Tongtai Machine & Tool Co., Ltd.

Tongtai

2024 Sustainability Report

Tongtai Machine & Tool Co., Ltd.

Since 1969

Tongtai

2024
Sustainability Report

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Sustainability Strategy Statement

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Chairman's Message

In 2024, the global economy continued to oscillate amidst high inflation, geopolitical tensions, and supply chain challenges. The manufacturing industry faced widespread destocking pressure, leading to a slowdown in demand for machine tools. Facing this uncertain external environment, Tongtai Precision Machinery, leveraging its 56-year technological heritage and robust operations, continued to safeguard its core strengths and respond prudently. Although our full-year consolidated revenue declined compared to the previous year and we incurred an after-tax loss, this process—through issue reviews and operational examinations—deepened our understanding of the necessity and urgency of sustainable transformation.

To lay the foundation for carbon management, the company conducted its first comprehensive greenhouse gas inventory in 2024 in accordance with the GHG Protocol, covering Scopes 1, 2, and 3, and extending to overseas subsidiaries. This initiative not only established a scientific basis for carbon reduction management but also demonstrated our determination to closely align the TTX transformation strategy with our net-zero pathway. The inventory results and subsequent plans will be fully disclosed in 2025, serving as a critical starting point for Tongtai’s long-term carbon reduction efforts.

The experiences of the past year have sharpened our focus on the future direction of transformation. The inventory results show that the global trends toward smart manufacturing and carbon neutrality present new opportunities for the industry, while also highlighting challenges in supply chain compliance, talent development, and market diversification. In response, Tongtai continues to implement its TTX strategy by advancing five key areas:

1. Deepening carbon management, expanding renewable energy applications, and exploring green technologies;
2. Integrating artificial intelligence and digital tools to optimize process efficiency and strengthen occupational safety resilience;
3. Establishing transparent and compliant supply chain governance, reducing reliance on a single market, and expanding international presence;
4. Promoting cross-border training and diverse exchanges to cultivate professionals with a global perspective;
5. Driving product innovation with life-cycle thinking, leveraging digital platforms to expand customer value and tap into emerging markets.

These actions are gradually consolidating Tongtai’s competitive advantage in smart and green manufacturing.

Looking ahead, Tongtai will continue to place TTX at its core, deepening both digitalization and green transformation. In terms of net zero and resource efficiency, we will strengthen carbon management and accelerate the adoption of renewable energy. In smart manufacturing, we will further refine AI applications to enhance process efficiency and occupational safety resilience. In supply chain governance, we will emphasize international expansion and transparent collaboration. In human resources, we will build a diverse and resilient organization. In products and services, we will pursue innovation and co-creation with customers, extending management across the entire product life cycle. Regarding workplace wellness, we firmly believe that employee health is our greatest asset, and every employee’s participation in wellness activities is a vital driver of workplace well-being. Let us work together to make health an integral part of our workplace culture.

We firmly believe that sustainable development is not only a corporate responsibility but also the foundation of long-term competitiveness. Tongtai will uphold the spirit of professionalism, integrity, and innovation, advancing together with our employees, customers, and partners. Through transparent information disclosure and responsible practices, we will continue to promote the growth and transformation of smart manufacturing and green transition.

Yan Ruixiong, Chairman of Dongtai Precision Machinery

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1.1 Strategy Statement and Commitment

GRI 2-22 Sustainable Development Strategy Statement

According to the Global Reporting Initiative (GRI) 2-22 requirements, companies should report the highest governance body or top management's commitment to sustainable development and its strategic statement.
Sustainability is the cornerstone of Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai Precision Machinery")'s core business philosophy, encompassing economic prosperity, environmental protection, and social responsibility (ESG). This statement, jointly issued by the Chairman of the Board, representing the highest governance unit, and the General Manager, representing top management, explains how Tongtai Precision Machinery integrates sustainability into its core business strategy through governance, innovation, and stakeholder collaboration. This statement addresses Taiwan's Net Zero policy and the United Nations Sustainable Development Goals (SDGs 9, 12, and 13) to create long-term value for its stakeholders.

1. Statement from the Chairman of the Board

As Chairman of the Board of Directors of Tongtai Precision Machinery, I, on behalf of the Board, pledge to place sustainable development at the core of corporate governance and strategic decision-making. We recognize that as a leading manufacturing company, Tongtai Precision Machinery's operations have a profound impact on the economy, the environment, and people. The Board actively monitors and promotes sustainable development strategies through the following measures: (1) Governance and Supervision

- The Board oversees the development and implementation of the sustainability strategy and regularly reviews progress through the Sustainability Committee.
- Monitor five major incidents (two occupational accidents, one supplier human rights dispute, one integrity violation, and one information security anomaly) (GRI 2-16) in 2024, ensure the implementation of remedial measures, and strengthen environmental and social responsibilities.

(2) Capacity Improvement

- 13 directors participated in four ESG courses (totaling 33 hours) in 2024, covering climate change risk management, responsible supply chains and sustainable finance (GRI 2-17), to enhance group intelligence.

(3) Aligning compensation with sustainability

- Directors' remuneration (not exceeding 5% of net profit after tax) and senior management's variable salaries are linked to ESG indicators (carbon emissions reduction, supply chain compliance) (GRI 2-19), and are independently monitored by the Remuneration Committee (GRI 2-20) to ensure incentives for the achievement of sustainable development goals.

(4) Future Commitments

- In 2025, we will introduce in-depth guidance from external ESG consultants, focusing on carbon cost spillovers and challenges of international environmental standards, to align our strategy with global sustainability trends.

2. Statement of General Manager

As the General Manager of Tongtai Precision Machinery, I, on behalf of senior management, pledge to integrate sustainable development into every aspect of the company's operations. Our sustainability strategy is based on the three main axes of "carbon reduction, green transformation, and human sustainability", which correspond to Taiwan's net zero policy and the United Nations Sustainable Development Goals (SDG 9, 12, 13). Specific strategies include: (1) Carbon reduction

- In 2024, launch the assessment of key process carbon reduction technologies and supply chain carbon inventory as the basis for net zero planning.
- Achieve a 30% reduction in carbon emissions from direct operations (Scope 1 and Scope 2) by 2030, and gradually expand emission reduction cooperation within the supply chain (Scope 3).

(2) Green transformation

- Promote the introduction of AI and automation to improve energy efficiency and respond to the trend of smart manufacturing.
- Implement a number of green manufacturing technologies in 2024 to reduce energy consumption, and plan to introduce low-carbon processes and smart management systems in phases over the next 3-5 years.

(3) Human Sustainability

- Focus on employee well-being and supply chain human rights, and strengthen supplier reviews and employee safety training in response to supplier human rights disputes and occupational accidents in 2024 (GRI 2-16) to ensure compliance with responsible supply chain practices.

(4) Implementation and Supervision

- The General Manager's Office regularly hosts cross-departmental meetings to review sustainability risks and opportunities and set short-, medium-, and long-term goals.
- Collaborate with the Sustainability Office to provide quarterly briefings to the Board on strategy execution and alignment with international trends.

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GRI 2-22 Sustainable Development Strategy Statement

3. Strategic Vision and Future Outlook

Tongtai Precision Machinery's sustainable development strategy is based on the vision of "innovation-driven, shared responsibility and prosperity". Specific commitments include:

(1) Climate Action

- Achieve a 30% reduction in Scope 1 and Scope 2 emissions by 2030, complete a full supply chain carbon inventory by 2025, and develop a Scope 3 emissions reduction plan.

(2) Smart Manufacturing

- Introduce low-carbon processes and AI smart management systems in the next 3-5 years to improve energy efficiency and production flexibility and implement SDG 9.

(3) Stakeholder participation

- Gather stakeholder opinions through shareholder meetings, employee dialogues and supplier forums to support SDG 12: Responsible Consumption and Production.

(4) Human capital development

- Implement succession training programs (GRI 2-17) and employee safety measures to ensure long-term competitiveness.

IV. Conclusions and Recommendations

(1) Conclusion

- Tongtai Precision Machinery responds to Taiwan’s net zero policy and SDGs 9, 12, and 13 through the three main axes of carbon reduction, green transformation, and human sustainability, and integrates board supervision, general manager cross-departmental collaboration, and compensation policies with ESG performance (GRI 2-19) into strategic implementation.
- A 2024 pay ratio of 3.15:1 (GRI 2-21) and significant incident response (GRI 2-16) reflect a commitment to fairness and accountability.

(2) Recommended measures

- Publish specific targets: Disclose quantitative targets such as carbon emission reduction, energy efficiency, and supply chain compliance in annual reports or sustainability reports.
- Deepen stakeholder engagement: Establish a structured dialogue platform to regularly collect opinions from employees, suppliers and the community.
- Accelerate technology introduction: Prioritize the promotion of low-carbon processes and smart management systems to respond to pressure from rising international environmental standards.

Tongtai Precision Machinery will continue to focus on innovation and responsibility, and through transparent governance and collaboration with stakeholders, achieve a sustainable and prosperous future and create long-term value for shareholders, employees, suppliers and society.

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2.1 Organizational Overview and Value Chain

2.1.1 Report Preparation Basis and GRI Statement

GRI 1-3、1-4、1-5、1-7、1-8、1-9

Tongtai Precision Machinery Co., Ltd.'s 2024 Sustainability Report was prepared in accordance with the GRI Sustainability Reporting Guidelines (GRI Standards 2021). It uses GRI 1: Foundations 2021 as the reporting basis and applies GRI 3: Material Topics 2021 and other relevant thematic standards for disclosure. This report is prepared "in accordance with" the GRI Standards, disclosing the management approach and material impact of material themes.

This report covers the Company's major operating locations in Taiwan and is prepared in accordance with the consolidated financial statement structure. Some financial and environmental performance data has been verified by a third party.

Regarding information corrections, the Company has restructured its 2023 Scope 3 emissions in response to the introduction of a new carbon inventory system in 2024. The revised figure decreased by 12% and serves as the basis for updating the Company's net zero path base year.

The identification of material themes follows GRI 3-1 through a five-step process: ① Preliminary topic compilation; ② Identification of internal and external impacts; ③ Two-axis assessment (impact level × stakeholder concern); ④ Questionnaire survey; and ⑤ Governance review. The Sustainability Committee compiles the results and submits them to the Board for approval, ultimately determining 10 material themes (see GRI 3-2 for details).

To implement ESG governance, the company's General Manager serves as the highest executive responsible for sustainability. The Sustainability Office is responsible for cross-departmental coordination and data collection. The Sustainability Committee regularly reviews the effectiveness of various strategies and major risk events, reporting annually to the Board of Directors. The Board of Directors also oversees policy formulation and implementation of systems regarding tax, integrity, risk management, and human rights.

The company also has an integrity reporting and major incident reporting system, covering integrity violations, supplier human rights disputes, occupational accidents, and cybersecurity incidents. In 2024, five major incidents were reported, all of which have completed investigations and remediation mechanisms. The relevant decision-making process was reviewed by the Sustainability Committee, and some cases were submitted to the Board for oversight.

This report also explains the disclosure of board members' interests, establishes a Code of Ethical Conduct, and emphasizes that controlling shareholders must not interfere with operational decisions. The company's sustainability strategy focuses on carbon reduction, green transformation, and human sustainability, aligning with the country's net-zero policy and SDGs goals. It also incorporates AI and smart management to strengthen resilience.

2.1.2 Organization details

GRI 2-1 Organizational Details

- Organization Name: Tongtai Precision Machinery Co., Ltd.
- Nature of Operations and Geographic Locations: This report covers Tongtai Precision Machinery Co., Ltd. and its wholly-owned and majority-controlled subsidiaries included in the 2024 consolidated financial statements, including its Taiwan headquarters (Tongtai Luke Plant 1), Hunei Plant, Taichung Plant, and domestic operating locations. It also covers major overseas subsidiaries located in China, France, Austria, and other countries.
- Alignment between reporting entities and financial scope: The scope of sustainability reporting aligns with the scope of the consolidated financial statements. If the applicable scope of an indicator is limited to a specific region (e.g., Taiwan's human resources statistics, energy usage, etc.), this will be noted in each disclosure.
- Significant changes: There were no new or divestitured major subsidiaries in 2024, and no additional information adjustments involving minority shareholders' interests.
- Legal Name and Common Name: Our company's legal name is "Tong Tai Precision Machinery Co., Ltd." and is legally incorporated in Kaohsiung, Taiwan. We are a listed company on the Taiwan Stock Exchange (stock code: 4526). We are commonly known in domestic and international business operations and within the industry as "Tong Tai Precision Machinery," "TT Group," or "TT." These are our common trade names.
- Ownership and Legal Form: Tongtai Precision Machinery is a publicly listed company limited by shares, a privately held enterprise established and operated in accordance with the Company Law of the Republic of China. It has been listed on the OTC Markets since 2000 and transitioned to a public listing in 2003. As a legal entity, it is regulated by the Financial Supervisory Commission under the Securities and Exchange Act and regularly discloses financial and sustainability information.
- Headquarters: Our headquarters is located at No. 3, Luke 3rd Road, Luzhu District, Kaohsiung City, Southern Science Park. It serves as our highest decision-making and administrative center, overseeing global operational strategies, R&D resource integration, supply chain collaboration, and market expansion.
- Locations: Tongtai Precision Machinery has operations in over 20 regions worldwide, expanding its reach through over 60 distribution and service locations. Its products are sold in over 30 countries across major markets in Asia, Europe, the Americas, the Middle East, and Africa. Key operating countries include Taiwan (headquarters), China, Japan, South Korea, India, Vietnam, Thailand, the United States, Germany, Austria, and France. The company adjusts its manufacturing and technology application center locations based on product characteristics and market strategies.
- The Company discloses the distribution of its operating locations and countries in its financial disclosures. For details, please refer to "Note 3 to the 2024 Consolidated Financial Statements" and the public information observation station https://mops.twse.com.tw.

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Boundaries and Outlines: Value Chain | Activities | Human Resources

2.1.3 Activities, value chains and other business relationships

GRI 2-6 Activities, value chain and other business relationships

Tongtai Precision Machinery, with its core focus on the global machine tool industry, is deeply engaged in the fields of metalworking equipment and smart manufacturing solutions. Our operations encompass R&D and design, manufacturing, sales, service, and technical support. We continuously expand our sustainable value chain, promoting industrial upgrading and carbon reduction. The following describes our industry classification, value chain structure, key business relationships, and their evolution, based on GRI 2-6 guidelines.

I. Industry Classification and Positioning (GRI 2-6-a)

Tongtai Precision Machinery Co., Ltd. belongs to the Manufacturing/Capital Properties industry and, according to the GICS® classification system, is classified as Machinery - Industrial Machinery.

Key service areas include:

- Metal cutting
- Electronic components processing
- Advanced manufacturing applications such as metal additive manufacturing (3D printing)

The company also provides smart manufacturing solutions ranging from single machines, complete lines to entire factories.

Products and services are mainly sold to Taiwan, China, Vietnam, Europe, America and other places, focusing on the following application markets:

- auto parts
- aviation
- Medical
- Electronic Communications
- General industrial applications

Supplier Tier

Upstream supply chain

- Material/Parts Suppliers
- Controllers and sensors
- Main sources: Taiwan, China, Japan, Germany.
- About 300 partners.

Core manufacturing process

Dongtai internal activities

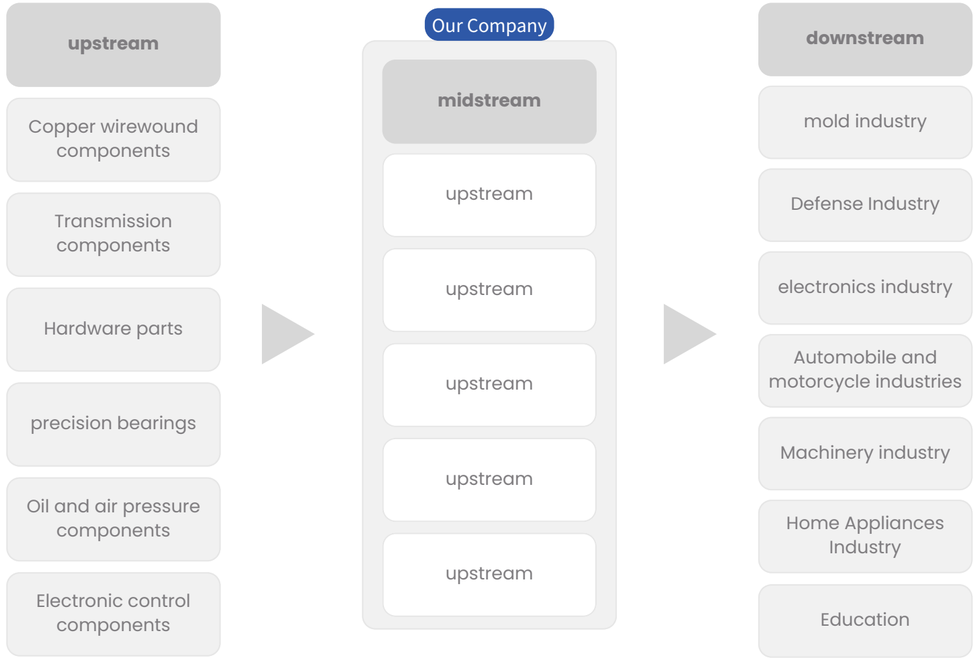
- R&D and design
- Smart Manufacturing
- Quality Management
- technical support
- ESG integrated management

Customer Type/Market Area

downstream customers

- OEM customers
- Agents
- System Integrator
- Main markets: China, Taiwan, Vietnam, Europe, America

The company's upstream, midstream and downstream joint diagram



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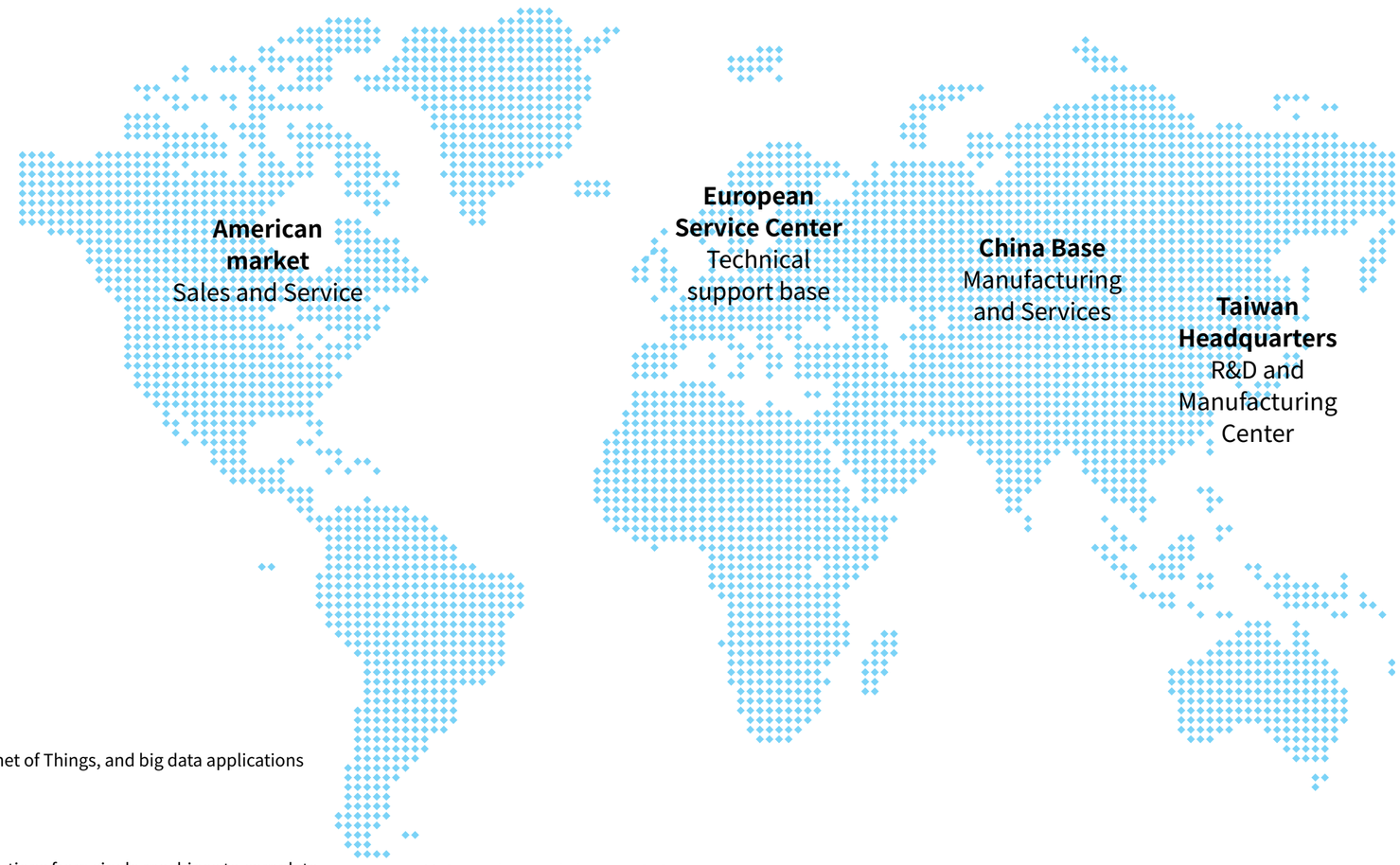
2. Value Chain Description

►Organize activities, products, services and markets

Tongtai Precision Machinery's products include metal cutting equipment (such as machining centers, lathes, and five-axis machining centers), printed circuit board (PCB) processing equipment (such as drilling machines and forming machines), laser processing machines, additive manufacturing equipment, and related smart application software and systems. The company provides comprehensive processing solutions and smart manufacturing services for industries such as aerospace, automotive, electronics, and medical.

