of recycled water resources has been increasing year by year:

Water usage

Unit : m³

Factory category	Year		2021	2022	2023
Hsinchu factory	Total		11,116	14,519	14,647
	Tap water	Usage	10,318	13,330	13,386
		Proportion	92.82%	91.81%	91.39%
	Recycled water	Waste water	798	1,189	1,261
		Total	798	1,189	1,261
		Proportion	7.18%	8.19%	8.61%
Kaohsiung factory	Total		17,246	17,357	20,449
	Tap water	Usage	16,229	15,877	18,963
		Proportion	94.05%	91.47%	92.73%
	Recycled water	Rainwater	121	121	121
		Waste water	905	1,359	1,365
		Total	1,026	1,480	1,486
		Proportion	5.95%	8.53%	7.27%

Wastewater discharge

All factories of United Orthopedic have planned to install wastewater and rainwater recycling facilities. The recorded wastewater discharge volume for 2023 is as follows:

Factory category	Units	Year		
		2021	2022	2023
Hsinchu factory	Tons	5,351	6,591	6,516
Kaohsiung factory	Tons	9,829	9,333	10,522

6.3 Waste reused and management

The principle of waste management is "process reduction, resource recycling." At the process end, the use of raw materials should be minimized as much as possible, which not only reduces the waste generation but also lower costs. The company complies with relevant waste management regulations, entrusting all waste to qualified disposal contractors for recycling and reuse.

Air pollution control

Air pollutants generated from the United Orthopedic manufacturing's processes are collected separately based on their characteristics and treated by appropriate air pollution control equipment before being discharged. All air pollution control equipment is operated, maintained, and recorded according to the specifications in the permit to ensure its effectiveness.

In 2023, to comply with regulations, and to implement pollution prevention and energy conservation and carbon reduction measures, United Concrete implemented 5 targeted programs, with a total expenditure of NT\$ 2.504 million:

1. Invested NT\$155,000 in the renovation project of raising the air pollution emission pipeline and improving the sampling platform for the phase two building at the Kaohsiung factory with plasma spraying.
2. Invested NT\$1.98 million in the installation of exhaust gas collection and treatment facilities for the cleaning room on the third floor of the phase three building at the Kaohsiung plant Program, cost 1.98 million.
3. Invested NT\$220,000 in an energy-saving project for the Kaohsiung factory.
4. Invested NT\$24,000 in the repair and improvement project for the bag dust collector base at the Hsinchu factory.
5. Invested NT\$125,000 in improving the connection of the emergency generator to the wastewater system at the Kaohsiung factory.



The amount of waste generated in 2023

Factory category	Name of waste	Production (tons/year)	Handling method
Hsinchu factory	Tailings	6.74	Resource recycling and reuse
	Plastic tailings	0.27	Resource recycling and reuse
	Waste paper	4.4	Resource recycling and reuse
	Waste lighting sources	0.35	Resource recycling and reuse
	Scrap glass	0.22	Resource recycling and reuse
	Waste acid	1.24	Chemical treatment
	Household waste	29.8	Incineration
	Waste oil and water	30.8	Physical processing
	Waste grinding wheel	0.22	Landfilling
	Scrap glass sand	9.68	Landfilling
	Waste finisher belt	2.41	Incineration
	Mixed plastic waste	8.03	Incineration
Kaohsiung factory	Waste oil mixture	13.44	Physical
	Non-hazardous dust	1.61	Landfilling
	Sandblasting waste	9.28	Landfilling
	Scrap mold	37.67	Landfilling
	Scrap glass sand	3.86	Landfilling
	Household waste	24.9	Incineration
	Waste paper	1.2	Recycling
	Mixed plastic waste	3.62	Incineration
	Waste rubber mixture	0.3	Incineration
	Waste fiber mixture	2.7	Incineration
	Waste activated carbon	0.81	Landfilling
	Waste nitric acid	0.56	Chemistry
	Tailings	24.3	Recycling
	Sludge mixture	9.52	Landfilling

6.4 Greenhouse gas emissions and management

The company has compiled a Greenhouse Gas Inventory Management Report in accordance with the ISO 14064-1:2018. After the completion of this inventory report, the internal verification team conducted a verification according to the "Greenhouse Gas Inventory Internal Verification Management Procedure." We also invited Lloyd's Register Quality Assurance (LRQA), a qualified greenhouse gas verification body recognized by the Environmental Protection Administration, to conduct external verification of our 2023 greenhouse gas emissions inventory.

The company's greenhouse gas inventory organization is established by the Board of Directors through the Sustainability Committee, and the Corporate Governance Officer serves as the convener for promoting the ESG greenhouse gas inventory. This role is responsible for overseeing the overall implementation of the plan, which encompasses operational adjustments, planning, progress monitoring, and budget control for the greenhouse gas inventory. Inventory data collection and aggregation are assisted by each unit and then provided for computation and consolidation.