- Operational Definition and Locations: Tongtai Precision Machinery has locations in Taiwan (headquarters and R&D center), China (manufacturing and service locations), and Europe (sales and technical support), with a total global workforce of over 1,000.
- Product Type:



Metal cutting equipment:
- Vertical/Horizontal Machining Centers
- Vertical/Horizontal CNC Lathes
- Five-axis machining center
- Compound machining center
- Boring and milling machines
- Ultrasonic assisted processing machine
- Wheel rim processing machine
- Drilling and tapping machines

Printed circuit board (PCB) processing equipment:
- PCB drilling machine
- PCB forming machine
- Dedicated PCB processing machine

Laser processing machine: equipment used for laser processing.
Additive manufacturing equipment: also known as 3D printer.
Smart application software and systems: Integrate sensors, the Internet of Things, and big data applications to provide intelligent processing and production solutions.

- Service Type

Comprehensive metal processing solutions: providing processing solutions from single machines to complete production lines.
Smart manufacturing and flexible production lines: Using intelligent technologies, we build smart production lines with visualization, automatic scheduling, and flexible production.
Turnkey Projects: We have extensive project experience in the automotive and aerospace industries, providing complete turnkey services.
Transnational international services: providing customer service and support all over the world.

- Main markets and characteristics

- Geographical coverage: Taiwan, ASEAN, Americas, Europe and China
- Customer characteristics: Mainly B2B, including OEMs, Tier 1 manufacturers, processing plants and system integrators
- Market focus: energy conservation and carbon reduction, process automation, manufacturing efficiency, safety and compliance

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► Upstream supply chain
- Supplier Type
  - Mechanical component manufacturers (castings, precision transmission parts, spindles and motor suppliers)
  - Electronic component suppliers (sensors, PLC controllers)
  - Large processing manufacturers
- Supply levels and quantities
  - There are approximately 400 first-tier suppliers, mainly concentrated in the machining cluster in central Taiwan
  - About 100 second-tier suppliers, located in Taiwan
- Partnership type
  - Most are long-term cooperative suppliers, accounting for about 75%
  - Jointly develop new modules with some strategic key suppliers to raise the technical threshold
- Industry characteristics and risks
  - Technology-intensive, with some labor-intensive features (such as manual assembly)
  - The inclusion of Scope 3 in the 2024 GHG Protocol inventory highlights the importance of supply chain carbon footprint management
  - Highly sensitive to delivery time, quality and carbon footprint
- Payment and Geography
  - The upstream supply chain is mainly distributed in Taiwan, concentrated in the central machining cluster

3. Supply Chain Structure Analysis

Projects	Description
Number of Tier 1 Suppliers	Approximately 400 companies
Major Supplier Source Countries	Focusing on the Mechanical Machining Cluster in Central Taiwan
Supply Item Types	Castings, spindles, motors, controllers, sensors, etc
Types of Cooperation Relationships	-term contracts, technical agreements, collaborative research partner
ESG Risk Management Mechanism	Inclusion of Carbon Inventory, Quality, and Responsible Procurement Audits
Procurement Expenditure Proportion	Accounting for approximately 60% of total operating costs

► Downstream entities and activities
- Entity Type
  - Terminal manufacturers (such as auto parts processing plants)
  - Equipment Agents
  - Full-line system integrator
  - Resellers
- Activities and business relationships
  - Installation and commissioning
  - After-sales maintenance
  - Parts supply
  - Remote Support
  - Adopt long-term service contracts and regional agency systems, and gradually promote data platform connections
- Geographical distribution
  - About 30% of our customers are located in Europe and the Americas, and 70% are located in Asia Pacific and emerging markets.
  - Implement ESG compliance requirements for high-end customers

4. Customer and Market Distribution

Region	Primary Industries	Estimated Proportion	ESG Demand Characteristics
China	Electronics Manufacturing and Automotive Industry	36%	Focusing on Carbon Emission Reduction and Circular Economy Requirements
Europe	Aerospace Industry, Mechanical Machining Industry	27%	Focus on LCA, CSRD, and Advanced ESG Requirements
Asia (excluding China)	Automotive Industry, Electronic Assembly Industry	18%	Focusing on LCA, Energy Efficiency Indicators, and Sustainable Supply Chain
Taiwan	Electronics Communication Industry, Medical Industry	15%	ESG Audit, Data Transparency, Supply Chain Cybersecurity
Other Emerging Markets	Medical Equipment Industry, High-End Manufacturing	4%	Emphasizing Equipment Management Characteristics and Partially Introducing Sustainability Requirements

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5. Other relevant business relationships

► Joint venture relationship
・Jointly develop intelligent modules and high-performance controllers with strategic partners in Japan and Germany
► R&D Alliance
・Participate in government industrial technology programs
・Smart Manufacturing Alliance
・Machine Tool Association Project
► Capital Investment and Strategic Collaboration
・Jointly invest with related companies in digital application companies and 3D printing subsidiaries
・Participate in third-party ESG verification and data disclosure platforms to strengthen sustainable governance links

6. Major Changes Compared with the Previous Period

► Changes in market structure
・In response to the restructuring of the global supply chain, we will strengthen our focus on the Southeast Asian and American markets
► Product portfolio and R&D direction
・Increase smart software functions and AI application module development – different from the past hardware-based
・Undertake multiple ESG carbon reduction demand-oriented projects – Promote full product carbon footprint assessment
► Supply chain strategy adjustment
・Strengthen ESG audits and information transparency in Taiwan’s supply chain – Establish a tiered risk classification and audit system
・Introducing a systematic supplier carbon emission data reward and risk matching mechanism

7. Summary of Major Changes

Projects	Previous Year's Situation	Significant Changes This Year
Product Strategy	CNC Equipment as the Core	Strengthening Software Modules, AI Integration, Low-Carbon Solutions
Supply Chain Management	Traditional Procurement, Focusing on Delivery Time and Quality	Carbon Footprint Verification and Supplier Tiered Management Mechanism
Downstream Customer Service	Traditional Installation and Maintenance	Develop Remote Support and Intelligent Network Maintenance Platform

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TTX | Tongtai Transformation for Sustainable Exploration

Tongtai Precision Machinery is well aware of the multiple challenges facing the machine tool industry: net-zero transformation, digital innovation, and value chain restructuring. To stay ahead in this changing landscape, we have launched the TTX | Tongtai Transformation for Sustainable Exploration initiative. Centered on "Green Manufacturing Upgrading," it integrates digitalization, low-carbonization, and value chain collaboration to propel the industry toward a more efficient and sustainable future.

Under the TTX framework, we focus on five sustainable strategies:

- **GreenDrive Net Zero and Resource Efficiency Transformation** | Leading low-carbon manufacturing and resource efficiency upgrades → Green manufacturing core
- **AiSmartGuard Intelligent and Secure Manufacturing** | Promoting smart manufacturing, automation, and process integration → Process upgrade
- **SustainChain Sustainable Supply Chain Governance** | Strengthening value chain ESG and international collaboration → Global supply chain upgrade
- **EcoCycle product innovation creates value for customers** | Implementing low-carbon recycling and full life cycle design → Product and service upgrade
- **Talent Up: Global Talent and Organizational Resilience** | Cultivating global professional talent and organizational resilience → Global capability upgrade

These five strategies fully align with the company's 10 key themes (GRI 305, 301, 302, 403, 308, 401, 306, 404, 414, and 205). Through R&D innovation, they are implemented in activities such as raw material procurement, process optimization, product design, supplier management, employee training, and customer collaboration. Going forward, Tongtai Precision Machinery will continue to prioritize transparency, resilience, and co-creation as core governance principles. Guided by green R&D initiatives, it will drive the industry ecosystem toward low-carbon, high-efficiency, and shared benefits, becoming a leading force in the sustainable transformation of the machine tool industry.

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GRI 2-7 Employees

As of December 31, 2024, the Company (excluding overseas subsidiaries) has a total of 610 formally employed employees, all of whom are full-time employees, including 17 expatriates.

1 | Classification by employment type
- Permanent employees: 603
- Temporary employment or outsourced consultants: 7 people
- No guaranteed hours for employees: None
- Part-time employees: None

Our company does not employ part-time or non-guaranteed hourly employment systems. All employees sign formal labor contracts or project-specific contracts in accordance with the law, and their working hours are allocated according to the needs of their respective units.

2. Gender Structure
- Men: 87%
- Women: 13%
- Other or Undisclosed Gender: 0%

3 | Regional Distribution

The company has a total of 610 employees located in Taiwan, including 17 expatriates distributed as follows:
- China: 11
- Indonesia: 1 person
- France: 1
- Thailand: 2 people
- Vietnam: 2 people

Expatriates support overseas market expansion and technical services, reflecting the company's international layout.

4 | Data Compilation Methodology and Assumptions
- The headcount method is used for employee statistics, not the full-time equivalent (FTE) method.
- The statistical base date is December 31, 2024.
- All types of employees are included based on the manpower roster at the end of the reporting period, including expatriates.

5 | Human Resources Structure

Our workforce is centered around manufacturing and technological research and development. Our average employee age is approximately 40.2 years, with an average of 10.5 years of experience. Our hiring policy is focused on maintaining stable employment and minimizing turnover, with temporary or external support staff brought in only for short-term projects.

6 | Employee Headcount Changes and Trends

The total number of employees in 2024 will decrease slightly (-6.87%) compared to 2023, mainly due to the manpower demand for new product development and manufacturing expansion. There will be no major organizational restructuring or unit mergers, and the overall human resource structure will remain stable.

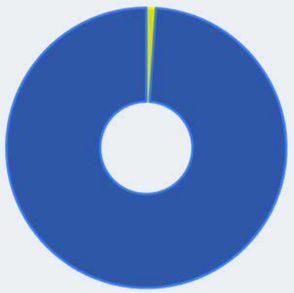
Total number of employees

↘-6.87% Slightly lower than 2023

610 people

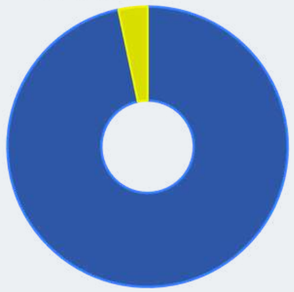
All full-time employees, operating locally in Taiwan

Employment Pattern Analysis



- 603 people permanently employed (98.9%)
- 7 temporary/outsourced employees (1.1%)

Gender structure analysis



- Male 87% (531 people)
- 3% (79 people) women

Key Human Resources Indicators

Average age Average	**40.2 years old**
years of service	**10.5 years high**
Employee stability	**stability**
Slight decrease in 2024	**-6.87%**

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Boundaries and Outlines: Value Chain | Activities | Human Resources

GRI 2-8 | Workers who are not employees

As of 2024, the Company has a total of seven long-term non-employee workers (i.e., those who do not have direct employment contracts with the Company but support its operations). Their work is directly assigned, planned, and managed by the Company and falls within the scope of the Company's control.

1 | Non-employee types and contractual relationships

Most of these non-employee workers are brought in through third-party organizations, but the actual workplace, task planning, and daily communication are all led by our company, meeting the definition of "non-employee workers controlled by the organization" as defined in GRI 2-8.

Type	Number of People	Description
Visually Impaired Massage Therapist	1 Person	Long-term on-site staff who provide physical and mental healthcare services for employees, representing welfare-oriented professional service personnel.
Outsourced Consultants	5 people	Professional consultants with expertise in specific domains, providing support in areas such as technology, quality management, and legal affairs.
On-Site Technical Support Personnel	1 Person	With strategic partner process technicians who are stationed long-term at the factory, providing production and technical support.

2. Data compilation methods and assumptions

- The unit of calculation is "number of people".
- The statistical base date is December 31, 2024.
- The non-employees listed are all long-term partners and do not include short-term activity supporters.

3 | Explanation of change trend

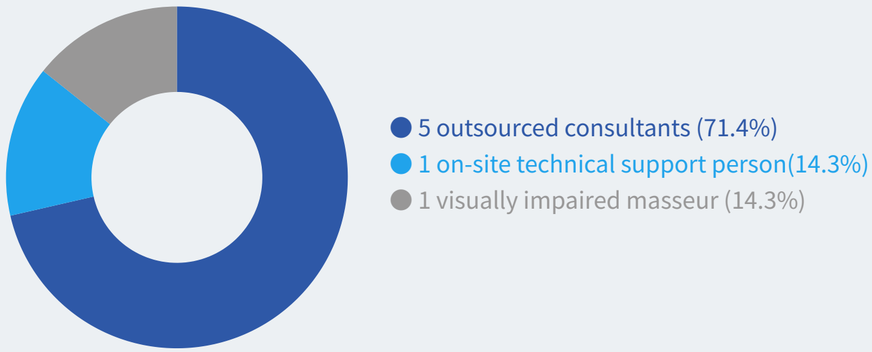
There will be no significant change in the number of non-employee employees in 2024 compared to 2023. As some businesses continue to rely on specific consultants and on-site support personnel, these partnerships remain stable.

7
Total number of non-employee workers
Long-term cooperation, the scope of work is controlled by our company

100%
Directly managed by the company
Work assignment, planning and daily communication

Stablize
Trends in 2024
No significant change compared to 2023

Distribution of non-employee types



Detailed type analysis

Physical and mental care
1 person
Visually impaired masseur
Long-term on-site care to provide physical and mental care services and promote employee health and well-being

Strategic Partners
1 person
On-site technical support personnel
Collaborate with strategic partners on process technology,
Provide on-site technical support and knowledge transfer

Professional cooperation
5 people
Outsourced Consultants
Consultants in professional fields such as technology, quality assurance, and legal affairs,
Provide professional consultation and support

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Structure and Responsibilities: Composition | Nominations | Chairman

GRI 2-9 | Governance Structure and Composition

This disclosure describes the structure, responsibilities and diversity of the board of directors and its functional committees in accordance with GRI 2-9 Governance Structure and Composition.

1 | The highest governance unit

The highest governance unit of the Company is the Board of Directors, which is responsible for:

- Formulate the company's long-term strategy and business policies
- Oversee the performance of management and control levels
- Ensure operations comply with regulations and stakeholder expectations
- Review and approve sustainability strategies and related policies

The Board of Directors bears the ultimate decision-making responsibility and divides the work among functional committees to ensure the quality of decisions on economic, environmental and social issues.

2 | Functional Committee Structure

The Board of Directors consists of three functional committees with the following responsibilities:

1. Audit Committee
   - Composed of all independent directors
   - Overseeing the integrity of financial statements
   - Review of internal control mechanisms
   - Assessing the independence and professionalism of external auditors
   - Ensure financial transparency and compliance
2. Remuneration Committee
   - Formulate and review compensation policies for directors and senior management
   - Ensure that the compensation structure is linked to company performance and market standards
3. Sustainable Development Committee
   - The director serves as the convener, and the members include heads of various departments
   - Review ESG goals and action plans and monitor progress
   - Report achievements and improvement suggestions to the board of directors regularly every quarter
   -

3 | Sustainable Development Committee Responsibilities

- Economics: Review financial and investment strategies to ensure long-term value creation
- Environmental: Formulate carbon reduction, resource use, and pollution prevention policies, and comply with environmental regulations and ISO standards
- Social: Promote employee rights protection, supply chain management, and community engagement, and strengthen a culture of diversity and inclusion

4 | Risk and Compliance Support

In addition to its financial responsibilities, the Audit Committee also provides indirect support for risk management and financial compliance. The Board of Directors retains final review authority over sustainability strategies and major economic, environmental, and social issues.

Corporate Governance Structure and Sustainable Development Organization

The highest governance unit: the board of directors and its functional committee structure

Board Member
13th
4 independent directors (30.77%)

Functional Committee
3
Audit/Compensation/Sustainable Development

Gender diversity
7.69%
Target increased to 1/3

Term of office norms
3 years
Independent directors can serve a maximum of three terms (9 years)

Functional Committee Responsibilities and Operations

Audit Committee

Members: 4 (all independent directors)
Main responsibilities:

Financial transparency and compliance
At least once per quarter

Financial report completeness supervision | Internal control mechanism review | External Audit Independence

Remuneration Committee

Members: 4 (mainly independent directors)
Main responsibilities:

Pay equity and incentives
At least once every six months

Compensation system design | Performance linkage mechanism | Benchmarking against municipal standards

Sustainable Development Committee

Members: 8 (directors + department heads)
Main responsibilities:

Sustainable development promotion
Quarterly regular reports

ESG goal setting | Sustainability Strategy Review | Progress tracking and supervision

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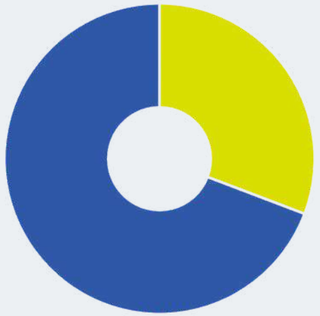
5 | Composition of the Board of Directors and Committees
Total members: 13 directors
Independent Directors: 4 (30.77%), with backgrounds in finance, legal affairs, manufacturing, and environmental safety.
Term of office: Directors are eligible for reappointment for a three-year term. Starting in 2024, independent directors may serve no more than three terms (a total of nine years).
Gender Diversity: Currently, there is one female director (accounting for 7.69%). The company continues to promote gender diversity policies, with the goal of achieving a female ratio of at least 1/3 of the board members.

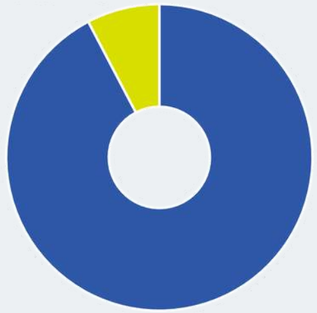
Board composition



General directors: 69.23%
Independent directors: 30.77%

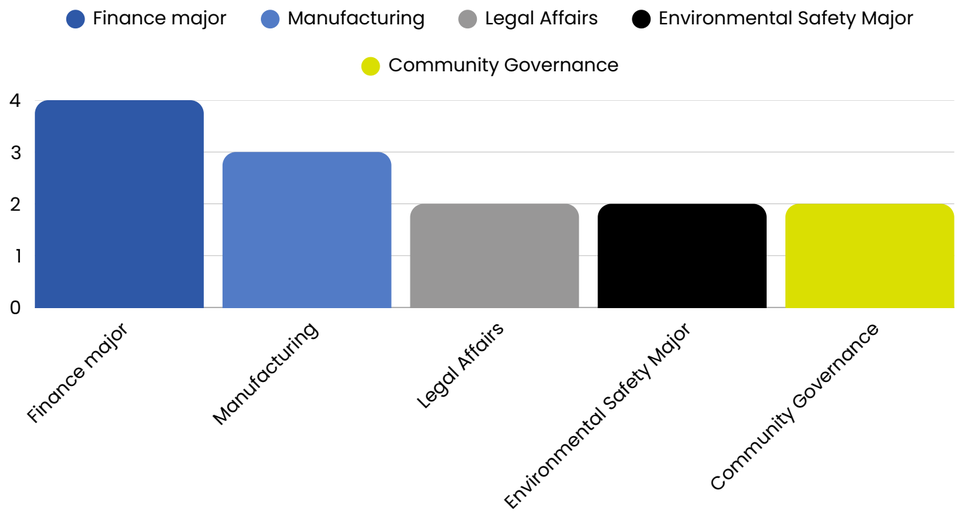
Current Status of Gender Diversity

Goal: Achieve at least 1/3 of the board members are women



Male directors: 92.31%
Female directors: 7.69%

Professional background distribution of directors



Detailed Professional Background of Directors

Areas of Expertise	Number of People	Professional Explanation
Financial Professional	4 persons	Financial Management, Accounting, Investment
Legal Expertise	2 persons	Regulatory Compliance, Risk Management
Professional Manufacturing	3 persons	Manufacturing Technology and Operational Management
Professional Environmental Safety	2 persons	Environmental Management, Occupational Safety and Health
Community Governance	2 persons	Social Responsibility and Stakeholder Management

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Structure and Responsibilities: Composition | Nominations | Chairman

The Director currently holds the following positions in the Company and other companies:

Name	Current Concurrent Positions in Other Companies			
Jui-Hsiung Yen	Chairman	TongTai Technology Co., Ltd. (Representative) Dongfeng Machinery Automation Co., Ltd. Suzhou Dongyu Precision Machinery Co., Ltd. TongTai Seiki Vietnam Co., Ltd	Asia Pacific Elite Co., Ltd. Fulin Technology Engineering Co., Ltd. (Representative) Tongyu Precision Machinery (Shanghai) Co., Ltd. Tongtai Machine & Tool Japan Co., Ltd.	Huatai Precision Machinery Co., Ltd. Yongxin Optoelectronics Co., Ltd. (Representative) Great Pursuit Limited Dongye Precision Co., Ltd. (Representative)
	Directors/Executive Directors	Rongtian Seiki Co., Ltd. (Representative) Shanghai Tongtai Xin Trading Co., Ltd. (Executive Director) Tongtai Europe B.V. Tongtai Machine Tool (MFG) Sdn Bhd	Yousheng Machinery Co., Ltd. Pinyin 3D Technology Co., Ltd. (Representative) TongTai Machinery Co., Ltd. Union Top Industrial (SAMOA) Limited	Hanting Intelligent Technology Co., Ltd. (Representative), Hao Teng Xin Electronics (Shenzhen) Co., Ltd. (Executive Director), Tongtai Machine Tool (SEA) Sdn Bhd
	Supervisors	SAN SHIN CO., LTD.（Representative）	SAN SHIN Investment Co., Ltd.（Representative）	OP INVESTMENT MANAGEMENT LIMITED
	General Manager	Tongtai Machine & Tool Co., Ltd.	ASIA PACIFIC ELITE CORP.	HTX Electronics (Shenzhen) Co., Ltd.
	Other	Taiwan Machine Tool & Accessory Builders' Association (TMBA)Honorary Chairman	Taiwan Aerospace Industry Association (TAIA)Board of Directors	
Hwa-Chou Yen	Chairman	SYSCO MACHINERY CORPORATION	SAN SHIN CO., LTD.	SAN SHIN Investment Co., Ltd.
	Directors/Executive Directors	Contrel Technology Co., Ltd. （Representative）	SHENG LI MACHINE INDUSTRY CO., LTD.	
	Supervisors	Yeou Sheng Machine Co., Ltd.（Representative）	Long Power Machinery Corporation（Representative）	
Cheng Yen	Chairman	Can Ying Investment Co., Ltd.	POTZU CO., LTD.（Representative）	
	Directors/Executive Directors	Dongjie Technology Co., Ltd. (Representative) Sanxin Co., Ltd. (Representative)	Chunyi Industrial Co., Ltd. (Representative) Sanxin Investment Co., Ltd. (Representative)	YUKEN HYDRAULICS (T.W.) CO., LTD. （Representative）
	Supervisors	Quick-Tech Machinery Co., Ltd.	Maolong Machinery Co., Ltd. (Representative)	IAMECH TECHNOLOGY INC.
	General Manager	SAN SHIN CO., LTD.		
Tsan-Jen Chen	Chairman	IAMECH TECHNOLOGY INC.		
	Directors/Executive Directors	Dongjie Technology Co., Ltd. Ningbo Qijie Trading Co., Ltd. (Legal Representative)	Fulin Technology Engineering Co., Ltd.(Representative) Eastern Czech Holdings Limited	Yongxin Optoelectronics Co., Ltd. (Representative) Far Technology Co., Ltd / Contrel Holdings Limited
	General Manager	CONTREL TECHNOLOGY CO., LTD.	F.S.E CORPORATION	Ever Lumin Incorporation

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Name	Current Concurrent Positions in Other Companies			
Lu Yen	Chairman	TTGroup France	Six Hertz Co., Ltd.(Representative)	
	Directors	Tongtai Machine Tool (MFG) Sdn Bhd Mbi-group Beteiligung GmbH Rongtian Precision Machinery Co., Ltd. (Representative) Fulin Technology Engineering Co., Ltd. (Representative)	TONGTAI MEXICO, LIMITED. OF C.V. Tongtai Europe B.V. Asia Pacific Elite (Shares) Company (Representative) Puzi Precision Enterprise Co., Ltd.(Representative)	TONGAN GmbH TONGAN Technology Co., Ltd. (Representative) Ruiyang Precision Co., Ltd. (Representative)
	Supervisors	Suzhou Tongyu Precision Machinery Co., Ltd.	Precision Research and Development Center	Tong-Yu Precision Machinery (Shanghai) Co., Ltd.
Jun-Liang Kuo	Chairman	Kangrui Marketing Consultants Co., Ltd. TVU Enterprise Co., Ltd.	Honmai Co., Ltd.	Baocheng Digital Marketing Ltd.
	Directors	Contrel Technology Co., Ltd.(Representative)		
Eugene Chuang	Chairman/General Manager	LOGICOM INC.		
	Directors	Yu-Ming Investment Co., Ltd.	Yuyuan Investment Co., Ltd.	Factory Automation Technology Co., Ltd.
	Supervisors	FAR EAST MACHINERY CO., LTD.	Maolong Machinery Co., Ltd. (Representative)	IAMECH Technology Inc.
Weichung Ooi	Directors	Contrel Technology Co., Ltd.(Representative)	TTGROUP AMERICA, INC.	
	Supervisors	F.S.E CORPORATION(Representative)	Ever Lumin Incorporation	
Po-Han Wang	Chairman	Rising Financial Consultants Co., Ltd.		
	Director General	Xiangwei United Accounting Firm		
	Independent Directors	Zhongyu Environmental Engineering Co., Ltd.	Hanlei Technology Co., Ltd.	
	Directors	Mega Consulting Co., Ltd.		
	Supervisors	Jushen Energy Co., Ltd.		
	Compensation/Audit Committee Member	Tongtai Precision Machinery Co., Ltd.	Zhongyu Environmental Engineering Co., Ltd.	
Shin Fann	Directors	An-Neng Electric Co., Ltd.		
	Compensation/Audit Committee Member	Tongtai Machine & Tool Co., Ltd.		

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Structure and Responsibilities: Composition | Nominations | Chairman

Name	Current Concurrent Positions in Other Companies			
Shing-Yusn Tsai	Chairman	Innovation Intelligence Investment and Financing Services Co., Ltd.		
	Directors	Chuangzhi Investment Management Consulting Co., Ltd.		
	Compensation/Audit Committee Members	Tongtai Precision Machinery Co., Ltd.		
	Independent Directors	China Grinding Wheel Enterprises Co., Ltd.		
	Supervisors	OmniMeasure Technology Inc.		
Cheng-Hsin Chen	Chairman	GALLANT PRECISION MACHINING CO., LTD.	Junshuo International Co., Ltd.	JunQiang Machinery (Suzhou) Co., Ltd.
	General Manager	GALLANT PRECISION MACHINING CO., LTD.	Junqiang Machinery (Suzhou) Co., Ltd.	
	Directors	Chi Shing Industrial Co., Ltd. ESG Global Citizen Digital Governance Foundation (ESGWD)	Xuanfeng Shares Co., Ltd.	Gallant-Rapid Corporation Limited (Representative)
	Compensation/Audit Committee Members	Tongtai Machine & Tool Co., Ltd.		
	Vice President	Taiwan Electronic Equipment Industry Association (TEEIA)	Taiwan Intelligent Automation and Robotics Association (TAIROA)	

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1-3. Disclosure of Directors' Professional Qualifications and Independent Directors' Independence

Name / condition	Professional qualifications and experience	Independence Status	Number of Independent Director Positions Concurrently Held at Other Publicly Listed Companies
Jui Hsiu Investment Co., Ltd. Representative：Jui-Hsiung Yen	Possess at least five years of work experience required for the company's business, currently serve as the chairman of the board of directors of the company, and do not fall under any of the circumstances specified in Article 30 of the Company Act.	(1) Professionals, sole proprietors, partnerships, owners, partners, directors (trustees), supervisors (supervisors), managers and their spouses of businesses, corporations or institutions who do not provide audit services to the company or its affiliated enterprises or who have received remuneration for business, legal, financial, accounting or other related services totaling no more than NT$500,000 in the past two years. (2) The person who is elected as a government official, a legal person or a representative thereof is not elected as provided for in Article 27 of the Company Law.	none
San Shin Co., Ltd. Representative：Hwa-Chou Yen	With over five years of work experience required for the company's business, currently serving as the Chairman of Sanxin Corporation, and not falling under any of the circumstances specified in Article 30 of the Company Act.	(1) A natural person shareholder who is not the shareholder himself, his spouse, minor children or any other person holding 1% or more of the total issued shares of the company or is one of the top ten shareholders. (2) A director, supervisor or employee of another company whose directorship or voting shares are controlled by the same person as the company. (3) A director (council member), supervisor (supervisor) or employee of another company or organization who is not the same person or spouse of the company's chairman, general manager or person holding equivalent positions. (4) Professionals, sole proprietors, partnerships, owners, partners, directors (trustees), supervisors (supervisors), managers and their spouses of businesses, corporations or institutions that do not provide audit services to the company or its affiliated enterprises or that have received remuneration for business, legal, financial, accounting or other related services totaling no more than NT$500,000 in the past two years.	none
San Shin Co., Ltd Representative：Cheng Yen	Has more than five years of work experience required for the company's business, currently serving as the General Manager of Sanshin Co., Ltd., and does not have any of the circumstances specified in Article 30 of the Company Act.	(1) A natural person shareholder who is not the shareholder himself, his spouse, minor children or any other person holding 1% or more of the total issued shares of the company or is one of the top ten shareholders. (2) A director, supervisor or employee of another company whose directorship or voting shares are controlled by the same person as the company. (3) A director (council member), supervisor (supervisor) or employee of another company or organization who is not the same person or spouse of the company's chairman, general manager or person holding equivalent positions. (4) Professionals, sole proprietors, partnerships, owners, partners, directors (trustees), supervisors (supervisors), managers and their spouses of businesses, corporations or institutions that do not provide audit services to the company or its affiliated enterprises or that have received remuneration for business, legal, financial, accounting or other related services totaling no more than NT$500,000 in the past two years.	none
Jui Hsiu Investment Co., Ltd. Representative：Tsan-Jen Chen	Having more than five years of work experience required for the company's business, currently serving as the General Manager of Tungtex Technology Co., Ltd., and not having any circumstances specified in any of the paragraphs of Article 30 of the Company Act.	(1) A director, supervisor or employee of another company whose directorship or voting shares are controlled by the same person as the company. (2) A director, supervisor, or employee of another company or organization who is not the same person or spouse of the company's chairman, general manager, or person holding equivalent positions. (3) A person who is not a director (council member), supervisor (supervisor), manager or shareholder holding 5% or more of the shares of a specific company or institution that has financial or business dealings with the company. (4) Professionals, sole proprietors, partnerships, owners, partners, directors (trustees), supervisors (supervisors), managers and their spouses of businesses, corporations or institutions that do not provide audit services to the company or its affiliated enterprises or that have received remuneration for business, legal, financial, accounting or other related services totaling no more than NT$500,000 in the past two years. (5) Not be a spouse or a relative within the second degree of kinship with any other director.	none
Tsan Ying Investment Co., Ltd. Representative：Lu Yen	Has at least five years of work experience in the company's business, currently serving as the company's vice president, and does not fall under any of the circumstances specified in Article 30 of the Company Act.	(1) A director, supervisor or employee of another company whose directorship or voting shares are controlled by the same person as the company. (2) Professionals, sole proprietors, partnerships, owners, partners, directors, supervisors, managers, and their spouses of companies, corporations, or institutions who do not provide audit services to the company or its affiliated enterprises, or who have received remuneration for business, legal, financial, accounting, or other related services totaling no more than NT$500,000 in the past two years.	none

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Name / condition	Professional qualifications and experience	Independence Status	Number of Independent Director Positions Concurrently Held at Other Publicly Listed Companies
Yang-Kuang Tung	Having more than five years of work experience required for the company's business operations, currently serving as a director of this company and not subject to any of the circumstances specified in Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliated enterprises. (2) A natural person shareholder who is not the shareholder himself, his spouse, minor children or any other person holding 1% or more of the total issued shares of the company or is one of the top ten shareholders. (3) Not the spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managers listed in (1) or the persons listed in (2). (4) A director, supervisor or employee of a corporate shareholder who does not directly hold 5% or more of the total issued shares of the company, is one of the top five shareholders, or has appointed a representative to serve as a director or supervisor of the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act. (5) A director, supervisor or employee of another company whose directorship or voting shares are controlled by the same person as the company. (6) A director, supervisor, or employee of another company or organization who is not the same person or spouse of the company's chairman, general manager, or person holding equivalent positions. (7) A person who is not a director (council member), supervisor (supervisor), manager or shareholder holding 5% or more of the shares of a specific company or institution that has financial or business dealings with the company. (8) Professionals, sole proprietors, partnerships, owners, partners, directors (trustees), supervisors (supervisors), managers and their spouses of businesses, corporations or institutions that do not provide audit services to the company or its affiliated enterprises or that have received remuneration for business, legal, financial, accounting or other related services totaling not more than NT$500,000 in the past two years. (9) Not be a spouse or a relative within the second degree of kinship with any other director. (10) The election of the person shall not be by the government, a legal person or its representative as provided for in Article 27 of the Companies Act.	none
Weichung Ooi	Possess at least five years of working experience in business, finance, and corporate affairs, currently serve as a director of Dongjie Technology Co., Ltd., and do not fall under any of the circumstances specified in Article 30 of the Company Act.	(1) A director, supervisor or employee of another company whose directorship or voting shares are controlled by the same person as the company. (2) A director, supervisor, or employee of another company or organization who is not the same person or spouse of the company's chairman, general manager, or person holding equivalent positions. (3) Not a director (council member), supervisor (supervisor), manager or shareholder holding 5% or more of the shares of a specific company or institution that has financial or business dealings with the company. (4) Professionals, sole proprietors, partnerships, owners, partners, directors (trustees), supervisors (supervisors), managers and their spouses of businesses, companies or institutions that do not provide audit services to the company or its affiliated enterprises or have received remuneration for business, legal, financial, accounting or other related services totaling no more than NT$500,000 in the past two years. (5) Not be a spouse or a relative within the second degree of kinship with any other director.	none
Hong Mai Co., Ltd. Representative：Jun-Liang Kuo	Having over five years of work experience in the company's business requirements, currently serving as the Chairman of KangRui Marketing Consultants Co., Ltd., and not having any circumstances specified in any of the clauses of Article 30 of the Company Act.	(1) A person who is not an employee of the Company or its affiliated enterprises. (2) A director, supervisor or employee of another company whose directorship or voting shares are controlled by the same person as the company. (3) A director (council member), supervisor (supervisor) or employee of another company or organization who is not the same person or spouse of the company's chairman, general manager or person holding equivalent positions. (4) Not a director (council member), supervisor (supervisor), manager or shareholder holding 5% or more of the shares of a specific company or institution that has financial or business dealings with the company. (5) Professionals, sole proprietors, partnerships, owners, partners, directors (trustees), supervisors (supervisors), managers and their spouses of businesses, companies or institutions that do not provide audit services to the company or its affiliated enterprises or have received remuneration for business, legal, financial, accounting or other related services totaling no more than NT$500,000 in the past two years. (6) Not be a spouse or a relative within the second degree of kinship with any other director.	none

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Name / condition	Professional qualifications and experience	Independence Status	Number of Independent Director Positions Concurrently
U-yuan Investment Ltd. Representative：Eugene Chuang	With over five years of work experience required for the company's business operations, currently serving as the General Manager of Logic Electronics Co., Ltd., and not having any circumstances specified in any of the paragraphs of Article 30 of the Company Act.	(1) A person who is not an employee of the Company or its affiliated enterprises. (2) A natural person shareholder who is not the shareholder himself, his spouse, or any of his minor children, or a natural person shareholder who holds 1% or more of the total issued shares of the company or is one of the top ten shareholders in the company under the name of another person. (3) Not the spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managers listed in (1) or the persons listed in (2). (4) A director, supervisor or employee of another company whose directorship or voting shares are controlled by the same person as the company. (5) A director (council member), supervisor (supervisor) or employee of another company or organization who is not the same person or spouse of the company's chairman, general manager or person holding equivalent positions. (6) Not a director (council member), supervisor (supervisor), manager or shareholder holding 5% or more of the shares of a specific company or institution that has financial or business dealings with the company. (7) Professionals, sole proprietors, partnerships, owners, partners, directors (trustees), supervisors (supervisors), managers and their spouses of businesses, companies or institutions that do not provide audit services to the company or its affiliated enterprises or that have received remuneration for business, legal, financial, accounting or other related services totaling no more than NT$500,000 in the past two years. (8) Not be a spouse or a relative within the second degree of kinship with any other director.	None
Po-Han Wang	Having over five years of work experience required for the company's business operations, currently serving as the managing partner of Detailed Integrity Accounting Firm and not having any of the circumstances specified in the various clauses of Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliated enterprises. (2) Not a director or supervisor of the company or its affiliated enterprises. (3) A natural person shareholder who is not the shareholder himself, his spouse, minor children or any other person holding 1% or more of the total issued shares of the company or is one of the top ten shareholders. (4): Not the spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managers listed in (1) or the persons listed in (2) or (3). (5) A director, supervisor or employee of a corporate shareholder who does not directly hold 5% or more of the total issued shares of the company, is one of the top five shareholders, or has appointed a representative to serve as a director or supervisor of the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act. (6) A director, supervisor or employee of another company whose directorship or voting shares are controlled by the same person as the company. (7) A director (council member), supervisor (supervisor) or employee of another company or organization who is not the same person or spouse of the chairman, general manager or person holding equivalent position of the company. (8) A person who is not a director (council member), supervisor (supervisor), manager or shareholder holding 5% or more of the shares of a specific company or institution that has financial or business dealings with the company. (9) Professionals, sole proprietors, partnerships, owners, partners, directors (trustees), supervisors (supervisors), managers and their spouses of businesses, companies or institutions that do not provide audit services to the company or its affiliated enterprises or have received remuneration for business, legal, financial, accounting or other related services totaling no more than NT$500,000 in the past two years. (10) Not be related to any other director by marriage or kinship with him/her within the second degree of kinship. (11) The person who is elected as a government official, a legal person or a representative thereof is not elected as provided for in Article 27 of the Company Law. (12) Comply with the independence provisions of Article 3 of the "Regulations on the Establishment of Independent Directors of Publicly Listed Companies and Matters to be Complied with": • The individual, his/her spouse, or any relative within the second degree of kinship does not serve as a director, supervisor, or employee of the company or its affiliates; • The individual, spouse, or relatives within the second degree of kinship (or using another person's name) do not hold any shares in the company and their proportions; • Not serving as a director, supervisor, or employee of any company with a specific relationship with the Company; • The amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.	2
Shin Fann	Has over five years of work experience required for the company's business operations, currently serving as the General Manager of TECO Electric & Machinery Co., Ltd. and does not have any of the circumstances specified in Article 30 of the Company Act.		None
Shing-Yusn Tsai	Having more than five years of work experience required for the company's business, currently serving as an innovative smart infrastructure investment and financing service (stock) company, and not having any of the circumstances specified in each paragraph of Article 30 of the Company Act.		1
Cheng-Hsin Chen	With over five years of work experience required for the company's business operations, currently serving as the Chairman of Unimicron Technology Corp. and not falling under any of the circumstances specified in Article 30 of the Company Act.		None

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Structure and Responsibilities: Composition | Nominations | Chairman

Diversified Core / Name		Nationality	Gender	Employees' Status	Age					Independent Directors' Tenure Years		Industrial Experience					Professional Knowledge and Skills					
					31-40 years old	41-50 Years Old	51-60 years old	61-70 years old	71-80 years old	Under 3 Years	3-9 Years	Machinery	Information and Technology	Financial Performance	Accounting	Marketing	Operational Decision-Making Capability	Management and Operational Capabilities	Leadership Decision-Making Capabilities	Crisis Management Capabilities	Industry Knowledge	International Market View
Directors	Jui-Hsiung Yen	Republic of China (Taiwan)	Male	✓				✓				✓	✓	✓			✓	✓	✓	✓	✓	✓
Directors	Hwa-Chou Yen	Republic of China (Taiwan)	Male						✓			✓		✓			✓	✓	✓	✓	✓	✓
Directors	Cheng Yen	Republic of China (Taiwan)	Male			✓						✓	✓	✓			✓	✓	✓	✓	✓	✓
Directors	Tsan-Jen Chen	Republic of China (Taiwan)	Male				✓					✓	✓	✓			✓	✓	✓	✓	✓	✓
Directors	Lu Yen	Republic of China (Taiwan)	Female	✓		✓						✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Directors	Yang-Kuang Tung	Republic of China (Taiwan)	Male						✓			✓		✓			✓	✓	✓	✓	✓	✓
Directors	Weichung Ooi	United States	Male			✓						✓	✓	✓			✓	✓	✓	✓	✓	✓
Directors	Jun-Liang Kuo	Republic of China (Taiwan)	Male				✓					✓	✓			✓	✓	✓	✓	✓	✓	✓
Directors	Eugene Chuang	United States	Male			✓						✓	✓	✓			✓	✓	✓	✓	✓	✓
Independent Directors	Po-Han Wang	Republic of China (Taiwan)	Male			✓					✓	✓		✓	✓		✓	✓	✓	✓	✓	✓
Independent Directors	Shin Fann	Republic of China (Taiwan)	Male					✓		✓		✓	✓	✓			✓	✓	✓	✓	✓	✓
Independent Directors	Shing-Yusn Tsai	Republic of China (Taiwan)	Male						✓	✓		✓	✓	✓			✓	✓	✓	✓	✓	✓
Independent Directors	Cheng-Hsin Chen	Republic of China (Taiwan)	Male				✓			✓		✓	✓	✓			✓	✓	✓	✓	✓	✓

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6 | Board of Directors' Organizational Shock Response Capabilities

- Economic aspect: Board members have expertise in financial management and risk control, and can effectively grasp investment risks and formulate corresponding strategies.
- Environmental aspects: Some directors have professional backgrounds in environment and occupational safety, and promote resource management, energy conservation and carbon reduction, and environmental protection policies.
- Social aspects: Have experience in protecting labor rights and community governance, and promote corporate social responsibility and a diverse and inclusive culture.