This year marks the company's first organizational greenhouse gas inventory, with the base year for the inventory set as 2023.

The organizational boundary of this report includes United Orthopedic Corporation and its consolidated subsidiaries and branches, covering a total of five operating locations, as detailed in the following table. Its organizational boundary setting method is the "Operational Control Approach." All emission sources within the organizational scope are fully owned by the company, and the method is used to aggregate the greenhouse gas emissions and removals at the facility level.

Locations		Address
1	United Orthopedic Corporation - Taipei Office	12F., No. 80, Sec. 1, Chenggong Rd., Yonghe Dist., New Taipei City 234634 , Taiwan (R.O.C.) and 11F, 11F-1 and 11F-2., No. 82, Sec. 1, Chenggong Rd., Yonghe Dist., New Taipei City 234634 , Taiwan (R.O.C.)
2	United Orthopedic Corporation - Headquarters and Hsinchu Factory	No. 51, 53, 55, and 57, Yuanqu 2nd Rd., East Dist., Hsinchu City 300091 , Taiwan (R.O.C.) and 2F., No. 12, Gongye E. 4th Rd., East Dist., Hsinchu City 300093 , Taiwan (R.O.C.) 2F., No. 22, Gongye E. 4th Rd., East Dist., Hsinchu City 300093 , Taiwan (R.O.C.) and 2F., No. 24, Gongye E. 4th Rd., East Dist., Hsinchu City 300093 , Taiwan (R.O.C.)
3	United Orthopedic Corporation - Kaohsiung Factory	No. 16, Luke 1st Rd., Luzhu Dist., Kaohsiung City 821011 , Taiwan (R.O.C.)
4	A-SPINE Asia Co., Ltd. - Taipei Office	20F and 20F-1., No. 80, Sec. 1, Chenggong Rd., Yonghe Dist., New Taipei City 234634 , Taiwan (R.O.C.) and 20F and 20F-1., No. 82, Sec. 1, Chenggong Rd., Yonghe Dist., New Taipei City 234634 , Taiwan (R.O.C.)
5	A-SPINE Asia Co., Ltd. - Xindian Factory	1F., No. 43, Fuxing Rd., Xindian Dist., New Taipei City 231036 , Taiwan (R.O.C.)

Types and scopes of GHG emissions sources

Category	Emission sources
Direct GHG emissions	Stationary combustion sources: generators (diesel), natural gas Mobile combustion sources: official cars (gasoline, diesel) Fugitive emission sources: septic tanks, fire extinguishers (CO ₂ , HFC-227ea), refrigeration equipment (household refrigerators/freezers, stand-alone commercial refrigerators/freezers, chillers, air conditioners, vehicles, ...) / refrigerants Land use emission sources: None
Indirect GHG emissions caused by imported energy	Purchased electricity
Indirect GHG emissions generated from transportation	Business travel: Taxi (gasoline), high-speed rail, overseas business trips (airplane) Employee commuting: Car/motorcycle (gasoline), high-speed rail
Indirect GHG emissions generated from the use of products by the organization	Tap water Energy upstream: gasoline, diesel, natural gas, and purchased electricity Waste: Household waste/incineration, household waste/transportation
Indirect GHG emissions related to the use of the organization's products	None
Generated from other sources Indirect GHG emissions	None

Types and scopes of GHG emissions sources

The scope of GHG emissions of United Orthopedic Corporation

	Category						Indirect GHG Total Emissions	Total Emissions
	Direct GHG Emissions	Indirect GHG emissions from imported energy	Indirect GHG emissions from transportation Emissions	Organizational use Indirect GHG emissions from the used products	Indirect GHG emissions related to the use of the organization's products	Indirect GHG emissions from other sources		
2023								
Emission equivalence (tons CO ₂ e/year)	286.4743	4,053.8901	363.7151	846.5889	0.00	0.00	5,264.1941	5,550.6684
Total percentage (%)	5.16%	73.04%	6.55%	15.25%	0.00%	0.00%		

The scope of GHG emissions of A-SPINE Asia Co., Ltd.

2023	Category						Indirect G H G Total Emissions	Total Emissions
	Direct GHG Emissions	Indirect GHG emissions from imported energy	Indirect GHG emissions from transportation Emissions	Organizational use Indirect GHG emissions from the used products	Indirect GHG emissions related to the use of the organization's products	Indirect GHG emissions from other sources		
Emission equivalence (tons CO2e/year)	5.7431	174.8687	37.3440	35.6784	0.00	0.00	247.8911	253.6342
Total percentage (%)	2.26%	68.95%	14.72%	14.07%	0.00%	0.00%		

Quantification results of GHG emissions

- The total greenhouse gas emissions in 2023 were 5,804.3026 tons of CO2e
- The total direct GHG emissions in 2023 were 292.2174 tons of CO2e.
- The total indirect GHG emissions in 2023 were 5,512.0852 tons of CO2e

6.5 Implementation of the SDGs

In 2015, the United Nations established 17 Sustainable Development Goals (SDGs) aimed at encouraging businesses around the world to collaboratively address important societal issues. United Orthopedics proactively aligns its sustainability strategies with international standards, leveraging its core strengths to support and the core concepts proposed by the United Nations, and exerts significant influence in the following SDGs dimensions.