The Sustainability Committee is composed of cross-departmental managers and is responsible for integrating comprehensive ESG issues such as economy, environment and society, and ensuring cross-unit collaboration and implementation of actions.

Core principles of governance structure

1

Independence

The proportion of independent directors is 30.77%, ensuring objectivity of supervision.

2

Professionalism

Covering professional backgrounds in finance, legal affairs, manufacturing, and environmental safety

3

Transparency

Regular reporting mechanism to ensure complete information disclosure

ESG impact areas and response capabilities

Economic shock

Financial and investment strategies to create long-term value

Board of Directors + Audit Committee

Key actions:

Investment risk assessment | Financial strategy formulation | Value creation supervision

Environmental impact

Carbon reduction, resource use and pollution prevention

Sustainable Development Committee

Key actions:

Carbon reduction policy formulation | ISO standards compliance | Compliance with environmental regulations

Crowd Attack

Employee Rights, Supply Chain Management and Community Engagement

Sustainable Development Committee

Key actions:

Promoting diversity and inclusion | supply chain management | Community Engagement Program

Key features of the governance structure

Organizational integrity

- The highest governance authority and responsibilities of the board of directors are clearly defined
- Division of work among the two functional committees
- The proportion of independent children's affairs reached 30.77%
- Professional background covers finance, legal affairs, manufacturing, environmental safety

Sustainable Governance

- The Sustainability Committee operates regularly
- Comprehensive coverage of the three major ESG impact areas
- Establishment of cross-departmental integration mechanism
- Quarterly reporting mechanism to the board of directors

Stakeholder participation

- Multiple stakeholder participation mechanism
- Supplier participation rate reached 92%
- Incorporate employee satisfaction surveys into decision-making
- Attention to and representation of vulnerable groups

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Corporate Governance Structure Organization Chart

Board of Directors

13 directors (4 independent directors, 30.77%)
The highest governance unit formulates strategies and oversees decision-making

Audit Committee

Composition: 3 independent directors
Frequency: At least once a quarter

Main Responsibilities:
- Financial reporting integrity monitoring
- Internal control mechanism review
- Ensuring the independence of external audits
- Financial transparency and compliance

Compensation Committee

Composition: 4 members (mainly independent directors)
Frequency: At least twice a year

Main Responsibilities:
- Director and senior management compensation design
- Establishment of a linkage mechanism for continued effectiveness
- Market standard benchmarking analysis
- Pay fairness and incentives

ESG Committee

Composition: 8 (directors + department heads)
Frequency: Quarterly regular reporting

Main Responsibilities:
- ESG goal setting and review
- Perpetual Strategy Progress Tracking
- Economic, environmental, and social impacts
- Stakeholder communication and coordination

Interdepartmental Working Group

Heads of departments participate in ESG practice implementation and reporting

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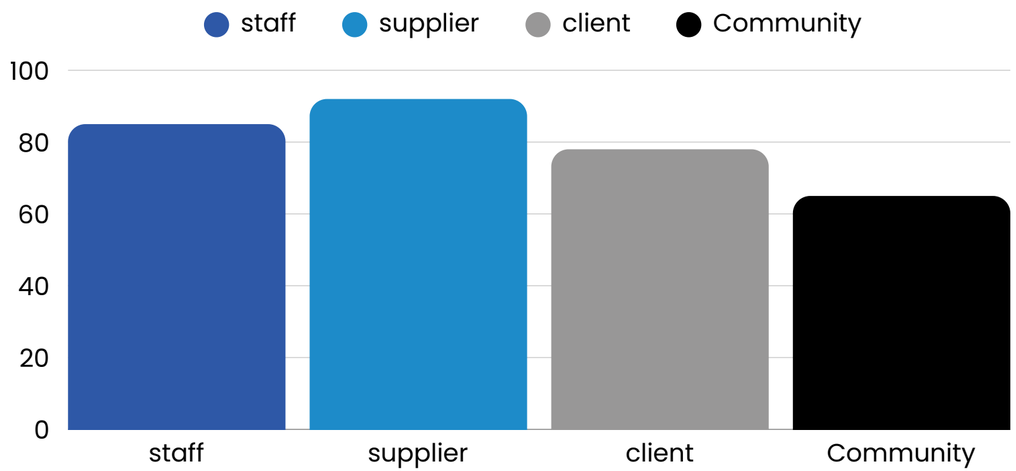
7 | Stakeholder Participation Mechanism

- Employees: Gather feedback through employee satisfaction surveys and labor-management meetings, and incorporate the results into sustainable decision-making and management measures.
- Suppliers and customers: Conduct regular questionnaire surveys and assessments to adjust supply chain management and product strategies.
- Community: Hold consultation meetings and actively participate in and support local public welfare initiatives.
- Disclose results: Publish employee engagement rates, supplier compliance, and community feedback in the annual sustainability report.



Mechanisms for Stakeholder Engagement

Stakeholders	Participation Rate	Participation Mechanism	Frequency	Impacts and Outcomes
staff	85%	Employee satisfaction survey, Labor-Management Meeting, Internal communication meeting	Year/quarter	Incorporated into Sustainability Decision-Making Reference
Suppliers	92%	Supplier Evaluation, Partner Meeting, Compliance Investigations	Annual Assessment	Sustainable Supply Chain Strategy
client	78%	Customer satisfaction survey, Demand Interview, Product Feedback	Continuous Effort	Product Strategy Optimization
Community	65%	Consultation Meeting, Charity Activities, Local cooperation	Irregular Hosting	Community Relationship Enhancement

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Structure and Responsibilities: Composition | Nominations | Chairman

GRI 2-10 | Sustainable Governance Practices

This disclosure describes the nomination process, eligibility criteria, and diversity policy for Board and committee members in accordance with GRI 2-10 Nomination and Election.

Nomination and Appointment Process for the Board of Directors and its Committees The nomination and appointment process for members of the Company's highest governance body (the Board of Directors) and its functional committees follows the Company's Articles of Association and adopts a candidate nomination system to ensure the transparency and legality of the process, taking into account stakeholder perspectives, diversity, independence, and organizational impact-related capabilities.

1 | Nomination stage
- The Board of Directors is responsible for nominating candidates and ensuring the nomination process is professional and fair.
- Candidates are sourced from internal recommendations and external inquiries, and are initially screened based on academic qualifications, experience, professional background, and integrity.

2 | Competency Review Stage
- The board of directors will submit the list to the shareholders' meeting for resolution to ensure shareholder participation in decision-making and comply with regulatory requirements.

3 | Committee Operation
- The nomination and suitability process for members of functional committees (such as the Audit Committee and the Compensation Committee) is overseen by the Board of Directors and follows the same criteria to ensure consistency with corporate governance objectives.

Director Nomination and Suitability Process

Director Nomination and Qualification Process

Nomination system
Candidate nomination system
Participation of department heads

Decision-making level
Three-tier review
Committee → Board of Directors → Shareholders Meeting

Scope of application
Full Committee
Audit, Remuneration, etc. Committees

Nomination process timeline

Nomination Phase → **Qualification Phase** → **Shareholder Resolution**

Nomination stage
Nomination Phase

Candidate source screening and preliminary assessment Key points:

- Independent director serves as convener.
- Candidate source: internal recommendation + external consultation.
- Screening criteria: education, experience, professional background, integrity.

Competency stage
Qualification Phase

Committee Review and Board Approval Key Points:

- Propose a list of qualified candidates.
- Submit the list of candidates to the board of directors for review.
- Submit to the shareholders' meeting after approval by the board of directors.
- Ensure the transparency and legality of the process.

shareholder resolutions
Shareholder Resolution

Final decision and appointment by shareholders meeting Key points:

- The Board of Directors submits the results to the shareholders meeting.
- Shareholders participate in the final decision-making process.
- Ensure compliance with company regulations.
- Complete the formal appointment process.

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Candidate screening criteria

Educational background
Relevant academic qualifications and professional education

25%

Work experience
Industry experience and management qualifications

30%

Professional Background
Finance, legal affairs, manufacturing, environmental safety and other majors

25%

integrity of character
Integrity record and ethical conduct

20%

Candidate Sources

Inside + outside

Internal recommendation

External consultation

Institutional characteristics and governance guarantees

Independence guarantee
Independent directors take the lead to ensure the objectivity and fairness of the process

Procedural transparency
Strictly abide by the company's articles of association and regulations to ensure legality

Shareholder Engagement
The shareholders' meeting makes the final decision to ensure the protection of shareholders' rights and interests

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4 | Nomination and eligibility criteria

(1) Stakeholders' views
- Shareholders may recommend director candidates through the candidate nomination mechanism.
- Adopt a transparent process and disclose it in the annual report.
- Continuously collect opinions from stakeholders such as employees, suppliers and the community.

(2) Diversity
- Comprehensively consider diversity factors such as gender, industry experience and professional background.
- Incorporate corporate diversity policy requirements to ensure inclusive board composition.
- In the future, information such as the gender ratio and age distribution of board members will be made public.

(3) Independence
- The Nomination Committee is mainly composed of independent directors to avoid conflicts of interest.
- Screen candidates for conflicts of interest and ensure independence in accordance with regulations.
- Disclose the proportion of independent directors and compliance status in the annual report.

(4) Capabilities related to organizational impact
- Priority will be given to candidates with relevant experience in ESG, industrial transformation, etc.
- In 2024, 43% of directors had ESG or industry transformation experience.
- Provide training to board members, incorporating the TCFD framework and other sustainable governance tools.

Our board nomination and appointment process complies with GRI 2-10 requirements, ensuring meticulous procedures and fair and transparent standards. In particular, 43% of directors in fiscal 2024 possessed experience in ESG or industry transformation, demonstrating the company's commitment to sustainable development. Going forward, we will continue to strengthen our stakeholder engagement mechanisms, disclose diversity-related information, and enhance the Board's ability to manage organizational impacts, thereby creating long-term value for our stakeholders.

Nomination and eligibility criteria

Establish a transparent, diverse and independent board governance structure

Stakeholders' Views

Shareholder nomination mechanism
Adopt a candidate nomination mechanism to allow shareholders to recommend suitable candidates

Transparent process
Establish a transparent nomination process and fully disclose it in the annual report

Collecting opinions from multiple parties
We will continue to collect opinions from employees, suppliers, communities and other stakeholders in the future.

Diversity

Multiple considerations
Take gender, industry, professional background and other factors into comprehensive consideration

Diversity Policy
Formulate and promote diversity policies and clarify board composition obligations

Information transparency and disclosure
In the future, diversity data such as gender ratio and age distribution will be made public

Independence

Independent directors lead
The nomination committee is mainly composed of independent directors to avoid conflicts of interest

Verification of conflict of interest
Strictly check whether candidates have any conflicts of interest to ensure independence and compliance

Improved transparency
Transparently disclose the proportion of independent directors and compliance information in the annual report

Capabilities related to organizational impact

Strategic experience first
Priority will be given to candidates with relevant experience in ESG, digital transformation, etc.

Professional training provided
Provide professional training related to the board of directors, adopting best practices such as the TCFD framework

43% in 2024
Directors with experience in ESG/industry transformation

Key Performance Indicators

43%
Directors with ESG/transformation experience

100%
Transparency of the nomination process

4
Core governance aspects

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GRI 2-11 | Chairman of the highest governance unit

This disclosure is based on GRI 2-11 Chairman Requirements and describes the arrangements, responsibilities, and conflict of interest avoidance measures for the Chairman of the Board serving as General Manager.
The Company's highest governance body is the Board of Directors, responsible for formulating long-term strategies, overseeing management performance, and ensuring that the organization's operations comply with legal regulations and stakeholder expectations. The following describes the Chairman's role, the rationale for his concurrent appointment, and measures to avoid conflicts of interest.

1. The Chairman is a member of the senior management team

Mr. Yan Ruixiong, Chairman of the Company, also serves as General Manager and is a member of the senior management team.

- As Chairman, Mr. Yan is responsible for chairing Board meetings, leading strategy development, and ensuring the Board effectively discharges its oversight responsibilities.
- As General Manager, his responsibilities include implementing the strategies set by the Board of Directors, overseeing day-to-day operations, driving business development, and ensuring the organization remains competitive in a highly complex business environment.

This dual role is designed to foster close coordination between governance and management to ensure strategic objectives are consistently executed.

II. Functions and Reasons of Serving as General Manager

1. Functions
- Develop and execute operational plans consistent with the strategic direction of the Board of Directors.
- Oversee the company's resource allocation and business operation efficiency.
- Lead the integration of technology and practice to meet industry challenges.
- Participate in succession training to ensure the long-term stability of organizational leadership.

2. Reasons for the concurrent appointment
- High business complexity: Mr. Yan has extensive industry experience and expertise, and can effectively coordinate governance and management functions.
- Successor training: When the successor is still in the training stage, having the chairman serve as general manager will help stabilize operations and transfer leadership.
- Strategic alignment: The dual-role arrangement ensures that board strategies can be quickly translated into concrete actions, enhancing organizational resilience and competitiveness.

This arrangement has been carefully evaluated by the Board of Directors and is considered reasonable and necessary to help address current business challenges and support long-term development goals.

III. Measures to Avoid and Mitigate Conflicts of Interest

- Independence of the Board of Directors: A majority of the directors are independent directors who do not concurrently serve as managers and are responsible for overseeing the decisions of the Chairman and General Manager.
- Independent Committees: There are an Audit Committee and a Compensation Committee, both led by independent directors, responsible for overseeing major decisions and compensation arrangements.
- Conflict of Interest Policy: The Chairman and General Manager are required to declare potential conflicts of interest annually, which will be independently reviewed by the Audit Committee.
- Transparent decision-making process: Major decisions must be reviewed and approved by the board of directors to ensure openness, transparency and oversight by independent directors.
- Regular evaluation: The Board will annually assess the impact of concurrent appointments on governance and adjust the policy as needed.

IV. Conclusion and Future Outlook

The arrangement of the Chairman concurrently serving as General Manager is based on the complexity of the business and the practical needs of succession development, aiming to ensure consistency in strategy formulation and execution. Through the independence of the Board of Directors, oversight by independent committees, a clear conflict of interest policy, and a transparent decision-making process, the Company effectively mitigates potential conflicts of interest and ensures transparency and accountability in its governance structure. Going forward, the Company will continue to advance its succession development program and regularly review its governance arrangements to align with GRI standards and stakeholder expectations.

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Chairman Governance Structure and Concurrent Appointment Arrangements

Establish effective governance mechanisms to ensure consistency in strategy formulation and execution

The highest governance unit: Board of Directors

The Company's highest governance body is the Board of Directors, which is responsible for formulating long-term strategies, overseeing management performance, and ensuring that the organization's operations comply with legal regulations and stakeholder expectations.

Board resolutions

After careful evaluation by the Board of Directors, this arrangement was deemed reasonable and necessary to address current business challenges and support long-term development goals. This governance structure ensures the organization maintains effective decision-making mechanisms and execution capabilities in a complex business environment.

I. Chairman's Message for Senior Management

- **Mr. Yan Ruixiong serves as both Chairman and General Manager, a senior management member. This dual role is intended to promote close coordination between governance and management.**
- **Chairman's Responsibilities: Chair board meetings, lead strategy development, and ensure the board effectively fulfills its oversight responsibilities.**
- **General Manager Responsibilities: Implement the board's strategy, oversee daily operations, drive business development, and maintain competitiveness**

Ensure the implementation of strategic goals

II. Functions and Reasons of Serving as General Manager

1. Functions

- **Strategy Execution: Develop and execute operational plans that align with the strategic direction of the Board of Directors**
- **Resource management: oversee the company's resource allocation and business operation efficiency**
- **Technology Integration: Lead the integration of technology and practice to meet industry challenges**
- **Succession training: Participate in the training of successors to ensure the long-term stability of organizational leadership**

2. Reasons for concurrent appointment

- **High business complexity: Mr. Yan has extensive industry experience and expertise, and can effectively coordinate governance and management functions**
- **Successor training: When the successor is still in the training stage, having the chairman serve as general manager will help stabilize operations and lead the transfer.**
- **Strategic consistency: The dual-role arrangement ensures that board strategies can be quickly translated into concrete actions, enhancing organizational adaptability and competitiveness.**

Measures to avoid and mitigate conflicts of interest

Establish and improve governance mechanisms to ensure transparent corporate operations

Board independence

Most of the directors are independent directors who are not managers and are responsible for supervising the decisions of the chairman and general manager.

Independent Committee

There are an Audit Committee and a Remuneration Committee, both led by independent directors, responsible for overseeing major decisions and remuneration arrangements and providing professional advice.

Transparent decision-making process

Major decisions must be reviewed and approved by the board of directors to ensure openness and transparency and be supervised by independent directors to avoid the risks of single decision-making.

Conflict of Interest Policy

The Chairman and General Manager are required to declare potential conflicts of interest annually, which will be independently reviewed by the Audit Committee to ensure transparency and accountability.

Regular evaluation

The Board of Directors assesses the impact of concurrent appointments on governance annually and adjusts policies as needed to continuously improve governance mechanisms.

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2.3 Functions and Performance of Directors and Supervisors

GRI 2-12 | The role of the governance body in significant impacts on the organization
This disclosure, in accordance with GRI 2-12, explains the responsibilities and mechanisms of the Board of Directors and the Sustainability Committee in monitoring economic, environmental, and human impacts.

1 | The Role and Responsibilities of the Board of Directors
As a leader in the precision machinery manufacturing industry, Tongtai Precision Machinery has established a structured governance mechanism through its Board of Directors and Sustainability Committee to ensure effective management of sustainability-related impacts and compliance with GRI 2-12 requirements.
The Board of Directors is responsible for approving the company's sustainability policy, long-term strategy, and annual goals, ensuring alignment of corporate operations with sustainability goals. In 2024, the Board conducted three reviews and updates on greenhouse gas inventory progress, workforce diversity indicators, and supply chain sustainability audit mechanisms, demonstrating its proactive oversight of environmental, social, and governance (ESG) issues. The Board also commissioned the Sustainability Committee to regularly review the effectiveness of various impact management measures to ensure policy implementation.

2 | Supervision Mechanism and Frequency
The Sustainability Committee reviews sustainability performance quarterly and submits detailed reports to the Board. These reports cover progress in greenhouse gas emissions reductions, implementation of diverse human resources policies, and supply chain audit improvements. The Board reviews data compiled by the Sustainability Office and stakeholder feedback through regular meetings to ensure that impact management priorities and strategic direction align with stakeholder expectations. Three ad hoc review meetings in 2024 further strengthened the structure and transparency of oversight.

3 | Stakeholder Participation
The company prioritizes stakeholder input, collecting feedback from employees, suppliers, and the community through its Sustainability Office to inform adjustments to sustainability priorities. For example, in response to feedback regarding human rights risks in its supply chain, the Board of Directors approved strengthening its audit mechanism to ensure compliance with sustainability standards. This move not only enhances corporate social responsibility performance but also meets the GRI 2-12 requirement for inclusive decision-making.

4. Conclusion and Outlook
Through clear division of responsibilities, a structured oversight mechanism, and stakeholder engagement, the Board of Directors has effectively fulfilled the disclosure requirements of GRI 2-12. Efforts in greenhouse gas management, workforce diversity, and supply chain sustainability demonstrate comprehensive oversight of significant impacts. Going forward, the company will further quantify oversight results and, drawing on international frameworks such as the TCFD, enhance the depth and comparability of its reporting, setting a benchmark for corporate sustainability governance.