1. Health and well-being

- Organize employee health examinations, consultations, and health education seminars, on-site health services by medical personnel, physical fitness tests, and other activities.
- In accordance with the law, the company established the "United Orthopedic Corporation Employee Welfare Committee" (abbreviated as Welfare Committee) to enhance employee welfare. The Employee Welfare Committee is responsible for organizing various welfare activities, including the distribution of bonuses and birthday gift cash, subsidies for weddings and funerals, birthday parties, group meals, team-building activities, employee travel, and other events.

2. Quality education

- Organize domestic and international product knowledge training and seminars.
- Actively participate in and support orthopedic research and development as well as academic activities both domestically and internationally, contributing efforts to further improve the standard of orthopedic medical care in Taiwan.

3. Gender equality

- The company treats all employees equally, and remuneration is determined based on their educational



background, professional expertise, job duties, skills, and individual performance. Remuneration is fairly determined without being affected by factors such as gender, marital status, race, political stance, religion, or other differences among employees.

4. Affordable sustainable energy

- By setting up a solar panel project, the Kaohsiung factory generates 483,856 kWh of solar power annually, reducing greenhouse gas emissions by 239,024.864 kg.
- Each factory plans to install wastewater and rainwater recycling facilities to increase the amount of recycled water used.

5. Employment and economic growth

- According to actual business needs, the company publicly recruits personnel. For direct recruitment, we are committed to developing diverse channels and initiatives to uphold the principle of hiring based solely on talent, regardless of race, religion, color, nationality, gender, or other factors, and to avoid employing child labor.
- In terms of employee benefits and human rights, we strictly comply with the regulations of the Labor Standards Act, Gender Equality in Employment Act, and the Occupational Safety and Health Act, as well as other relevant laws and regulations. In accordance with the People with Disabilities Rights Protection Act and the Indigenous Peoples Employment Rights Protection Act, we employ people with disabilities and indigenous employees to safeguard their fair employment rights.

6. Sustainable industry and infrastructure

- The air pollutants generated from the manufacturing process are collected separately according to their characteristics, and are properly treated by appropriate air pollution control equipment before being discharged. All air pollution control equipment is operated, maintained, and recorded according to the specifications in the permit to ensure its effectiveness.
- In 2023, to comply with regulations and implement pollution prevention, energy conservation, and carbon reduction, United Orthopedic carried out five targeted programs, spending a total of NT\$ 2.504 million.

7. Responsible consumption and production

- All products must comply with relevant laws and regulations, testing, and international quality requirements. In addition to monitoring quality standards, we also strictly control user safety and product stability, and strengthen process and product risk management procedures to ensure product safety and reliability.
- To align with the global sustainable development actions and national net-zero emission goals, and to comply with the "Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies," the company has established a Sustainability Committee. It actively promotes greenhouse gas inventory and verification, aiming to create a sound ecological development system.
- In line with the "Corporate Governance 3.0 - Sustainable Development Blueprint," continue to strengthen the evaluation items for corporate governance evaluation.

8. Climate action

- With the Sustainable Development Committee as the highest organization for climate change management. Each year, the company reviews its climate change strategy and goals, manage climate change risks and opportunities, review the implementation status, and discuss future plans. Meanwhile, we continue to carry out energy-saving and carbon reduction strategic planning and action programs, and report to the board of directors.

- In accordance with the TCFD framework announced by the Financial Stability Board, we assess the risks and opportunities posed by climate change to the company. Through cross-departmental discussions, we identify feasible opportunities and formulate corresponding measures. In terms of climate change mitigation, we are developing projects such as green operations, energy management, carbon information disclosure, and green buildings.

9. The justice and peace of the system

- Implementing strict BSI quality management review and product certification.
- In coordination with the results of internal and external audits or evaluations, as well as the oversight of stakeholders such as the media, the company formulates concrete action plans for areas that needing improvement and reports them to management.

10. Sustainable development partnerships

- An ARC Meeting is held annually, inviting distributors and customers to engage in discussion about cooperation plans and exchange ideas on specific topics. The goal is to encourage distributors to improve service quality and promote better cooperation with customers.
- Actively participate in international organizations, enhance international visibility, and strengthen connections with international markets.

Appendix - GRI Index

General disclosure guidelines comparison table

Category	No.	Contents of GRI standards	Corresponding chapters	Pages	Notes
Organizational overview and reporting practices					
Core	2-1	Organization details	About the report	1	
Core	2-2	Entities included in the organization's sustainability report	About the report	1	
Core	2-3	Reporting period, frequency, and contact point	About the report	1	
Core	2-4	Restatements of information	-	-	No information has been restated
Core	2-5	External assurance	Appendix assurance report	106-108	
Organizational events and employees					
Core	2-6	Activities, value chain, and other business relationships	1.1 Company Introduction	7-8	
Core	2-7	Employees	5.1 Employee overview	63-66	
Core	2-8	Workers who are not employees	5.1 Employee overview	63-66	
Governance					
Core	2-9	Governance structure and composition	1.3 Corporate governance	12-13	
Core	2-10	Nomination and selection of the highest governance body	1.3 Corporate governance	14	
Core	2-11	Chair of the highest governance body	1.3 Corporate governance	14	
Core	2-12	Role of the highest governing body in overseeing management of impacts	1.3 Corporate governance	14-16	
Core	2-13	Delegation of responsibility for managing impacts	1.3 Corporate governance	14-16	
Core	2-14	Role of the highest governance body in sustainability reporting	1.3 Corporate governance	14-16	
Core	2-15	Conflicts of interest	2.4 Disclosure and stakeholder negotiations	25-27	

Category	No.	Contents of GRI standards	Corresponding chapters	Pages	Notes
Core	2-16	Communication incident critical concerns	2.4 Disclosure and stakeholder negotiations	25-27	
Core	2-17	Collective knowledge of the highest governance body	1.3 Corporate governance	13	
Core	2-18	Evaluation of the performance of the highest governance body	1.4 Operating performance	17-18	
Core	2-19	Remuneration Policies	5.3 Remuneration and benefits	75	
Core	2-20	Process determine remuneration	5.3 Remuneration and benefits	75	
Core	2-21	Annual Total Compensation Ratio	5.3 Remuneration and benefits	75	
Strategy, policy, and practice					
Core	2-22	Statement of sustainable development strategy	Message from the Operator	2-3	
Core	2-23	Policy Commitments	Message from the Operator	2-3	
Core	2-24	Embedding policy commitments	1.5 Risk management	19-20	
Core	2-25	The process of mitigating negative impacts.	1.5 Risk management	19-20	
Core	2-26	Mechanisms for seeking advice and raising concerns	3.2 Customer service	45-46	
Core	2-27	Compliance with laws and regulations	1.3 Corporate governance	12	
Core	2-28	Membership associations	2.4 Disclosure and stakeholder negotiations	27	
Stakeholder Engagement					
Core	2-29	Approach policies stakeholder engagement	2.4 Disclosure and stakeholder negotiations	25-27	
Core	2-30	Collective bargaining agreements	-	-	No labor unions

Material Issues GRI standards comparison table

Issue	No.	Contents of GRI standards	Corresponding chapters	Pages	Notes
Consumer/customer health and safety	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	3.1 Quality products	31	
	3-3	Evaluation of management policies	3.1 Quality products	31	
	416-1	Assess the impact of product and service categories on health and safety	3.1 Quality products	31	

Issue	No.	Contents of GRI standards	Corresponding chapters	Pages	Notes
	416-2	Incidents of violating health and safety regulations related to products and services	1.5 Risk management	20	No related incident occurred
Corporate governance and integrity	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	1.3 Corporate governance	12	
	3-3	Evaluation of management policies	1.3 Corporate governance	12	
	205-3	Confirmed incidents of corruption and actions taken	1.5 Risk management	20	No related incident occurred
	206-1	Legal actions on anti-competitive, anti-trust and monopolistic practices	1.5 Risk management	20	No related incident occurred
Information security	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	1.6 Information security	21	
	3-3	Evaluation of management policies	1.6 Information security	21	
	-	Information security education and training (custom topic)	1.6 Information security	21	
	-	Major cybersecurity incident (custom topic)	-	-	No related incident occurred
Quality management	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	3.1 Quality products	29-30	
	3-3	Evaluation of management policies	3.1 Quality products	29-30	
Product labeling and sales responsibility	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	3.2 Customer service	39	
	3-3	Evaluation of management policies	3.2 Customer service	39	
	417-3	Incidents of non-compliance with marketing communication regulations	1.5 Risk management	20	No related incident occurred
Policy and regulatory compliance	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	1.3 Corporate governance	12	
	3-3	Evaluation of management policies	1.3 Corporate governance	12	
	307-1	Violation of environmental protection regulations	1.5 Risk management	20	No related incident occurred