Board oversight of sustainable development impact

A model of sustainable management in the precision machinery manufacturing industry

2024 Annual Performance Report

Board of Directors
Approve sustainability policies, strategies and objectives
Responsible for decision-making and supervision at the highest level

Sustainable Development Committee
Review implementation results quarterly
Submit detailed report to the board of directors

3
Number of annual reviews
The board of directors conducts in-depth review and updates on ESG issues

4
Quarterly review
Frequency of regular performance reviews by the Sustainable Development Committee

100%
Policy implementation
Ensure effective implementation and supervision of sustainability policies

3
Core Areas
Comprehensive coverage of environment, society, governance and other issues

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Supervision and Effectiveness: Impact | Reporting | Evaluation

Key supervision areas

Environmental Sustainability
Monitor the progress of greenhouse gas inventory and establish a systematic emission reduction strategy.
Ensure the achievement of environmental goals and the establishment of continuous improvement mechanisms.

Social Responsibility
Tracking human diversity indicators to promote an inclusive workplace environment, strengthen employee rights protection and career development opportunities.

Supply Chain Governance
Strengthen the supply chain sustainability audit mechanism to ensure that partners meet sustainability standards.
Reduce human rights risks.

Supervision process mechanism

1 Policy formulation
The Board of Directors approves the sustainable development policy and sets annual objectives.

2 Executive Supervision
Entrust the Sustainable Development Committee with the responsibility for implementation and supervision

3 Effectiveness Review
Conduct quarterly performance reviews and provide improvement suggestions

4 Report Review
The board of directors reviews the report and adjusts the strategic direction

Stakeholder participation

Through the Sustainability Office, we collect feedback from multiple stakeholders to ensure inclusive decision-making

staff
Supply Chain Sustainability Standards and Compliance Requirement Communication

supplier
Internal opinion collection and work environment improvement feedback

Community
Social responsibility practice and community development contribution

Investors
Transparent disclosure of ESG performance and governance quality

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GRI 2-13 | Responsibility for Impacts

This disclosure is based on GRI 2-13 requirements and explains the division of responsibilities and implementation processes between the General Manager and each department in the management of economic, environmental, and human impacts.

As a leading manufacturing company, Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai") actively practices sustainable development. Through a clear governance structure and reporting mechanism, we ensure the effective management of our economic, environmental, and social impacts, demonstrating our commitment to transparency and accountability. The following describes Tongtai's approach based on the GRI 2-13 framework.

1 | The Role of Senior Management

- Highest Responsible Person: The General Manager is the highest executive responsible person for sustainable development and is responsible for coordinating the company's management of economic, environmental and social impacts.
- Responsibilities:
  - Strategy formulation: Ensure that sustainability strategies are consistent with operational objectives, covering economic performance, environmental protection and social responsibility.
  - Executive Oversight: Monitor the implementation of ESG actions to ensure cross-departmental coordination and achievement of sustainability goals.
  - Governance Collaboration: Serving as a bridge between the Sustainability Committee and various departments, providing impact management advice to the Board of Directors and promoting integrated decision-making.
- Committee Support: The Sustainability Committee serves as an extension of the Board of Directors, overseeing the progress of sustainability strategies and providing professional advice and resources to the General Manager.

2 | Participation of other employees

- Sustainability Promotion Office: Responsible for coordinating various departments to implement ESG actions and collect data.
- Main Responsibilities:
  - Cross-departmental coordination: Coordinate ESG actions across environmental management, human resources, supply chain, and other areas to ensure impact management is integrated into daily operations.
  - Data collection and analysis: Collect KPIs related to economic, environmental, and social impacts (such as carbon emissions, labor conditions improvement data, and economic efficiency indicators) to ensure data accuracy and consistency.
  - Policy implementation: Assist in implementing policies such as labor rights protection and environmental management systems.

3 | Reporting Procedures and Frequency

- Quarterly Report: The Office of Sustainability summarizes ESG achievements and major risks on a quarterly basis and submits them to the Sustainability Committee for review. These reports cover energy efficiency, greenhouse gas emissions, supply chain, and human rights risks.
- Annual Report: The Sustainability Committee submits a comprehensive report to the Board of Directors each year, outlining the achievements, challenges and future plans that impact management, in conjunction with the release of the Annual Sustainability Report.
- Event-triggered reporting: If a major incident occurs (such as an environmental accident or labor dispute), it will be reported immediately to the Sustainability Committee or the Board of Directors to ensure an immediate response.
- Information Transparency: Disclose relevant information through public sustainability reports and GRI content indexes, complying with GRI's transparency requirements.

4 | The role of the highest governance unit

The Board of Directors, as the highest governance body, influences management results and approves strategies and policies through annual reporting reviews. The Sustainability Committee assumes more frequent oversight and review responsibilities, enhancing governance efficiency and professionalism. This governance model aligns with GRI 2-13 requirements. Even though the highest governance body is not directly responsible for implementation, the principles of oversight and accountability are met through the clear division of labor among the committees.

5. Conclusion and Future Outlook

Tongtai effectively implements GRI 2-13 requirements through clear delegation of responsibilities and a structured reporting mechanism:

- The General Manager oversees impact management and ensures linkage with operational strategies.
- The Office of Sustainability coordinates cross-departmental ESG initiatives.
- The Sustainability Committee and the Board of Directors provide ongoing oversight and guidance.
- Quarterly and annual reporting mechanisms ensure that impact management progress is transparent and traceable.

In the future, the company will further enhance data transparency, disclose more detailed KPIs and comparative analysis with peers, and enhance stakeholder trust and engagement.

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GRI 2-14 | The highest governance body’s role in sustainability reporting

This disclosure, in accordance with GRI 2-14, explains the role, division of responsibilities, review procedures, and compliance with domestic and international regulations of the Company's highest governance body (the Board of Directors) in the preparation and approval of the sustainability report.

1 | Company Sustainability Report Governance Structure

- Tongtai Precision Machinery is a listed precision machinery manufacturer in Taiwan. In compliance with the Taiwan Stock Exchange (TWSE) and the Financial Supervisory Commission's "Sustainable Development Action Plan for Listed Companies" (2023), we prepare and publish a sustainability report annually.
- The report covers major topics such as environment (energy efficiency, greenhouse gas emissions), society (labor safety, supply chain management) and governance (anti-corruption policies), and reveals impact management as an ESG performance indicator.
- The preparation and approval process is a collaborative effort among the Sustainability Office, the Sustainability Development Committee, and the Board of Directors, fully reflecting the Board's central role in sustainability governance.

2 | Responsibilities of the highest governance unit

- The Board of Directors is responsible for reviewing and approving the sustainability report to ensure that its content is consistent with the company's strategic objectives and meets the expectations of stakeholders such as investors, customers and regulators.
- The Board of Directors has established a Sustainability Committee to assist in reviewing the professionalism and completeness of the report content and to provide suggestions for improvement.
- The board’s involvement enhances the transparency and credibility of the report, demonstrating the company’s commitment to integrating sustainable development into corporate governance.

3 | Report Preparation and Review Procedures

(1) Permanent Office Coordination

- Responsible for collecting and organizing information related to major topics from various departments.
- Significant topics are identified through stakeholder engagement and materiality assessment to ensure that they cover the most important issues for the company and stakeholders.
- The first draft of the report was prepared with reference to international frameworks such as GRI standards, TCFD (climate-related financial disclosures), and SASB (sustainable accounting standards).

(2) Review by the Sustainable Development Committee

- Review the alignment of material themes with corporate strategy and stakeholder expectations.
- Confirm the appropriateness and implementation progress of impact management actions.
- Verify the accuracy, completeness and transparency of ESG performance indicators.
- If necessary, request additional information, correct content, or conduct internal or external verification (such as third-party confirmation).

(3) Final review and approval by the Board of Directors

- Review whether the report reflects sustainable development strategies and long-term goals.
- Confirm that the content complies with Taiwan Stock Exchange regulations and international reporting standards.
- Assess whether stakeholder concerns (such as climate risk disclosures) are adequately addressed.
- After approval, it is authorized for external release.

4 | Public Release and Trust Enhancement

- After approval, the report will be released through the company's website, annual report and other public channels.
- **In the future, we will strengthen the entrustment of third-party institutions (such as accounting firms) to provide confirmation to improve data reliability and transparency.**

5 | Regulatory compliance and international standards

- Complies with GRI 2-14 disclosure requirements and Taiwan Stock Exchange regulations (companies with capitalization of NT$2 billion or more must have the board of directors oversee the preparation and approval of the report).
- The report content refers to international frameworks such as GRI and TCFD, demonstrating efforts to align with global sustainability trends.

6 | No need to explain the reason for non-responsibility

- The Board of Directors has clearly assumed the responsibility for review and approval. There is no delegation to management or legal requirements. Therefore, GRI 2-14 regarding disclosure of "reasons for non-accountability" is not applicable.

7 | Conclusion and Future Outlook

- The deep involvement of the Board of Directors and the Sustainability Committee ensures consistency and transparency in reporting strategies, setting a model for sustainability reporting governance in Taiwan's manufacturing industry.
- In the future, we will strengthen:
  a. Disclose in the report the board's review mechanisms (frequency of meetings, members involved, use of third-party assurances).
  b. Optimize the process of identifying major topics and incorporate more stakeholder opinions.
  c. Reference emerging international standards such as IFRS S1/S2 to keep pace with global trends.

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GRI 2-17 | Collective Intelligence of the Highest Governance Unit

This disclosure, in accordance with GRI 2-17, describes the Board's measures to enhance its knowledge, skills, and experience in ESG issues, including training arrangements, professional support, information management, and future plans.

1 | Measures to enhance group intelligence

Tongtai Precision Machinery has taken a number of actions to ensure that the 13-member Board of Directors continuously enhances its knowledge, skills, and experience in sustainable development to effectively fulfill its governance responsibilities and respond to stakeholder expectations.

(1) Sustainable Development Training Course

- All 13 directors participated in four ESG courses, totaling 33 hours, in compliance with the "Key Points for Implementation of Continuing Education for Directors of Listed and OTC Companies."
- Course topics include:
  - Sustainable Finance and Climate Change Summit Forum: Explore the impact of climate change on corporate finance and the development trends of sustainable finance.
  - Net Zero Path: Focus on the strategy formulation and implementation path of carbon neutrality goals.
  - Senior Manager Compensation and ESG Performance System Design: Explore how to incorporate ESG performance into the compensation structure of senior managers to promote the achievement of sustainable development goals.
  - Climate change risk management: covers the identification, assessment and response strategies of climate-related risks, aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework.
- Courses are provided by external professional organizations or industry associations (such as the Taiwan Stock Exchange) to ensure that board members are aware of global sustainability trends and best practices.

(2) Briefing by the Sustainable Development Committee

- The Sustainability Office briefs the Board of Directors on major issues and policy updates at quarterly committee meetings, including:
  - The Sustainability Office briefs Board members on major sustainability issues and policies on a quarterly basis, including international trends (such as CSRD), domestic regulatory updates, and adjustments to the company's sustainability strategy.
  - The content covers climate change risk management, responsible supply chain practices, carbon rights system development, etc., helping the board of directors incorporate emerging issues into decision-making.

(3) External expert consultation plan

- Plan to introduce ESG consultants to provide in-depth guidance and strengthen forward-looking thinking on transformation risks and strategic integration.

(4) Board diversity and professional background

- The 13 members have professional backgrounds in finance, law, technology and sustainability.
- In 2024, three directors concurrently held directorships in other non-affiliated companies, accumulating cross-industry experience.
- Through the nomination and assessment process, priority will be given to new directors with professional qualifications in environmental management or social responsibility.

(5) Successor training and governance continuity

- The Human Resources department identifies and trains potential successors, with courses covering ESG issues to ensure intellectual continuity for future boards.

(6) Information sharing and knowledge management

- The Finance and Accounting Department regularly compiles industry reports, policy updates and stakeholder opinions for members' reference.
- Encourage participation in domestic and international forums and seminars (such as carbon rights and supply chain sustainability).

2. Conclusion and Future Outlook

In 2024, through training courses (4 sessions, 33 hours), quarterly briefings, external consultant planning, diversified board backgrounds, and successor training, Tongtai Precision Machinery continued to enhance the collective knowledge of the highest governance unit in sustainable development, in compliance with GRI 2-17 requirements.

Future plans:

1. Expanded training topics: covering digital transformation, circular economy and stakeholder engagement.
2. Quantify training results: Reveal the actual impact of training on strategic decisions in reports.
3. Accelerate the introduction of external consultants: Provide customized training on climate-related financial risks.

The company will continue to optimize its collective intelligence building to ensure that the board of directors can effectively lead the company to achieve sustainable goals and create long-term value.

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GRI 2-18 | Performance Assessment of the Highest Governance Unit

This disclosure, in accordance with GRI 2-18, describes the board's performance evaluation process, independence, and frequency of oversight of economic, environmental, and social (ESG) impacts, as well as the actions taken following the evaluation findings.

1 | Evaluation Procedure

(1) Performance Evaluation Framework The Board Performance Evaluation Measures are formulated in accordance with the Code of Corporate Governance Practices for Listed and OTC Companies and corporate governance policies.

The assessment scope covers:

・Economic level: financial strategy, investment decision-making, risk management.

・Environmental level: climate change risk management, net zero path, and compliance with environmental regulations.

・Population level: labor conditions, human rights policies, stakeholder participation.

(2) Data Collection and Analysis The Finance Department and the Sustainability Office will compile meeting minutes, committee reports, and audit results as the basis for evaluation. They will also incorporate the effectiveness of handling five key incidents in 2024 (two occupational accidents, one supplier human rights dispute, one integrity violation, and one information security anomaly) to review response capabilities.

(3) Evaluation process

・Board members conduct self-assessments and provide feedback on their individual and overall ESG performance.

・The Sustainability Committee reviews and summarizes the assessment results and submits them to the Board for discussion.

・Assessment focuses on engagement, decision-making quality and contribution to sustainability strategies.

(4) Stakeholder Feedback: Through shareholder meetings, employee communications and supply chain dialogues, opinions on governance performance are collected as supplementary evidence.

2. Independence and Frequency

(1) Independence

・The assessment is conducted both internally and externally: part of the assessment is carried out internally, while part of the assessment is entrusted to an external independent organization (consulting company, governance assessment unit).

・The evaluation process is overseen by a sustainability committee (including independent directors) to ensure it is not influenced by management or major shareholders.

(2) Frequency

・A comprehensive assessment is conducted annually, completed after the end of the year or before the shareholders' meeting.

・The Sustainability Committee reviews the Board’s performance in overseeing major events quarterly and makes recommendations for continuous improvement.

3 | Actions taken based on the assessment

(1) Adjustment of the composition of the Board of Directors

・Introducing new directors with specific ESG expertise (e.g. climate change, human rights, supply chain management).

・Plan to bring in external ESG consultants to address knowledge gaps.

(2) Training and capacity building

・Incorporate assessment results into annual training plans to strengthen capabilities in areas such as net zero pathways and sustainable finance.

・Participated in 4 ESG courses in 2024 (33 hours).

(3) Improvement of organizational practices

・Optimize risk management and incident reporting processes (such as occupational safety training and information security agreement updates).

・Adjust the content of the quarterly briefing to include emerging regulations and stakeholder analysis.

(4) Optimization of governance structure

・Strengthen the role of the Sustainability Committee (e.g. increase the proportion of independent directors, expand the scope of oversight).

・Continue to promote successor training to ensure continuity of governance.

4 | Conclusion and Future Outlook

Tongtai Precision Machinery uses a combined internal and external evaluation mechanism to annually review the Board of Directors' effectiveness in overseeing economic, environmental, and human rights issues. In the future, we will:

・Increase the proportion of external independent evaluations and make independence safeguards public.

・Develop more specific ESG performance indicators (such as carbon emission reduction achievement rate and satisfaction survey results).

・Disclose key findings and subsequent actions from the assessment in the annual report or sustainability report to enhance transparency.

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2.4 Compensation Policy and Fairness

GRI 2-19｜Remuneration Policy

This disclosure, based on GRI 2-19, describes the compensation policy for the highest governance unit and senior management, and its relationship to the organization's economic, environmental, and social (ESG) goals and performance. Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai Precision Machinery") utilizes a structured compensation mechanism to ensure that the compensation of the Board of Directors and senior management (General Manager and Assistant Manager) is aligned with sustainable development goals. This disclosure is based on the company's articles of association and relevant regulations.

1｜Scope of application and governance

(1) Applicable persons and powers

・Applicable to: The highest governance unit (the board of directors, including 13 directors) and senior management (general manager and assistant general managers).

・Governance Structure: Reviewed and approved by the Compensation Committee and the Board of Directors to ensure that the compensation structure is fair, reasonable and consistent with the company's governance objectives.

2｜Salary Structure and Mechanism

(1) Fixed salary and floating salary

・Board of Directors (Fixed): In accordance with Article 30-3 and Article 18 of the Company's Articles of Association and market standards, the Board of Directors shall agree on the level of participation and contribution value to maintain competitive compensation.

・Board of Directors (Floating): Directors' remuneration is allocated within a limit not exceeding 5% of the profit for the year; the specific amount is reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

・Senior management (fixed): determined in accordance with the Manager Remuneration and Performance Appraisal Measures, based on position responsibilities, industry benchmarks and company size.

・Senior management (floating): includes annual performance bonuses, determined based on the company's overall operational performance and individual/departmental achievement rates; submitted to the Board of Directors for resolution by the Compensation Committee.

(2) Signing Bonus

・Board of Directors: Generally, there is no signing bonus, and fixed and floating salaries are the main basis.

・Senior management: Signing bonuses will be offered to attract specific expertise (such as sustainability or digital transformation).

(3) Severance pay

・Board of Directors: In principle, there will be no additional severance pay arrangements. Special circumstances (such as mergers and acquisitions, major organizational changes) will be discussed separately.

・Senior management: This will be handled in accordance with the labor contract and the Labor Standards Act, and will include a fixed salary multiple or specific compensation.

(4) Clawback

・In the event of a restatement of financial statements or a major integrity violation, the variable salaries or bonuses of senior management may be recovered to protect the interests of the company and stakeholders.

・Directors' remuneration is mainly fixed and less applicable for reimbursement; if there is a major governance failure, future remuneration may be assessed and adjusted.

(5) Retirement benefits

・Board of Directors: Non-executive directors are generally not covered by corporate retirement benefit plans.

・Senior management: Retirement funds are allocated to personal accounts in accordance with the Labor Standards Act, and supplementary retirement plans (such as corporate annuities) may be established.

3｜The connection between compensation and economic, environmental, and population impact goals

(1) Economic shock

・The board of directors' floating salary (not exceeding 5% of the current year's profit) is linked to the company's financial performance (such as revenue, net profit, and shareholder returns); the board's financial risk oversight and strategy execution are considered in the "Board of Directors Performance Evaluation Method".

・The floating salary of senior management is linked to the company's overall operating performance and the achievement of individual/departmental goals, reflecting the contribution to economic goals.

(2) Environmental impact

・As previously disclosed (GRI 2-17), the Board participated in training on climate change risks and net-zero pathways, demonstrating the importance of environmental issues.

・The Compensation Committee has incorporated environmental performance (such as carbon emission reduction and energy efficiency) into the variable salary of senior management.

・The Sustainability Committee's 2024 environmental issues monitoring (including tracking of improvements to major incidents) can be used as a reference for bonus determination.

(3) Crowd impact

・Link compensation policies with human rights, labor conditions, and stakeholder issues; improvements in human rights incidents in the supply chain can be reflected in bonuses for senior management.

・The board of directors' supervisory and handling of integrity violations is included in the evaluation, which affects the distribution of remuneration and reflects the commitment to the impact of the population.

(4) ESG performance integration

・As previously disclosed (GRI 2-17), the Board participated in the "Design of Senior Manager Compensation and ESG Performance System" course, indicating the direction of incorporating ESG indicators into the compensation structure.

・The Sustainability Committee provides ESG performance data quarterly as a reference for compensation assessment to ensure alignment with long-term sustainability goals.

4｜Conclusion and Future Outlook

Tongtai Precision Machinery, based on the company's articles of association, the "Board of Directors Performance Evaluation Methods" and the "Manager Compensation and Performance Appraisal Methods," has established a compensation policy that covers fixed salary, variable salary, signing bonus, severance pay, clawback mechanism and retirement benefits, and links it to economic, environmental and community goals. To further enhance effectiveness and transparency, the company will:

・Clearly disclose ESG indicator details: Specific indicators linked to compensation (such as carbon reduction actions and supply chain compliance rates) and their weightings should be stated in the annual report or sustainability report.

・Improve the clawback mechanism: define trigger conditions (such as financial restatements, major integrity or environmental violations) and implementation processes, and disclose decision records.

・Regular review of compensation structure: The Compensation Committee reviews the alignment of compensation with ESG goals annually to respond to the latest trends and stakeholder expectations.