Issue	No.	Contents of GRI standards	Corresponding chapters	Pages	Notes
	419-1	Violation of laws and regulations in the social and economic fields	1.5 Risk management	20	No related incident occurred
Environmental management	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	6 Environmental management	85	
	3-3	Evaluation of management policies	6 Environmental management	85	
	302-1	Energy consumption within the organization	6.1 Energy use and management	85-86	
	302-4	Reduction of energy consumption	6.1 Energy use and management	85-86	
	303-1	The mutual impact of shared water resources	6.2 Water resources utilization and management	87	
	303-2	Management of impacts related to drainage	6.2 Water resources utilization and management	87	
	303-3	Water withdrawal volume	6.2 Water resources utilization and management	87	
	303-4	Drainage volume	6.2 Water resources utilization and management	87	
	303-5	Water consumption	6.2 Water resources utilization and management	87	
	305-1	Direct (Scope 1) GHG emissions	6.4 Greenhouse gas emissions and management	90-92	
	306-3	Generation of waste	6.3 Waste reused and management	88-89	
	306-5	Waste diverted to disposal	6.3 Waste reused and management	88-89	
Occupational health and safety	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	5.4 Safe workplace	79-80	
	3-3	Evaluation of management policies	5.4 Safe workplace	79-80	
	403-2	Injury categories, rates of injuries, occupational diseases, lost workdays, absence, and number of work-related fatalities	5.4 Safe workplace	81-82	
Product innovation and research and development	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	4.1 Innovative research and development	53-54	
	3-3	Evaluation of management policies	4.1 Innovative research and development	53-54	
Operating performance	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	

Issue	No.	Contents of GRI standards	Corresponding chapters	Pages	Notes
	3-2	Management policy and its elements	1.4 Operating performance	17	
	3-3	Evaluation of management policies	1.4 Operating performance	17	
	201-1	Direct economic value generated and distributed	1.4 Operating performance	18	
Employee training and development	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	5 Friendly working environment	63	
	3-3	Evaluation of management policies	5 Friendly working environment	63	
	404-1	Average hours of training per year per employee	5.2 Talent cultivation	66-74	
Marketing communication	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	3.2 Customer service	40	
	3-3	Evaluation of management policies	3.2 Customer service	40	
	417-3	Incidents of non-compliance with marketing communication regulations	1.5 Risk management	20	No related incident occurred
Employee remuneration and benefits	3-1	Briefing on material topics and their boundaries	2.4 Disclosure and stakeholder negotiations	25-27	
	3-2	Management policy and its elements	5 Friendly working environment	63	
	3-3	Evaluation of management policies	5 Friendly working environment	63	
	401-1	New employee hires and employee turnover	5.1 Employee overview	63-66	
	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	5.3 Remuneration and benefits	75-78	
	401-3	Parental Leave	5.3 Remuneration and benefits	76-77	

Appendix - Climate-related Information

Disclosure aspects	Item	Chapters of Report	Pages
Implementation of climate-related information	1. Describe the oversight and governance by the Board of Directors and management regarding climate-related risks and opportunities.	1.3 Corporate governance 6.5 Implementation of the SDGs	16 93
	2. Describe how the identified climate risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, long-term).	1.3 Corporate governance 6.5 Implementation of the SDGs	14 93
	3. Describe the financial impact of extreme climate events and transition actions.	1.3 Corporate governance 6.5 Implementation of the SDGs	14 93
	4. Describe how the process of identifying, assessing, and managing climate-related risks is integrated into the overall risk management system.	6.5 Implementation of the SDGs	93
Company's greenhouse gas inventory and assurance status in	Greenhouse gas inventory information	6.4 Greenhouse gas emissions and	90-92
	Greenhouse Gas Assurance Information	6.4 Greenhouse gas emissions and	100-105

Appendix - Greenhouse gas inventory report



查證聲明書

LRQA Independent Assurance Statement Relating to United Orthopedic Corporation GHG Inventory Report for the calendar year 2023

服務條件

本保證聲明書乃為聯合骨科器材股份有限公司所準備。

英商勞盛股份有限公司台灣分公司(以下簡稱 LRQA)受聯合骨科器材股份有限公司(以下簡稱“聯合”)之委託以查證其 2023 日曆年度 1/1/2023~31/12/2023 期間溫室氣體盤查報告(發行日期:2024 年 8 月 2 日,最終版),以下簡稱為“溫室氣體盤查報告”。

此溫室氣體盤查報告包含直接、能源間接以及其他間接溫室氣體排放。“聯合”包含下列的地址範圍內的“骨科植入物(人工關節、脊椎固定系統和聚合物椎間盤墊片/融合器)與手術器械的設計、製造及銷售。”等相關活動,與其他相關設施設備活動,如溫室氣體盤查報告中所描述,溫室氣體排放使用營運控制權。

溫室氣體報告: 2023 年聯合骨科器材股份有限公司溫室氣體盤查報告書

“聯合”的地理邊界包含台北辦公室、新竹廠、高雄廠、冠亞台北辦公室與冠亞新店廠以及以下地點(溫室氣體報告書所述)

廠區	地址	作業活動
聯合骨科器材股份有限公司總公司與新竹廠	台灣新竹市東區園區二路 51,53,55,57 號 與 新竹市東區工業東四路 12 號 2 樓	生產製造與辦公室
	台灣新竹市東區工業東四路 22 號 2 樓與 24 號 2F	倉庫
聯合骨科器材股份有限公司-台北辦公室	台灣新北市永和區成功路一段 80 號 12F 與 82 號 11F,11F-1,12F	辦公室
聯合骨科器材股份有限公司-高雄廠	台灣高雄市路竹區路科一路 16 號	生產製造
冠亞生技股份有限公司-台北辦公室	台灣新北市永和區成功路一段 80 號 20F, 20F-1 與 82 號 20F, 20F-1	辦公室
冠亞生技股份有限公司-新店廠	台灣新北市新店區復興路 43 號 1F	生產製造

Terms of Engagement

This Assurance Statement has been prepared for United Orthopedic Corporation



LRQA was commissioned by United Orthopedic Corporation (hereafter referred to as the “UNITED”) to assure its GHG Inventory Report¹ for the calendar year 2023 (hereafter referred to as the “GHG Inventory Report”).