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Compensation Mechanism: Policy | Process | Ratio

GRI 2-20 | Remuneration Determination Process

The Global Reporting Initiative (GRI) 2-20 requires companies to disclose the process for designing and determining compensation, including whether it is overseen by an independent member of the highest governance body or a compensation committee, how stakeholder input (particularly shareholders) is incorporated, and whether an independent compensation consultant is involved. Furthermore, if applicable, the results of stakeholder votes on compensation policies and proposals must be disclosed.

Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai Precision Machinery") follows a systematic process, with professional review by the Compensation Committee and oversight by the Board of Directors, to ensure fair and transparent compensation for the Board of Directors and senior management (General Manager and Associate Managers), aligned with economic, environmental, and social (ESG) goals. This article explains the company's compensation decision-making mechanism, which is aligned with GRI 2-20 requirements.

1 | Remuneration Policy and Decision-making Procedures

(1) Independent supervision mechanism

・Compensation Committee: Composed of independent directors, it is responsible for overseeing the compensation policies and decision-making processes of the Board of Directors and senior management, ensuring that they are not interfered with by management or controlling shareholders and maintain a high degree of independence.

・Supervisory Responsibilities: Regularly review the design and implementation of compensation policies, including fixed salary, variable salary, and performance bonus distribution. In accordance with Articles 30-3 and 18 of the Company's Articles of Association, the Committee recommends director remuneration (not to exceed 5% of the current year's profits) based on participation, contribution value, and industry benchmarks, and submits recommendations to the Board for approval. The "Manager Compensation and Performance Appraisal Measures" stipulate that the remuneration of the General Manager and Assistant Manager is reviewed by the Committee to ensure alignment with individual and departmental performance and overall company goals.

・Independence Guarantee: All directors are independent to avoid conflicts of interest. Review results are regularly reported to the Board of Directors, ensuring transparent oversight and freedom from external interference. In accordance with GRI 2-15, controlling shareholders do not participate in operational decisions, strengthening the independence of compensation decisions.

(2) Inclusion of stakeholders' opinions

・Shareholders: We gather feedback on remuneration policies through annual shareholder meetings and investor relations channels. Shareholders can raise suggestions or inquire about remuneration proposals for directors and senior management at meetings. Comments are recorded by the Finance and Accounting Department and submitted to the Compensation Committee for consideration.

・Other stakeholders: Through employee satisfaction surveys, supply chain dialogues, etc., understand expectations regarding pay fairness, incentive structures, and ESG performance rewards, and incorporate these into policy reviews.

・Inclusion Method: The committee will consider stakeholder input during policy reviews to ensure that compensation structures reflect fairness and sustainable development needs. For example, in 2024, the company participated in the "Designing ESG Performance Systems for Senior Executives" course (GRI 2-17), responding to market and shareholder expectations for incorporating ESG indicators (such as carbon emission reduction rates and occupational safety improvement rates) into bonus calculations.

(3) Involvement and independence of external compensation consultants

・Role: When necessary, the system may appoint an external compensation consultant to provide professional advice on compensation structure, industry comparison, ESG indicator design, etc.

・Independence guarantee: Consultants are directly selected by the Remuneration Committee and must have no financial or business dealings with the company, board of directors, or management to avoid conflicts of interest and ensure that advice is objective and fair.

・Current Status: The plan is to introduce external ESG consultants in 2024 to assist in establishing a structure that institutionalizes the linkage between senior management compensation and ESG performance.

2 | Stakeholder voting results on compensation policies and proposals

(1) Shareholder voting

・Proposals for directors' and senior management's compensation are submitted to the annual shareholders' meeting for review and voting by shareholders. In accordance with the company's articles of association and Taiwan Stock Exchange regulations, directors' compensation allocations (not exceeding 5% of the annual profit) must be approved by the shareholders' meeting.

(2) Disclosure method

・In the absence of significant disputes, the company will disclose the approval status of compensation proposals and a summary of key opinions in its annual report or sustainability report. If there are objections or significant discussions, these will be recorded and submitted to the Compensation and Remuneration Committee for review and as a basis for policy adjustments.

(3) Other stakeholders

・There is currently no information showing that employees or other stakeholders directly participate in voting on remuneration policies; their opinions are indirectly incorporated into the decision-making process through existing dialogue channels.

3. Conclusion and Future Outlook

Tongtai Precision Machinery establishes a transparent, fair, and ESG-aligned compensation decision-making process through oversight by an independent Compensation Committee, the inclusion of stakeholder input, and the systematic engagement of external advisors, complying with GRI 2-20 requirements. The design and implementation of compensation policies are conducted in accordance with the company's Articles of Association and relevant regulations, and are reviewed jointly by the Compensation Committee and the Board of Directors.

Future enhancement directions:

・Transparency of voting results: Full disclosure of voting percentages (yes, no, abstentions) on compensation proposals at shareholder meetings.

・Clarify advisory roles: Make advisory responsibilities and independence safeguards public.

・Expand stakeholder engagement: Establish a structured channel to collect employee and supplier feedback and incorporate it into compensation policy reviews.

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Compensation Mechanism: Policy | Process | Ratio

GRI 2-21 | Annual Total Compensation Ratio

In accordance with the requirements of the Global Reporting Initiative (GRI) 2-21, companies should disclose the ratio of the highest-paid individual's annual total compensation to the median annual total compensation of other employees, the ratio of the highest-paid individual's annual total compensation increase to the average annual total compensation increase of other employees, and the context and calculation methods required to understand these data.

Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai Precision Machinery") discloses its annual total compensation ratio based on 2024 human resources data and corporate governance practices to ensure that its compensation structure is fair, transparent, and consistent with its sustainable development goals.

1 | Ratio of the highest-paid individual to the median pay of other employees

(1) Definition

・This ratio is calculated as the highest paid individual’s total annual compensation (including fixed salary, variable salary, bonuses, long-term incentives, pension and other benefits) divided by the median annual total compensation of other employees (excluding the highest paid individual).

(2) Data

・In 2024, the ratio of the highest paid individual (the General Manager) to the median pay of other employees is 3.15:1, meaning that the General Manager's pay is 3.15 times the median employee pay.

(3) Context

・Compared to the average ratio in Taiwan's manufacturing industry (approximately 10:1 to 20:1), our company's ratio is significantly lower, indicating a relatively flat compensation structure and an emphasis on internal fairness.

・General Manager remuneration consists of a fixed salary and a variable bonus linked to the company’s operational performance and ESG goals (carbon emission reduction, supply chain human rights).

・Median employee compensation is calculated based on full-time employees (FTE), excluding dispatched and outsourced personnel to ensure data consistency.

2 | Salary Increase Ratio

(1) Definition

・This ratio is calculated as the percentage increase in the highest paid individual's annual total compensation, divided by the average percentage increase in the annual total compensation of other employees.

(2) Data

・The 2024 salary increase ratio is 0%, indicating that there will be no adjustment to the total annual compensation of the General Manager and other employees.

(3) Context

・Fixed salaries have not been adjusted, floating bonuses have not met the payment conditions, and the remuneration levels of other employees have remained stable.

・The general manager’s floating salary is linked to the company’s overall operational performance and ESG indicators (carbon emission reduction achievement rate, occupational safety improvement rate). If specific performance targets are not achieved during the year, the bonus will not be increased.

・The stability of average employee compensation is related to market conditions, the company's financial situation and labor laws.

3 | Contextual Information and Data Compilation Methods

(1) Compensation structure

・According to the Company's Articles of Association and the Managerial Remuneration and Performance Appraisal Measures, directors' remuneration shall not exceed 5% of the net profit after tax for the current year. The remuneration of senior management (general manager and deputy general manager) shall include fixed salary, floating bonus, long-term incentive and pension.

・In 2024, the company will incorporate ESG indicators (carbon emission reduction, supply chain compliance rate) into the compensation structure, affecting the general manager’s variable salary.

(2) Fairness management

・The Human Resources Department calculates the salary differences between senior executives and all employees every year and compares them with market conditions and internal fairness indicators.

・If the salary gap is significant, activate the salary adjustment mechanism and hold a fairness review meeting to discuss adjustment plans to ensure that they meet stakeholder expectations and sustainable development goals.

(3) Industry Background

・As a manufacturing company, Tongtai Precision Machinery's pay gap (3.15:1) is lower than that of Taiwan's technology industry (e.g., TSMC, approximately 50:1), reflecting the more concentrated pay structure in the manufacturing industry and the fact that bonuses for senior management are highly correlated with operational performance.

・Median wages in Taiwan’s manufacturing industry are generally based on full-time employees, excluding dispatched and outsourced workers.

(4) Economic and policy environment

・According to the ESG disclosure requirements of the Taiwan Stock Exchange (TWSE), listed companies’ compensation policies must consider stakeholder expectations and sustainable development goals.

・Tongtai Precision Machinery's compensation design emphasizes fairness and transparency, and the Remuneration Committee ensures consistency with market practices.

(5) Ratio of directors and senior management remuneration

・The proportion of the total remuneration paid to directors, general managers and deputy general managers in the net profit after tax in the last two years (2023-2024) shall not exceed a reasonable range in accordance with the Company Law and the Articles of Association (not exceeding 5% for directors and approximately 3-10% for senior management depending on size and performance).

・The actual ratio will be based on the 2024 annual report or sustainability report.

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(6) Data compilation method

- Compensation data is compiled by the Human Resources and Finance departments and covers fixed salary, variable bonuses, long-term incentives (such as stock awards, if applicable), retirement benefits (such as labor pension contributions) and other benefits (such as health insurance).
- The highest paid individual data is from the general manager salary records, and the median employee salary is calculated based on full-time employees (FTE, excluding temporary employees and outsourced employees).
- Ratio calculation: The highest paid individual’s total compensation is divided by the median employee compensation to arrive at the ratio (3.15:1).
- Increase ratio calculation: Compare 2023 and 2024 data to calculate the percentage increase in annual total compensation for general managers and employees (the 2024 ratio is 0%).
- The data is reviewed by the Remuneration Committee and submitted to the Board for approval. External auditors or consultants may be involved in verification, especially for compensation calculations related to ESG performance.
- Human Resources Department fairness review meetings further ensure that data complies with internal policies and market standards.

4 | Conclusion and Future Outlook

(1) Conclusion

- The 2024 highest paid individual to other employee ratio of 3.15:1 indicates a small pay gap, reflecting the company's emphasis on internal equity.
- A salary increase ratio of 0% indicates no salary increase in that year, which is related to the company's operations and performance.

(2) Future measures

- Disclose specific data: Disclose in the annual report or sustainability report the proportion of directors’ and senior management’s remuneration to net profit after tax and the details of the calculation of the remuneration ratio.
- Detailed ESG linkage: Clearly explain the impact of ESG indicators (carbon emission reduction achievement rate, supply chain compliance rate) on compensation ratios.
- Regular review of pay gaps: The Compensation Committee reviews pay ratios and increase rates annually to ensure they are consistent with market conditions, internal fairness and sustainable development goals.

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2.5 Integrity Management and Compliance Management

GRI 2-15 | Managing Conflicts of Interest

This disclosure is based on the requirements of GRI 2-15 and describes the company's policies, processes and oversight mechanisms for avoiding and mitigating conflicts of interest, as well as relevant information disclosed to stakeholders.

1 | Policies and procedures for avoiding and mitigating conflicts of interest

- Regulatory Basis: The "Operational Guidelines for Handling Conflicts of Interest of Directors" were formulated in accordance with the Corporate Governance Code, which stipulates that directors must declare matters involving conflicts of interest and abstain from voting in meetings to ensure the fairness and independence of decision-making.
- Scope of application: Applicable to all members of the board of directors, and supervised and implemented by the Finance and Accounting Department.
- Management measures:
  - Integrity Management Policy: Requires directors and employees to adhere to high ethical standards and prohibits the use of their power to seek improper benefits.
  - Internal Audit Mechanism: Internal auditors regularly review the operations of each department and submit audit results to the Board of Directors quarterly.
  - Organizational Division: Although a dedicated unit for promoting integrity management has not yet been established, each department implements management according to the internal control system, and the audit department independently supervises it.

2 | Information disclosed to stakeholders

(1) Directors holding concurrent positions

- The annual report discloses any concurrent positions held by directors in other listed companies (in 2024, three directors concurrently held directorships in non-affiliated companies).
- Management measures: abstain from voting on proposals involving affiliated companies; regularly review potential conflicts of interest in concurrent positions and record and disclose them.

(2) Cross-shareholding status

- Confirm that there is no cross-holding with suppliers or other stakeholders.
- The shareholdings of directors and senior executives are reviewed regularly, with the internal audit department overseeing the process and disclosed in the annual report.

(3) Influence of controlling shareholders

- The controlling shareholder does not interfere with business decisions, and the governance structure is highly independent.
- The annual report should describe the role of the controlling shareholder and its influence (or lack of influence) on the board's decisions.
- There are independent directors and an audit committee to avoid improper interference.

(4) Interested transactions and outstanding balances

- Confirm that there is no major transaction relationship.
- All interested transactions are handled in accordance with the "Operational Guidelines for Handling Conflicts of Interest of Directors" and submitted to the Board of Directors for review.
- Independent directors or the audit committee review the compliance and fairness of transactions, record the amount, nature and outstanding balance, and conduct internal audits to ensure transparency.

3. Conclusion and Future Outlook

- Through the "Director Conflict of Interest Handling Operational Guidelines," integrity management policies, and internal audit mechanisms, we have established a sound conflict of interest management framework that complies with GRI 2-15 requirements.
- Disclose concurrent director positions, cross-shareholdings, controlling shareholders and interested transactions in the annual report every year to ensure stakeholders understand governance practices.
- Future plans:
  a. Confirm the correctness of the number of directors holding concurrent positions in the annual report (3 or 10).
  b. Establish a dedicated or part-time unit to promote honest business practices and coordinate conflict of interest management and training.
  c. Regularly update the progress of conflict of interest management through the company website or other channels to improve information accessibility.

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GRI 2-16 | Communicate key events

This disclosure is based on GRI 2-16 requirements and describes the processes and cases for reporting, reviewing, and communicating with the highest governance body regarding key events, to ensure governance transparency and stakeholder trust.

1 | Communication process with the highest governance body

Tongtai Precision Machinery has established a systematic process based on the existing governance structure to ensure that key events can be reported to the highest governance unit (the Board of Directors) and its Sustainability Committee in a timely and transparent manner. The process is as follows: (1) Event identification and summary

- The company has a dedicated complaint mailbox (885@tongtai.com.tw), and the Legal Office is responsible for handling integrity and legal dispute reports from employees, suppliers, or customers, covering human rights disputes, occupational safety accidents, information security incidents, etc.
- Set reporting standards to cover integrity violations, human rights disputes, major occupational safety accidents, information security incidents, etc.
- The Audit Office, Sustainability Office, or Human Resources Department will be responsible for the initial compilation of incidents, depending on their nature. The Legal Office will categorize the reports and initiate a preliminary investigation, with a response within five business days regarding the progress of the investigation.
- Establish a secure and confidential internal reporting channel for employees, suppliers and other stakeholders to submit reports.

(2) Tiered reporting and review

- Depending on the nature and severity of the incident, it will be reported to the Sustainable Development Committee for evaluation and improvement suggestions.
- Events of particular significance or with strategic impact will be submitted to the Board of Directors for further review.

(3) Investigation and remedial actions

- Relevant departments launched investigations and formulated remedial measures, such as process improvements, employee training, and supplier management adjustments.
- The Sustainability Committee tracks progress at quarterly meetings and incorporates long-term risk monitoring when necessary.

(4) Reporting and supervision by the board of directors

- At the end of the year, the results of handling all key major events will be summarized and submitted to the board of directors for review.
- The Finance and Accounting Department is responsible for keeping complete communication records to ensure transparency and traceability.

2 | Total number and nature of key events in 2024

Tongtai Precision Machinery reported a total of five key major events in 2024, all of which were submitted to the Sustainability Committee and submitted to the Board of Directors for review.

(1) Major occupational safety accidents (2 cases)

- Involves improper operation of equipment or inadequate safety measures.
- Implement improvement measures, including strengthening safety training and equipment inspections.

(2) Supplier human rights dispute (1 case)

- Risks related to labor conditions or human rights in the supply chain.
- Collaborate with suppliers to investigate and develop remediation plans.

(3) Investigation of integrity violations (1 case)

- Involving reported integrity violations.
- Strengthen internal controls and employee ethics training.

(4) Information security incident notification (1 case)

- Involving system vulnerabilities or abnormal intrusions.
- Take measures such as system patching and security protocol updates.

(5) Disclosure and subsequent handling

- All five incidents were discussed by the Sustainability Committee, which provided specific improvement recommendations and tracked their progress at quarterly meetings.
- At the end of the year, the Committee submits an overall report to the Board of Directors, outlining the effectiveness of incident handling and risk response measures.
- Relevant information is disclosed to stakeholders through annual reports or sustainability reports to ensure transparency and completeness. Where sensitive information is involved, the company will provide a protective explanation, in line with the GRI standard's principle of balance.

3. Conclusion and Future Outlook

Tongtai Precision Machinery has established a robust communication framework for critical incidents based on its existing governance structure, internal reporting channels, and the Sustainability Committee's review mechanism, aligning with GRI 2-16 requirements. In 2024, a total of five critical incidents (two occupational accidents, one supplier human rights dispute, one integrity violation investigation, and one information security anomaly report) were effectively addressed, with full oversight by the Board of Directors ensured through year-end reporting.

Improvement measures to be taken in the future:

- Refine disclosure content: In annual reports or sustainability reports, provide detailed information on the background, impact, and remedial measures of each incident to enhance information comprehensibility.
- Strengthen reporting channel promotion: Through internal training or external communication, encourage stakeholders to actively use reporting channels to improve the comprehensiveness of incident identification.
- Integrated risk management: Incorporate the results of major event analysis into the enterprise risk management framework and regularly review the impact on strategic objectives.
- Establish systematic norms: Plan to formulate the "Key Points for Major Incident Reporting" to further standardize the incident identification, reporting, and review processes, and enhance the systematicness and transparency of the governance structure.

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GRI 2-27 | Regulatory Compliance

This disclosure is based on GRI 2-27 requirements and describes the regulatory compliance status of Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai") in 2024, including the total number of major violations, fines, non-monetary sanctions, incident descriptions, determination criteria, and corrective measures.

1 | Total number of major regulatory violations

(1) Overview
- In 2024, internal and external audits confirmed that there was 1 violation of laws and regulations.
- After assessment, the incident did not constitute a "major violation".

(2) Incidents in which fines were imposed
- Total: 1 item
- illustrate:
  - On November 13, 2024, Dongtai authorized the chairman to dispose of the factory and release important information in accordance with the law, but did not hold a press conference to explain the important information.
  - Violation of Article 11, Paragraph 1, Clause 12 of the "Taiwan Stock Exchange Corporation's Procedures for Verification and Disclosure of Material Information of Listed Securities Companies."
  - The Taiwan Stock Exchange announced on November 19, 2024, a fine of NT$30,000.
  - The nature of the violation was a violation of information transparency procedures and did not affect the company's financial condition, operations or reputation.

(3) Non-monetary sanctions
- Total: 0 items

2 | Total number and amount of fines for regulatory violations

(1) Penalty for current events
- Total: 1 item
- Amount: NT$30,000
- Note: As mentioned above, the fine was paid in full in 2024 and was shown in the financial statements.

(2) Penalties for previous events
- Total: 0 items
- Amount: 0 yuan
- Note: There were no outstanding cases in prior reporting periods (e.g., 2023), so no prior year penalties are payable in 2024 and no related provisions are shown in the financial statements.

3 | Description of Major Violations

(1) Event Overview
- On November 13, 2024, Dongtai authorized the chairman to dispose of the factory and release important information in accordance with the law, but did not hold a press conference to explain the important information in accordance with the procedures of the stock exchange.
- Violation of Article 11, Paragraph 1, Clause 12 of the "Procedures for Verification and Disclosure of Important Information" resulted in a fine of NT$30,000.

(2) Nature of the incident
- This is a violation of the public information procedure requirements. The decision on whether to hold a press conference is at the discretion of the stock exchange and is a "procedural violation."
- There was no significant adverse impact on the financial condition, operations, reputation or stakeholders.
- The fine amount is an extremely low percentage of annual revenue (well below the 1% materiality threshold).

(3) Processing and improvement
- The fine has been paid in full.
- In the future, we will proactively confirm with the stock exchange the necessity of holding a press conference before releasing major information.
- The Office of Sustainability has included this case in the 2024 Compliance Procedure Revision.

4 | Criteria and procedures for determining major violations

(1) Judgment criteria
- Legal impact: whether it leads to formal penalties from the government or regulatory authorities (fines, restrictions on operations, revocation of licenses, etc.).
- Financial impact: whether the fine exceeds 1% of annual revenue or whether a significant provision is required.
- Reputational impact: whether there is a significant negative impact on the brand, stakeholder trust, or market position.
- Operational impact: whether it causes operational disruption, supply chain disruption or significant production impact.
- Environmental and social impact: whether it causes significant environmental pollution or infringement of labor/social rights.