The GHG Inventory Report relates to direct GHG emissions and indirect GHG emissions. The GHG emissions have been consolidated using ‘Operational’ control approach.

The main activities of the organization include “Design, manufacture and sales of orthopaedic implants (artificial joints, spinal fixation system and polymer disc spacers/cages) and instruments.” and associated facilities, equipment as set out in the GHG Report as follows:

UNITED’s geographical boundary includes the HQ operations and other sites as per Annex A to this Statement.

管理責任

“聯合”的管理階層對本溫室氣體盤查報告之準備及維持有效的內部控管，包含溫室氣體盤查報告中揭露之資料負責。LRQA 的責任為依據我們與“聯合”間的合約執行查證。

最終的，溫室氣體盤查報告由“聯合”所核准並負有責任。

Management Responsibility

UNITED’s management was responsible for preparing the claim, report and conformity with the criteria of ISO 14064-1:2018 and for maintaining effective internal controls over the data and information disclosed. LRQA’s responsibility was to carry out an assurance engagement on the GHG Inventory Report in accordance with our contract with UNITED.

Ultimately, the GHG Inventory Report has been approved by, and remains the responsibility of UNITED.

LRQA 的方法

LRQA 查證已依循 ISO 14064-3:2019 (溫室氣體主張之確證與查證附指引之規範)，以提供對“聯合”符合 ISO 14064-1:2018 (組織層級溫室氣體溫室氣體排放與移除之量化及報告附指引之規範)規定所準備的溫室氣體盤查報告之類別一與二之合理保證查證以及類別三、四有限保證等級查證。

為作成結論，本保證以抽樣方式執行並涵蓋下列的活動：

- 依溫室氣體盤查報告中所界定的設施設備，進行總公司、各廠區與子公司冠亞生技股份有限公司及其廠區現場查訪；同時審查與溫室氣體排放數據及資料管理相關的過程；
- 查證報告排放類別之重大性原則；
- 查核來自於環境部之相關係數與 IPCC 2021 年第六次評估報告之 GWP 值；
- 查證類別一與類別二的歷史數據及資料來源；
- 查證類別三之員工通勤與商務旅行之活動數據彙整；以及
- 查證類別四在採購的產品之活動數據彙整(能資源類之水、電、天然氣及汽柴油)；廢棄物運輸與一般事業廢棄物焚化處置。

¹ Final_GHG report_ISO14064-1-2018_Calendar year (2023)_ United Orthopedic Corporation. GHG Report, dated 02 August 2024, Final Version.



LRQA' s Approach

Our verification has been conducted in accordance with ISO 14064-3:2019, 'Specification with guidance for verification and validation of greenhouse gas statements' to provide reasonable assurance for Categories 1 & 2 and limited assurance for Categories 3 & 4, that GHG data as presented in the GHG Inventory Report have been prepared in conformance with ISO 14064-1:2018, 'Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals'.

To form our conclusions the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- Conducted site tours of the facilities and reviewed processes related to the control of GHG emissions data and records for the headquarter and related sites;
- Interviewed relevant staff of the organization responsible for managing GHG emissions data and records;
- Confirmed significance criteria on reporting of emission categories.
- Verified emission factors sourced from MOENV and the Global Warming Potentials (GWPs) from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change 2021 (AR6) ;
- Verified the historical GHG emissions data and records back to source for Categories 1 and 2 emissions;
- Verified at an aggregated level GHG emissions data for Category 3 from employee commuting and business travel; and
- Verified an aggregated level GHG emissions for Category 4 from products purchased (city water, electricity, nature gas, gasoline and disel); waste transporation & general industrial waste treatment.

查證等級及實質性

依據合約的協議，查證是在合理保證等級及5%的實質性差異(類別一與二)，有限保證等級及5%的實質性差異(類別三及類別四)下執行的，本查證意見基於此形成。

Level of Assurance & Materiality

In accordance with our contract agreement, the assurance was conducted at a reasonable level of assurance at a materiality of 5% for Categories 1 & 2 and at a limited level of assurance at a materiality of 5% for Category 3 & 4. The opinion expressed in this Assurance Statement has been accordingly formed.

LRQA意見

基於 LRQA 的方法，依溫室氣體盤查報告中揭露日曆年西元 2023 年度之全部直接及能源間接的溫室氣體(類別一與類別二)排放總量實質正確，其他間接溫室氣體排放(類別三及類別四)沒有任何情形引起我們注意到計算沒有實質正確；溫室氣體盤查報告之準備也符合 ISO 14064-1:2018 (組織層級溫室氣體溫室氣體排放與移除之量化及報告附指引之規範)相關要求。

LRQA' s Opinion

Based on LRQA' s approach,

- The GHG emissions for Categories 1 & 2 disclosed in the Report as summarized in Table 1 below are materially correct;
- Nothing has come to our attention that would cause us to believe that the GHG emissions for Category 3 & 4 disclosed in the Report as summarized in Table 1 below are not materially correct
- and that the GHG Inventory Report has been prepared in conformance with ISO 14064-1:2018.



LRQA建議

聯合骨科器材股份有限公司須注意:

- 改進活動數據輸入與換算之一致性.
- 強化人員對於活動數據蒐集之知識與技巧

LRQA's Recommendations

UNITED should:

- Improve the consistency for data input and conversion factors.
- Strengthen staff's knowledge and skills in activity data collection.

Signed

A handwritten signature in black ink, appearing to read 'Gary Chen'.

Gary Chen

LRQA Lead Verifier 主導查驗員

On behalf of LRQA Limited

CIT, No. 1, Yumen St.,

Zhongshan Dist., Taipei City, Taiwan.

台北市中山區玉門街1號 台北創新中心(CIT)

日期 Dated: 26 August 2024

A handwritten signature in black ink, appearing to read 'Chiang-shan Chen'.

Chiang-shan Chen

General Manager 總經理

LRQA Reference number: TWN0982007/O_2023/Date Issued: 28 August 2024





Table 1. Summary of UNITED (incl: A-SPINE Asia CO., Ltd.) GHG Inventory Report for the calendar year 2023

聯合骨科器材股份有限公司(包含冠亞生技股份有限公司)2023 年度溫室氣體清冊

Scope of GHG emissions of United Orthopedic Corporation (聯合骨科器材股份有限公司溫室氣體排放之範疇)	Tonnes CO ₂ e CO ₂ 當量噸
Direct GHG emissions (Category 1) 直接溫室氣體排放	286.4743
Direct GHG emissions from the combustion of biomass (生質燃燒溫室氣體排放)	0
Indirect GHG emissions from imported energy (purchased electricity) 輸入能源產生之間接溫室氣體排放(電力採購) (Category 2, Location-based 地區基礎)	4053.8901
Indirect GHG emissions from transportation (Category 3) 由運輸產生之間接溫室氣體排放	363.7151
Indirect GHG emissions from products used by the organization (Category 4) 由組織使用的產品所產生之間接溫室氣體排放	846.5889
Indirect GHG emissions associated with the use of products from the organization (Category 5) 與組織的產品使用相關連之間接溫室氣體排放	Not Significant
Indirect GHG emissions from other sources (Category 6) 由其他來源產生的間接溫室氣體排放	Not identified
Location based and Market based are terminologies from Annex E of ISO 14064-1:2018.	

Scope of GHG emissions of A-SPINE Asia CO., Ltd. (冠亞生技股份有限公司溫室氣體排放之範疇)	Tonnes CO ₂ e CO ₂ 當量噸
Direct GHG emissions (Category 1) 直接溫室氣體排放	5.7431
Direct GHG emissions from the combustion of biomass (生質燃燒溫室氣體排放)	0
Indirect GHG emissions from imported energy (purchased electricity) 輸入能源產生之間接溫室氣體排放(電力採購) (Category 2, Location-based 地區基礎)	174.8687
Indirect GHG emissions from transportation (Category 3) 由運輸產生之間接溫室氣體排放	37.3440
Indirect GHG emissions from products used by the organization (Category 4) 由組織使用的產品所產生之間接溫室氣體排放	35.6784
Indirect GHG emissions associated with the use of products from the organization (Category 5) 與組織的產品使用相關連之間接溫室氣體排放	Not Significant
Indirect GHG emissions from other sources (Category 6) 由其他來源產生的間接溫室氣體排放	Not identified
Location based and Market based are terminologies from Annex E of ISO 14064-1:2018.	

Note 1: The national electricity emission factor of year 2023 was quoted, the factor was taken from Taiwan Energy Administration as published on 26 April 2024.

Note 2: GHG emission figures above are being reported with four decimal places as required by MOENV.