(2) Determination procedure
- Internal Audit: Annual compliance reviews cover environmental, labor, anti-corruption, and securities regulations, and violations are identified through on-site inspections, document reviews, and interviews.
- External Audit: We commission a third party (such as an accounting firm) to conduct financial and compliance audits to ensure that violations are correctly listed in the financial statements.
- Integrity reporting system: Stakeholders can report violations through anonymous mailboxes or third-party windows. The Audit Office will investigate and assess whether it constitutes a major violation.
- Sustainability Committee Oversight: Regularly review compliance reports and report major cases to the Board of Directors.

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5 | Background and International Standards
- We formulate compliance policies based on ISO 14001 and UNGP to align with international best practices.
- Regularly organize regulations and compliance training to enhance employees' regulatory awareness.
- Monitor regulatory compliance using compliance management software.

6 | Improvement Methods
- Establish a standardized communication process with the stock exchange and confirm the necessity of holding a press conference in advance.
- Share more cases of handling non-major violations (without disclosing sensitive information) in the report to demonstrate compliance improvement results.
- Continuously reveal compliance data trends over multiple years, reflecting long-term stability.

7 | Conclusion and Future Outlook
- In 2024, there was only one procedural violation, resulting in a fine of NT$30,000, which was assessed not to constitute a major violation.
- Through internal and external audits, integrity reporting and oversight by the Sustainability Committee, we ensure that operations comply with regulations and international standards.
- Dongtai has clear criteria for determining major violations, and will further strengthen transparency and prior communication mechanisms in the future to maintain high standards of compliance management.

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2.6 Policy Commitments and Complaint/Remedy Mechanisms

GRI 2-23 | Policy Commitment

According to the requirements of the Global Reporting Initiative (GRI) 2-23, companies should disclose their policy commitments on responsible business conduct, including references to official intergovernmental documents, whether due diligence and precautionary principles are stipulated, respect for human rights, as well as specific human rights policy commitments, public disclosure status, approval level, scope of application and communication methods with relevant parties.
Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai Precision Machinery") ensures that its business practices are aligned with economic, environmental, and social (ESG) goals through the Board-approved Code of Ethics, Business Integrity Code, Corporate Governance Code of Practice, and Corporate Social Responsibility Code of Practice, as well as the integrity management provisions in its Work Rules. This article describes Tongtai Precision Machinery's policy commitments on responsible business practices and human rights, in compliance with the disclosure requirements of GRI 2-23.

1 | Policy Commitment on Responsible Business Conduct

(1) Cited intergovernmental official documents
- UN Global Compact: Adheres to ten principles (human rights, labor standards, environmental protection, and anti-corruption) as the basis for the Code of Conduct and the Corporate Social Responsibility Code of Practice.
- United Nations Guiding Principles on Business and Human Rights (UNGP): provide guidance to companies on human rights due diligence and remediation measures, integrated into the Corporate Social Responsibility Code of Practice.
- International Labour Organization (ILO) core labour standards: ensuring that labour conditions comply with international norms (prohibition of forced labour and child labour), as reflected in the Work Rules and supply chain management policies.
- United Nations Sustainable Development Goals (SDGs): corresponding to SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action), which serve as the reference framework for the Corporate Social Responsibility Code of Practice.
- The reference to the above documents ensures that the company’s policies are consistent with international standards and our country’s net zero policy.

(2) Due diligence requirements
- The Code of Conduct for Business Integrity and the Code of Corporate Social Responsibility Practice clearly stipulate the implementation of due diligence to identify, prevent and mitigate the potential negative impacts of business activities on the environment and people.
- Regarding the 2024 supplier human rights disputes (GRI 2-16), assess labor conditions and environmental compliance through a supply chain audit mechanism.
- The due diligence process is carried out by the Sustainability Office and the Audit Office, covering integrity management (anti-corruption checks), supply chain management and environmental impact assessments.
- The survey results are reported regularly to the Sustainability Committee and the Board of Directors to ensure that monitoring and improvement measures are effective.

(3) Application of the precautionary principle
- Policy commitments to incorporate the precautionary principle to address environmental and social risks, particularly in relation to climate change and supply chain management.
- In 2024, launch the assessment of carbon reduction technologies for key processes and the supply chain carbon inventory (GRI 2-22) to prevent the risk of carbon cost spillovers.
- In the development of new products and process adjustments, in the absence of definitive scientific evidence, take preventive measures to reduce potential hazards, such as adopting low-carbon processes and AI smart management systems.

(4) Commitment to respect human rights
- The Corporate Social Responsibility Code of Practice and Work Rules clearly state our commitment to respecting human rights and adhering to UNGP and ILO core labor standards.
- Ensure that operations and supply chain activities do not infringe human rights, and actively handle supplier human rights disputes in 2024, ensuring compliance through investigation and remediation.
- The “Work Rules” stipulate that employees shall not abuse their authority to benefit themselves or others, and shall not accept improper entertainment, gifts, kickbacks or other illegal benefits, in order to strengthen honest business operations and human rights protection.

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2 | Specific policy commitments to respect human rights

(1) Internationally recognized human rights covered

・Right to work: Comply with the International Labor Organization's core labor standards to ensure that employees enjoy fair wages, a safe working environment and freedom of association. Forced labor and child labor are prohibited, and this is reflected in the Work Rules and employee education and training.

・Equality and non-discrimination: In accordance with Article 2 of the Universal Declaration of Human Rights (UDHR), ensure that employees or stakeholders are not discriminated against on the basis of race, sex, age or other characteristics and incorporate this into the Code of Ethical Conduct.

・Health and Safety: Provide a safe working environment in accordance with ILO Convention No. 155. In response to two occupational accidents in 2024 (GRI 2-16), implement improvement measures such as safety training and equipment inspections.

・Privacy: Protect the personal data of employees and stakeholders in accordance with Article 12 of the Universal Declaration of Human Rights. Update security protocols for the 2024 Information Security Abnormal Reporting (GRI 2-16).

(2) Categories of stakeholders of particular concern

・Supply chain labor: In response to supplier human rights disputes in 2024, the company prioritizes the working conditions of foreign and low-wage workers to ensure they enjoy fair treatment and a safe working environment.

・Grassroots employees: Focus on occupational safety and health in high-risk operations, and reduce occupational accident risks through safety training and equipment upgrades.

・Local communities: We prioritize the environmental and employment impacts of our operations on surrounding communities, prioritizing dialogue with them to ensure their rights are not infringed.

・The rights and interests of the above groups are protected through supply chain audits, employee dialogues and stakeholder communication channels.

3 | Public Release of Policy Commitments

(1) Public release

・The Code of Ethical Conduct, Code of Business Integrity, Code of Corporate Governance Practices and Code of Corporate Social Responsibility Practices have been publicly published on the company's website. For specific links, please refer to the official website or the 2024 Sustainability Report.

・If some policies have not yet been made public, the reasons may include incomplete internal review or involvement of commercial confidentiality. The company's disclosure status needs to be confirmed.

(2) Transparency Commitment

・The company discloses the progress of implementing its policy commitments through its annual report, sustainability report and stakeholder communication channels.

・For example, in 2024, remedial measures for supplier human rights disputes and occupational accidents were disclosed.

4 | Approval levels for policy commitments

(1) Approval by the Board of Directors

・Responsible business conduct and human rights policy commitments are approved by the Board of Directors, representing recognition from the highest level of governance.

・The Sustainability Committee is responsible for the initial review of the policy content to ensure its consistency with international standards and corporate strategy, and then submits it to the Board for final approval.

(2) Approval process

・The formulation and revision of the Code of Ethical Conduct, Code of Business Integrity, Code of Corporate Governance Practices and Code of Corporate Social Responsibility Practices are all reviewed by the Board of Directors.

・The specific approval process is recorded by the Finance and Accounting Department to ensure traceability.

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5 | Scope of application of policy commitments

(1) Internal organization
- The policy applies to all company operations, including manufacturing, R&D and administrative departments.
- The "Code of Conduct for Integrity" and "Work Rules" regulate employee behavior and prohibit conflicts of interest, corruption, and improper acceptance of benefits.
- 2024 Integrity Violation Survey (GRI 2-16) demonstrates effective implementation of policies.

(2) Business Relationship
- The policy extends to the supply chain and business partners, especially key suppliers.
- 2024 Ensure suppliers comply with human rights and environmental standards through supply chain audits, and implement remedial measures for supplier human rights disputes.
- The policy is fully applicable to the company and all its consolidated subsidiaries, and is planned to be expanded to second-tier suppliers within 3-5 years.

6 | Communication methods with relevant parties

(1) Workers
- Communicate responsible business conduct and human rights policies to employees through internal training, employee handbooks and internal communication channels.
- In 2024, we will organize integrity management education and training to publicize the "Integrity Management Code" and the consequences of violations to ensure that employees understand the company's determination and requirements.

(2) Business partners
- Communicate policy commitments to suppliers and business partners through supplier meetings, contract terms and review processes.
- Convened dialogue with relevant suppliers in 2024 in response to supplier human rights disputes, explicitly requiring them to comply with human rights standards and providing guidance for improvement.

(3) Other relevant groups
- Communicate policy commitments to shareholders, communities and non-governmental organizations through annual shareholder meetings, stakeholder dialogues and sustainability reporting.
- The Sustainability Office regularly publishes ESG progress reports to ensure stakeholders are aware of the company’s responsible business practices.

7 | Conclusion and Future Outlook

(1) Conclusion
- Tongtai Precision Machinery has made a clear commitment to responsible business practices and human rights protection through the Code of Ethics, Code of Integrity Management, Code of Corporate Governance Practices and Code of Corporate Social Responsibility Practices adopted by the Board of Directors, as well as the integrity management regulations in the Work Rules.
- The policy refers to the UN Global Compact, UNGP and ILO standards, is approved by the Board of Directors, and is fully applied to the organization and business relationships. Effective implementation is ensured through education, training and multi-channel communication.
- The 2024 key incident handling (GRI 2-16) and ESG training (GRI 2-17) further demonstrate the company’s commitment to sustainable development, in line with GRI 2-23 requirements.

(2) Recommended measures
- Publicize specific policy documents: Ensure that all policy documents are published on the company website and provide clear links to enhance transparency.
- Expand due diligence: Extend supply chain due diligence to second-tier suppliers to ensure comprehensive human rights and environmental compliance.
- Strengthen employee participation: Increase the frequency and coverage of integrity management and human rights training to ensure that grassroots employees fully understand policy requirements.

(3) Future Outlook
- Tongtai Precision Machinery will continue to focus on responsible business practices, collaborate with stakeholders through transparent governance, achieve sustainable development goals, and create long-term value for shareholders, employees, suppliers and society.

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GRI 2-24 | Incorporating Policy Commitments

1 | Describe how each RBC policy commitment is integrated into its activities and business relationships

(1) Assign responsibility for executing commitments to different levels within the organization

- Oversight by the highest governance body: The Board of Directors is responsible for approving the "Code of Ethics," "Code of Conduct for Integrity," "Code of Corporate Governance Practice," and "Code of Corporate Social Responsibility Practice," covering integrity management, human rights protection, and information transparency. The Board also delegates oversight of implementation to the Sustainability Committee. The Committee meets quarterly to review progress reports and ensure that commitments are aligned with corporate strategy.
- Responsibilities of functional departments:
  - Human Resources Department: Responsible for employee integrity and human rights training, and overseeing the implementation of commitments related to labor rights.
  - Procurement: Incorporate anti-corruption and privacy commitments into supplier contracts and conduct supply chain human rights risk assessments.
  - Internal Audit Department: Conducts graded audits on policy implementation based on internal guidelines to ensure compliance.
- Reporting Process: Each department regularly submits implementation reports to the Sustainability Committee, which then summarizes and reports to the Board of Directors. The Internal Audit Department submits an annual compliance report directly to the Board of Directors, ensuring independent and transparent oversight.
- Reason for responsibility allocation: Based on the professional functions of departments, for example, the procurement department directly interacts with suppliers and is responsible for supply chain-related commitments; the human resources department manages employee relations and is responsible for labor rights and integrity training.

(2) Integrate commitments into strategies, operational policies and procedures

- Strategic Integration: Integrate integrity and human rights commitments into the company's long-term strategy and ensure alignment with business objectives in annual strategic planning, such as integrating sustainable development goals into product design and supply chain management.
- Operational Policies: Revised procurement policies to require suppliers to comply with anti-corruption and human rights standards; incorporated anti-discrimination and labor rights protections into human resources policies, and strengthened information transparency.
- Operational procedures: Incorporate anti-corruption and privacy commitments into the procurement process, require suppliers to sign a code of conduct, and implement graded audits based on risk levels; incorporate data privacy checks and environmental impact assessments into operational processes to ensure compliance with relevant commitments.
- Monitoring and evaluation: Establish KPIs (such as supplier compliance rates and employee training completion rates) and have the internal audit department conduct regular audits to ensure that commitments are fulfilled.

(3) Enforcement of commitments through business relationships

- Procurement and Contracts: Incorporate anti-corruption and privacy commitments into supplier contracts, requiring all first-tier suppliers to sign a code of conduct. Achieve 100% sign-up rate by 2024, with plans to expand to sub-tier supply chains by 2025.
- Prequalification and screening: When selecting suppliers or outsourcers, human rights risk assessments and compliance checks should be used as screening criteria, such as verifying suppliers' labor conditions and environmental compliance through third-party audits.
- Collaboration and Capacity Building: Provide integrity and human rights training to suppliers to assist them in establishing management systems that are consistent with the company's commitments; and organize training workshops for high-risk suppliers in 2024 to enhance their compliance capabilities.
- Incentive mechanism: Provide long-term contracts or priority cooperation opportunities to suppliers who meet their commitments to encourage continuous improvement.
- Business relationship decisions: When initiating, renewing or terminating a business relationship, reference is made to the supplier's compliance with their commitments, and repeated violations may result in termination of the partnership.

(4) Training on implementation of commitments

- Training content: Covers topics such as integrity management (anti-corruption, ethical codes of conduct) and human rights (anti-discrimination, labor rights).
- Training targets: All employees, Sustainability Committee members, and Tier 1 suppliers; internal employee training completion rate reaches 98% by 2024.
- Training format: Online courses, face-to-face workshops, and case studies are used. For example, procurement staff receive hands-on training on simulated supplier audits.
- Results tracking: Track training progress and effectiveness through the internal learning management system to ensure data transparency.
- Ongoing: We update training content annually to cover emerging topics (such as updates to data privacy regulations), and provide onboarding training for new employees and new suppliers.

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Commitments and Remedies: Inclusion | Complaints | Remedies

GRI 2-25 | Processes for remediating negative impacts

This disclosure, in accordance with GRI 2-25, describes Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai")'s commitment to remedial measures, the operation of its complaint and redress mechanisms, stakeholder engagement, effectiveness tracking, and actual cases for potential and actual negative impacts caused or contributed to by its activities or business relationships during the reporting period.

1 | Commitment of Remedial Measures

Dongtai is committed to providing appropriate remediation for potential or actual negative impacts caused by its activities or business relationships, and ensuring that remedial actions are in compliance with the GRI Standards and the United Nations Guiding Principles on Business and Human Rights (UNGP). The scope of remediation covers:

- Internal employees: including regular employees, foreign employees and dispatched personnel.
- Suppliers and contractors: included in the scope of supply chain supervision and compliance management.
- External communities: including local residents and other affected groups in the operating areas.

All remedial actions are guided by four core principles: timeliness of response, non-retaliation, procedural transparency, and user participation.

2 | Complaint and Redress Mechanism

Dongtai has established a diverse and accessible complaint and redress mechanism to enable stakeholders to raise concerns and obtain resolutions in a timely manner:

- Integrity reporting system: covers three complaint channels:
  a. An anonymous reporting mailbox (multi-language version) for employees, contractors and suppliers.
  b. The internal audit complaint platform is managed by the Audit Office and provides a formal complaint channel.
  c. The third-party consultation window is managed by an external professional organization and is suitable for cases that are sensitive or require a high degree of confidentiality.
- Whistleblower Protection Mechanism: Commitment to provide whistleblowers with anti-retaliation protection and prohibit any form of identity tracing or retaliation.
- Role of the Sustainability Office: Compile complaints and improvement suggestions, incorporate them into annual system revisions, and ensure continuous optimization.

3 | Other remedial procedures

In addition to the complaint mechanism, Dongtai also takes the following remedial measures:

- For actual negative impacts discovered through internal audits, supply chain audits, or third-party reviews, proactively initiate improvement plans and track their completion.
- For cases involving suppliers, we require them to develop specific improvement plans and verify their effectiveness through subsequent audits.
- If the impact involves employee safety and human rights, immediately initiate safety protection, medical support, and resumption of work assessment procedures.

4 | Stakeholder Participation

- Covered: The grievance and redress mechanism is fully open to internal employees, suppliers and external communities.
- Participatory Design: Gather feedback on the accessibility, confidentiality, and response speed of grievance channels through annual stakeholder surveys and meetings.
- Improvement measures: Based on feedback in 2024, the language versions of the anonymous reporting mailbox will be expanded, and a new function for tracking the progress of complaints online will be added.

5 | Effectiveness Tracking and Results

- 2024 Annual Data:
  - Total number of appeals: 9 cases, 100% of which have completed preliminary processing and entered the improvement tracking process.
  - Supplier grievance mechanism recovery rate: 92%.
- Effectiveness Assessment:
  - The Sustainability Office and the Audit Office review case handling efficiency and satisfaction every six months and submit performance reports to the Sustainability Committee and the Board of Directors for review.
  - Satisfaction surveys show that employees and suppliers have a high level of trust in the grievance mechanism, and the low number of complaints reflects that the mechanism is effective and preventive, rather than being unused.
- Case examples:
  - A 2024 supply chain human rights complaint involved inadequate living conditions in foreign worker dormitories. Following the complaint, the company required the supplier to immediately improve accommodation conditions and complete verification and follow-up within three months to meet compliance requirements.

Conclusion and Outlook

Tongtai Precision Machinery effectively implements GRI 2-25 requirements through diversified complaint channels, anti-retaliation safeguards, stakeholder engagement, and ongoing monitoring. Going forward, the company will:

1. Enhance transparency: Reveal more actual remediation cases in the report (without disclosing personal information).
2. Expand coverage: Extend the redress mechanism to more sub-suppliers and overseas locations.
3. Digital Tracking: Introducing an online case management system to improve response speed and data analysis capabilities.

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GRI 2-26 | Mechanisms for seeking advice and raising concerns

This disclosure, in accordance with GRI 2-26, describes the accessible mechanisms, operational practices, confidentiality measures, and effectiveness assessments provided by Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai") for employees, suppliers, and the external community to seek advice and raise concerns about responsible business practices, focusing on its Taiwan operations (parent company and subsidiaries) during the 2024 reporting period. The disclosure also demonstrates Tongtai's commitment to complying with the Global Reporting Initiative (GRI) standards and the United Nations Guiding Principles on Business and Human Rights (UNGPs). This disclosure will be gradually expanded to include overseas locations to enhance the coverage of this mechanism. Please refer to GRI 2-25 for the identification and remediation process for related negative impacts, including complaint investigation and response timeline management.

1 | Mechanism for seeking advice on responsible business conduct

Tongtai Precision Machinery has established diverse channels for internal and external stakeholders to seek policy guidance and practical advice, ensuring accessibility, independence, and confidentiality. The Legal Office regularly reviews the complaint handling process and response timelines, collaborating with the Sustainability Office to ensure transparency.

1. Third-party consultation window
   - Collaborate with external professional organizations to provide independent policy and practical consulting services, especially for sensitive or high-risk issues.
   - Ensure the independence of the advice process and reduce the risk of internal bias.
2. Integrity reporting system
   - In addition to reporting violations, stakeholders can seek advice and guidance on responsible business conduct (RBC) situations through anonymous reporting via email (885@tongtai.com.tw), internal phone 1885, or the internal audit complaint platform. For example, employees can use these channels to inquire about how to properly handle potential conflicts of interest to ensure compliance with RBC principles.
3. Sustainable Office
   - Responsible for compiling suggestions for mechanism improvements, regularly updating policies and training plans, and serving as an internal dedicated consultation point to help employees and partners understand operational details.

2. Accessibility and Inclusivity

- The mechanism covers regular employees, foreign employees, dispatched personnel, outsourced personnel, suppliers and external communities.
- The anonymous reporting mailbox (885@tongtai.com.tw) and internal telephone number 1885 provide multi-language support (available upon request), eliminating language and technical barriers and ensuring convenient access for stakeholders from different backgrounds.
- The third-party consultation window enhances accessibility to sensitive issues and ensures compliance with the UNGP's principle of inclusiveness.

3 | Independence and Confidentiality

- The third-party consultation window is managed by an external professional organization to avoid conflicts of interest and ensure neutrality.
- Provide anonymous reporting options to protect the confidentiality of the identities of inquirers and reporters.
- We have a clear commitment to an anti-retaliation policy and ensure that users are not treated adversely in accordance with our internal Code of Conduct.