備註 1：台灣廠區國家電力溫室氣體排碳係數引用能源署在 2024 年 4 月 26 日公佈之 2023 年度電力排碳係數作為外購電力之排放係數。

備註 2：溫室氣體排放數據相關小數點規定依據環境部規定執行



Annex A – List of facilities covered under this Assurance engagement

Sr. No	Client reference	Site Address	Specific activity
1	UNITED-Headquarter&Hsinchu Plant	No. 51, 53, 55, 57, Park Ave. 2 & 2F., No. 12, Gongye E. 4th Rd., East Dist., Hsinchu City, Taiwan 2F., No.22 & 2F., No. 24, Gongye E. 4th Rd., East Dist., Hsinchu City, Taiwan	Manufacture & Office Warehouse
2	UNITED-Taipei Office	12F., No. 80 and 11F,11F-1,12F., No.82, Sec. 1, Chenggong Rd., Yonghe Dist., New Taipei City, Taiwan	Office
3	UNITED-Kaohsiung Plant	No. 16, Luke 1st Rd., Luzhu Dist., Kaohsiung City, Taiwan	Manufacture
4	A-SPINE Asia CO., Ltd.-Taipei Office	20F, 20F-1, No. 80 and 20F, 20F.-1, 82, Sec. 1, Chenggong Rd., Yonghe Dist., New Taipei City, Taiwan	Office
5	A-SPINE Asia CO., Ltd.-Xindian Plant	1F., No. 43, Fuxing Rd., Xindian Dist., New Taipei City, Taiwan	Manufacture

This Assurance Statement is subject to the provisions of this legal section:

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Appendix - Assurance report



會計師有限確信報告

聯合骨科器材股份有限公司 公鑒：

本事務所受聯合骨科器材股份有限公司（以下稱「貴公司」）之委任，對 貴公司選定 2023 年度永續報告書所報導之績效指標（以下稱「確信標的資訊」）執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

確信標的資訊與適用基準

有關 貴公司確信標的資訊及其適用基準詳附件一。

管理階層之責任

貴公司管理階層之責任係依照適當基準編製永續報告書所報導之績效指標，且維持與績效指標編製有關之必要內部控制，以確保績效指標未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依照財團法人中華民國會計研究發展基金會所發布之確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」，對確信標的資訊執行確信工作，以發現前述資訊在所有重大方面是否有未依適用基準編製而須做修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辨認確信標的資訊可能發生重大不實表達之領域，以及針對前述領域設計及執行程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有限確信案件所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

本會計師係依據所辨認之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況設計及執行下列確信程序：

- 對參與編製確信標的資訊之相關人員進行訪談，以瞭解編製前述資訊之政策及程序。
- 取得及閱讀 2023 年股東會年報。
- 基於對上述事項之瞭解及所辨認之領域，對確信標的資訊選取樣本進行查詢、觀察及檢查等測試，以取得有限確信之證據。



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此報告不對 2023 年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

會計師之獨立性及品質管制規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

本事務所適用品質管理準則 1 號「會計師事務所之品質管理」，該品質管理規定會計師事務所設計、付諸報告及執行品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令有關之政策或程序。

先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制。對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現確信標的資訊在所有重大方面有未依適用基準編製而須作修正之情事。

其他事項

貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何確信標的資訊或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

德昌聯合會計師事務所

會計師 陳裕勳



西元二〇二四年八月二十七日



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附件一：



編號	頁次	內文標題	標的資訊	適用基準
1	18	1.4 經營績效	2023 年度財務績效表現。	GRI 2-18：2016 最高治理單位的績效評估
2	20	1.5 風險管理	聯合骨科過去三年無接獲主管機關相關社會面、環境面及治理面之罰鍰。	GRI 419-1：2016 違反社會與經濟領域之法律和規定
3	45	3.2 客戶服務	2023 年度滿意度調查均有達成滿意度目標，國內市場 95 分；國際市場 92 分。	GRI 3-2：2016 管理方針及其要素
4	57	4.2 供應鏈管理	主要原料供應狀況（地區/材料） • 國內採購（比例 17%）： 1. 鈦合金棒材（台灣） 2. 鈷鉻鉬棒材（台灣） 3. 不銹鋼棒材（台灣） • 國外採購（比例 83%）： 1. 不銹鋼棒材（美國及歐洲） 2. 鈦合金棒材（美國） 3. 鈷鉻鉬棒材（美國） 4. 塑膠棒材（美國及歐洲） 5. 鈦珠（美國） 6. Ti/HA powder（歐洲） 7. 鑄錠（美國）	GRI 204-1：2016 來自當地供應商的支出比例
5	64	5.1 員工概況	2023 年度聯合骨科 • 本籍員工： 台北總公司 83 人、新竹廠 298 人、高雄廠 247 人。 • 外籍員工： 台北總公司 2 人、新竹廠 16 人、高雄廠 21 人。 • 原住民員工： 台北總公司 0 人、新竹廠 2 人、高雄廠 4 人。 • 身心障礙員工： 台北總公司 1 人、新竹廠 4 人、高雄廠 1 人。	GRI 401-1：2016 新進員工和離職員工
6	76	5.3 薪酬福利	聯合骨科及國內子公司業已依照該條例訂定之員工退休辦法，每月依員工薪資百分之六提撥至勞工保險局之個人退休金帳戶。	GRI 401-2：2016 提供給全職員工（不包含臨時或兼職員工）的福利


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