4 | Mechanisms for Raising Business Conduct Concerns

Dongtai is committed to providing remedial measures for potential or actual negative impacts caused by company activities or business relationships in accordance with UNGP principles to ensure the safety of stakeholders raising concerns.

For any formal complaints not received in 2024, the Legal Office will be responsible for receiving, categorizing, investigating, and reporting the results, ensuring the confidentiality of the reporter's identity. For the relevant handling procedures, please refer to GRI 2-25. For relevant community grievance mechanisms, please refer to GRI 413-1, paragraph 11 (Design of Grievance and Redress Mechanisms).

- Integrity Reporting System — Three Formal Complaint Channels
  - Anonymous reporting mailbox (885@tongtai.com.tw, multi-language support available upon request).
  - Call 1885 internally to have your complaint received directly by the Legal Affairs Office.
  - Internal Audit Complaints Platform (managed by the Audit Office and provides formal complaint processing).
  - A third-party consulting window (independent of the company's organizational structure, suitable for sensitive or highly confidential cases).
- Whistleblower mechanism
  - Designed specifically for reporting illegal or unethical behavior, it allows anonymity and protects reporters from retaliation.

5 | Independence and transparency in operations

- The Audit Office is responsible for managing the reporting and appeals process to ensure the professionalism and fairness of investigations.
- The third-party consulting window increases independence and meets the impartiality requirements of GRI 2-26.
- All handling results are regularly tracked by the Sustainability Committee and reported to the Board of Directors to ensure that the supervisory level is aware of the progress of the case and the status of improvement.

6 | Investigation and Handling Process

- Follow the four principles of UNGP:
  a. Response Time - Ensure that every complaint or suggestion is dealt with promptly.
  b. Anti-retaliation – Unfavorable treatment of whistleblowers or users is expressly prohibited.
  c. Procedural transparency - the case handling process and improvement measures are traceable.
  d. User participation — involves the parties involved and relevant stakeholders to jointly discuss improvement plans.
- 2024 Annual Processing Results:
  - 11 integrity reporting cases (8 of which were substantiated and all were corrected and tracked according to procedures)
  - 9 appeals cases (100% completed preliminary processing and entered the improvement tracking process)
  - The supplier grievance mechanism has a response rate of 92%.

7 | Confidentiality and Anti-Retaliation Measures

- The anonymous reporting mechanism and anti-retaliation policy effectively protect whistleblowers from identity disclosure and improper treatment.
- The company has explicitly pledged not to trace the identities of anonymous whistleblowers and has established a formal anti-retaliation procedure.

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8. Validity and Data Analysis

- In addition to the number of statistics, the case background and handling rate are also provided:
  - Processing rate: 100% initial processing completed
  - True percentage: 72%
  - Supplier recycling rate: 92%
- Satisfaction survey results: Employees and suppliers have high trust in the grievance mechanism, and the low number of complaints is considered to be due to the effectiveness and preventive nature of the mechanism, rather than lack of trust or use.
- System optimization: The Sustainability Office compiles improvement suggestions annually, incorporates them into system revisions, and implements them.

9 | Compliance with GRI 2-26 and UNGP

- Accessibility: Three channels for complaints and an anonymous option ensure broad participation.
- Independence: The audit office and third-party windows ensure impartiality.
- Confidentiality and Protection: Anonymous reporting and anti-retaliation policies protect users.
- Background information: Dongtai provides detailed data and background analysis to demonstrate the effectiveness of the mechanism.
- UNGP Principles: The mechanism design adheres to the principles of "response timeliness, anti-retaliation, procedural transparency, and user participation," consistent with the UNGP remediation framework.

10 | Future Strengthening Directions

- Reveal case studies: Provide specific cases to demonstrate how the mechanism has solved problems, without violating confidentiality, to enhance transparency.
- Cross-border accessibility: If a cross-border supply chain is involved, ensure that the pipeline is inclusive of the languages and cultures of different regions.
- Trend analysis: Uncover the trends in complaint data over the years, analyze the reasons for changes, and further verify the effectiveness of the mechanism.

11 | Conclusion and Future Outlook

Tongtai Precision Machinery has established a comprehensive mechanism for seeking advice and raising concerns through an integrity reporting system, an anonymous reporting mailbox, an internal audit platform, and a third-party consultation window, covering employees, suppliers, and the external community.

The 2024 data (11 notifications, 9 complaints, 100% initial resolution, and 92% Supplier Grievance Mechanism recovery rate) demonstrates that the mechanism operates effectively and is continuously improving under the oversight of the Office of Sustainability and the Board of Directors.

This mechanism not only meets the requirements of GRI 2-26, but also reflects Dongtai's commitment to responsible business conduct and corporate transparency.

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2.7 Public Policy and Group Participation

GRI 2-28 | Association Membership

This disclosure, in accordance with GRI 2-28, describes Tongtai Precision Machinery Co., Ltd.'s (hereinafter referred to as "Tongtai") memberships in major public associations and advocacy platforms during the reporting period, and describes its role in each organization, participation methods, influence, and relevance to corporate strategy.

1 | Important Membership and Participation Roles

(1) Criteria for Determination Dongtai determines that a company has a "significant role" in the following situations:

- Serves on governance units (boards, committees, task forces).
- Participate in project or policy development and have substantial influence.
- Providing financial or resource support beyond regular membership dues.
- Membership is crucial to a company's sustainability, R&D, supply chain or market expansion strategy.

(2) Important Membership List (2024)

Association / Organization Name	Member Roles and Responsibilities	Main Fields of Participation	Strategic Relevance
Taiwan Machine Tool & Accessory Builders' Association (TMBA)	Governing Body	Machine Tool Industry Policy, International Exhibition Organization, and Technical Standard Development	Supporting International Market Expansion and Industrial Policy Impact
Taiwan Automation Intelligence & Robotics Association (TAIROA)	Members	Intelligent Manufacturing Technology Promotion and AI Application Exchange	Promoting AI and Digital Manufacturing Upgrade
Chinese National Federation of Industries (CNFI)	Members	Industry Policy Advocacy, Sustainability Development Policy Dialogue	Participating in National-Level Sustainability and Industrial Policy Discussions
Taiwan ESG Sustainable Development Association	Members	ESG Assessment Exchange, Carbon Management, and Sustainability Report Sharing	Aligning with Best Practices and Evaluation Mechanisms for Sustainable Governance
Taipei International Machine Tool Show Organizing Committee (TIMTOS)	Organizing Committee Members	International Exhibition Planning and Buyer Matchmaking	Enhancing International Brand Visibility

2 | Participation Methods and Influence

(1) Policy and standard setting

- Through the TMBA and CNAIC platforms, we participated in the discussion of energy efficiency standards and low-carbon manufacturing specifications for the machine tool industry and made recommendations to the competent authorities.
- Share AI manufacturing data application cases at the TAIROA Technical Committee to promote smart manufacturing standardization and cross-industry data interoperability.

(2) Industry and market promotion

- Participated in the organization of the TIMTOS International Exhibition, facilitated cooperation negotiations with European and Southeast Asian buyers, and assisted in international market development.
- Cooperate with the ESG Association to organize a sustainable governance forum to promote supply chain carbon inventory and carbon reduction action cases.

(3) Sustainable cross-industry collaboration

- Participate in green manufacturing and energy transformation projects, connect with supply chain partners to share experiences in energy-saving transformation and renewable energy introduction.
- The ESG Association's Sustainability Report Sharing Platform provides practical case studies from machine tool manufacturers to promote industry transparency and compliance.

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3. Relevance to company strategy

(1) Low carbon and green manufacturing

- Through the collaborative platform of TMBA and the ESG Association, low-carbon manufacturing, energy management, and carbon inventory will be incorporated into common industry standards to support Dongtai's "GreenDrive Net Zero and Resource Efficiency Transformation" strategy.

(2) Digital and smart manufacturing upgrades

- Promoting AI manufacturing applications and digital transformation experience at TAIROA and international exhibition platforms is consistent with the company's "AiSmartGuard Intelligent and Secure Manufacturing" direction.

(3) International market expansion

- By participating in TIMTOS and international industry associations, we establish international procurement and strategic alliance opportunities, strengthening the company's brand and channel layout in the high-end market.

4 | 2024 Annual Achievements and Performance Indicators

1. Completed proposals for 5 policy and standards workshops, covering low-carbon manufacturing, smart manufacturing and ESG reporting standards.
2. Participated in three cross-industry projects, enabling eight supply chain partners to adopt energy-saving processes or renewable energy solutions.
3. The international exhibition facilitated the signing of 10 letters of intent (MOUs) for overseas business cooperation, covering the European and Southeast Asian markets.

5 | Other participating industry and professional associations (full list in 2024)

Machine Tool Division

1. Taiwan Science Park Science and Technology Industry Association
2. TMBA Taiwan Machine Tool and Components Industry Association
3. Machine Tool Industry Service Community
4. Taiwan Science Park Industry-Academia Association
5. Taiwan Aerospace Industry Association
6. Taiwan Mold Industry Association
7. Taiwan Automation Machine Tool Association (TDEA)
8. Precision Machinery Research and Development Association CMD
9. Taiwan Intelligent Automation and Robotics Association (TAIROA)
10. Taiwan Electrical and Electronics Industries Association
11. Artificial Intelligence Industry Foundation
12. Smart Machinery Promotion Office
13. Precision Machinery Research and Development Center PMC

Additive Manufacturing Department

14. Taiwan Aerospace Laminated Manufacturing Industry Association
15. Metal Additive Manufacturing Technology Alliance
16. Three-Dimensional Printing Association (3D Printing Association)

Electronics Division

17. Taiwan Printed Circuit Association (TPCA)
18. SEMI Semiconductor Industry Association
19. Little League Project Industry-Academic Alliance
20. Taiwan Electronics Manufacturing Equipment Industry Association (TEEIA)

General Manager's Office

21. Eternal Years Club
22. Eternal New Generation Fellowship
23. TMBA Elimi (One Grain of Rice) Association
24. Member of HBR Harvard Leadership Club
25. Taiwan Industry Net Zero Investment Conference
26. Taiwan Premium Brand Association (TEBA)
27. 33 Youth Association

6 | Conclusion and Future Outlook

Dongtai continues to exert influence in policy advocacy, industrial upgrading, and sustainable cooperation through participation in influential public associations and international platforms. In the future, it will:

- Expand participation in the Global Low-Carbon Manufacturing and Smart Manufacturing Alliance and grasp international trends.
- Enhance the leading role in policy formulation and technical standards research.
- Strengthen cross-industry ESG collaboration and promote sustainable transformation of the supply chain.

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2.8 Economic Performance and Tax Transparency

GRI 201-1 Direct economic value generated and distributed by the organization

Our company is committed to integrating its economic value management system into its overall ESG governance framework to ensure that operational results support corporate growth and stakeholder well-being. Through cross-functional collaboration among finance, tax, and social responsibility teams, we jointly develop allocation principles and annual targets. Internal audit mechanisms regularly review data accuracy and disclosure quality. Various economic activities (including operating costs, employee benefits, capital returns, taxes, and community investments) are systematically categorized based on the 2024 consolidated financial statements, emphasizing data consistency and traceability. Disclosures cover all operating subsidiaries and sites prepared on the consolidated financial statements, including those in Taiwan and overseas, with a base year of 2023, consistent with 2024. Data sources are audited by accountants, and disclosures do not include estimates or adjustments, embodying the principles of transparency and accuracy. Through this system, we demonstrate the maturity of our economic governance and our commitment to continuous improvement.

1 | Revelation theme and reporting period

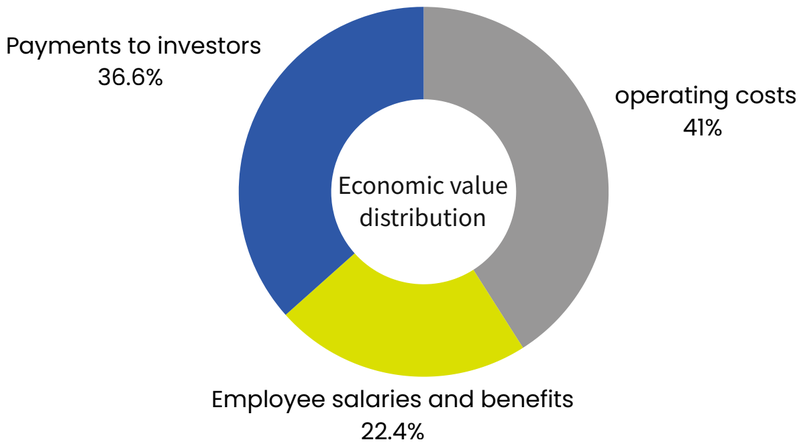
Based on GRI 201-1, our company is disclosing its direct economic value generation and distribution (EVG&D) for 2024. This topic focuses on how we create economic value through our operations and distribute it to stakeholders, including employees, capital providers, governments, and communities, while retaining some value to support future growth. The following is intended to provide transparent and structured information reflecting our effectiveness and responsibility in managing economic performance.

2 | Total economic value generated

The Company generated a total of NT$5,834,058,000 in direct economic value in 2024. This amount, which includes sales revenue, financial investments, and gains from asset disposals, comprises NT$5,739,349,000 in net sales of products and services, NT$14,490,000 in interest income, NT$80,205,000 in investment income, and NT$14,000 in gains from asset disposals, fully reflecting the Company's economic performance during the reporting period. (Data source: 2024 Annual Report)

3 | The Economic Value of Distribution

Operating costs were NT$2,930,000,000. Employee salaries and benefits totaled NT$1,604,417,000, including accommodation, transportation subsidies, labor insurance, and retirement benefits. Payments to investors totaled NT$2,615,959,000, including cash dividends of NT$50,965,000, debt interest of NT$126,456,000, and other payments to investors (such as repayments) of NT$2,438,538,000. Government taxes paid totaled NT$0,000 for income tax, business tax, and stamp duty. Community investments totaled NT$410,000 in educational grants, local donations, and volunteer salaries. Total distributions totaled NT$9,248,306,000.



The above distribution amounts reflect the Company's economic contributions to its stakeholders, covering necessary operating expenses, employee welfare, debt obligations and social responsibility-related investments.

Distribution Items	Amount (in thousands)	Description
Operating Costs	2,930,000	Including cash expenditures for the company's external procurement of raw materials, components, facilities, services (including outsourcing, rent, external training, etc.), excluding employee salaries and benefits.
Employee Salaries and Benefits	1,604,417	This includes the total salary paid to employees and various benefits, such as insurance, retirement funds, various employee subsidies, and taxes and subsidies paid by the company on behalf of employees.
Payments to Investors	2,615,959	Including cash dividends of 50,965 thousand dollars, interest payments of 126,456 thousand dollars, and other payments to investors of 2,438,538 thousand dollars
Government Tax Payments	0	This period's tax amount is zero, due to tax exemptions or loss carryforwards
Community Investment	410	Educational subsidies, local donations, and volunteer salaries totaling 410,000 New Taiwan Dollars

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4. Preserve Economic Value

The Company's retained economic value in fiscal year 2024 was -NT$3,414,248,000. This amount was calculated by deducting the total economic value distributed (NT$9,248,306,000) from the total direct economic value generated (NT$5,834,058,000). This amount does not include any estimates or adjustments and reflects the actual economic value retained during the period.

5 | Reporting Basis and Accounting Standards

The economic value data in this report is compiled on an accrual basis. All economic data is sourced from the audited 2024 consolidated financial statements and audited by certified public accountants. The preparation and presentation of financial information complies with relevant accounting standards to ensure accuracy and comparability.

6 | Covered Standards and Major Regional Basis

This report covers all operating consolidated subsidiaries and sites, including those in Taiwan and overseas, compiled in accordance with the 2024 consolidated financial disclosure scope. No new plants or non-operating companies are excluded. This disclosure scope is based on the consolidated financial data presented on the annual report page, reflecting the Group's overall operating activities. The criteria for defining significant regions in this disclosure are that they represent more than 5% of total annual revenue. After evaluation, Taiwan was identified as the primary region meeting this materiality criterion. Overseas subsidiaries (such as Suzhou Dongyu and Asia Pacific Elite) account for a combined 41.9% of revenue and are also included in the consolidated financial statements. The base year is 2023, which remains consistent with the 2024 data.

7 | Tax information by region

The Company's tax contribution in Taiwan for fiscal year 2024 was NT$0,000. This amount, which includes income tax, business tax, and stamp duty, reflects the tax situation in Taiwan during the period. The zero tax payment is due to tax exemptions or loss reductions during the period, with income tax expense converted into a tax gain of NT$81,913,000 to ensure transparency.

8 | Verification Supplement and Technical Explanation

This disclosure is third-party verified and compiled based on audits by accountants and the integration of annual profit and loss figures. Any exceptional profit or loss, tax loss, or any amount that is zero will be disclosed based on the actual annual report.

9 | Explanation of Disclosure Scope and Restrictions

This report is prepared based on the 2024 consolidated financial statements and covers all operating subsidiaries and facilities, with no new facilities or non-operating companies excluded. No locations, projects, or accounting information were excluded during the reporting period, ensuring the completeness and representativeness of the disclosure. However, this report focuses on operations within Taiwan. While data for overseas subsidiaries is included in the consolidated financial statements, detailed information is not provided separately. For more information, please refer to pages 116-117 of the annual report.

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Employee Value Creation: Retirement System Integration and Coverage Benefits

GRI 201-3 Defined benefit obligations and other retirement plans

We will implement a defined benefit retirement plan in 2024, using a discount rate of 1.6-3.35% and a salary growth rate of 2.25-2.9% in accordance with IAS 19. The funded coverage ratio will be assessed as of December 31, 2024, and will be funded from general resources. Employers will contribute 6% and employees 3%, covering full-time employees in Taiwan and other regions. The funding gap filling plan will provide 2% of the total gap annually over five years and integrate financial planning to ensure long-term stability. The retirement system is deeply integrated with human capital management to protect employee well-being and enhance organizational loyalty. Contribution allocation is combined with a sustainable investment strategy to create both financial and welfare benefits. We will continue to optimize the system to achieve a win-win situation for employee well-being and corporate stability.

retirement fund accounts
The company will allocate pension funds to special accounts every month/year in accordance with the law to ensure that funds are used for their intended purposes.

Company allocation
We raise 6% of employee salaries every month to demonstrate our long-term commitment to our employees.

staff
The company's formal employees enjoy the right to pension contributions in accordance with the law.

Fund management operations
Professionally managed by banks, supervisory committees/trust institutions, with regular actuarial calculations, to ensure the safety and growth of funds.

Employee retirement benefits
When employees retire, they can receive their pension in one lump sum or in installments to protect their retirement rights and interests.

Corporate Sustainability/ESG
Strengthen talent retention, promote employee sense of belonging, form a positive cycle of sustainable governance, and enhance corporate competitiveness.

1 | Revelation theme and reporting period
The Company discloses its retirement benefit plans in accordance with GRI 201-3, focusing on the establishment of defined benefit plans, funding management, estimation basis, and scope of participation. The reporting period is January 1 to December 31, 2024.

2 | Retirement System Type and Estimation Logic
The Company adopts a defined benefit retirement system. Retirement obligations are estimated using the present value actuarial method in accordance with IAS 19, in compliance with Taiwan's Labor Pension Act. This estimate takes into account discounting and related risk factors.

3 | Sources of Funds and Status of Independent Funds
The Company's pension obligations are funded from general resources and a separate fund has been established with total assets valued at $201,459,742.

4 | Fund Estimation Method and Fund Coverage Ratio
The funding coverage ratio is calculated by dividing the market value of assets by the present value of liabilities. Assumptions include a 3% discount rate, a 4% wage growth rate, and a mortality rate based on the life tables published by the competent authorities. The actuarial basis complies with IAS 19 standards.

5 | Estimation base date and data period
The base date for assessing retirement obligations and funding coverage ratios is December 31, 2024, which is consistent with the reporting period.

6 | Funding Gap and Filling Strategy
The Company has a funding shortfall and will contribute 2% of the total shortfall annually over five years to cover it. The contribution amount will be adjusted based on actuary recommendations. This contribution strategy includes a phased contribution plan and internal financial optimization to ensure fulfillment of obligations.

7 | Contribution ratio and system participation
The company's employer contribution is 6%, and the employee contribution is 3%. The company's contribution for 2024 is NT$209,210,000. The plan applies to full-time employees at our Taiwan headquarters and those in other regions, but does not include temporary staff.

8 | Actuarial standards, regulatory basis and merger consistency
The Company's retirement plan complies with both IAS 19 (Employee Benefits) and Taiwan's Labor Pension Regulations to ensure consistency with the logic of financial consolidation.

9 | Disclosure of Limitations and Exclusions
Temporary workers and those on probation are not included in this estimate; only full-time employees are included. Any new hires becoming regular employees or changes to the system will be included in the 2025 estimate.

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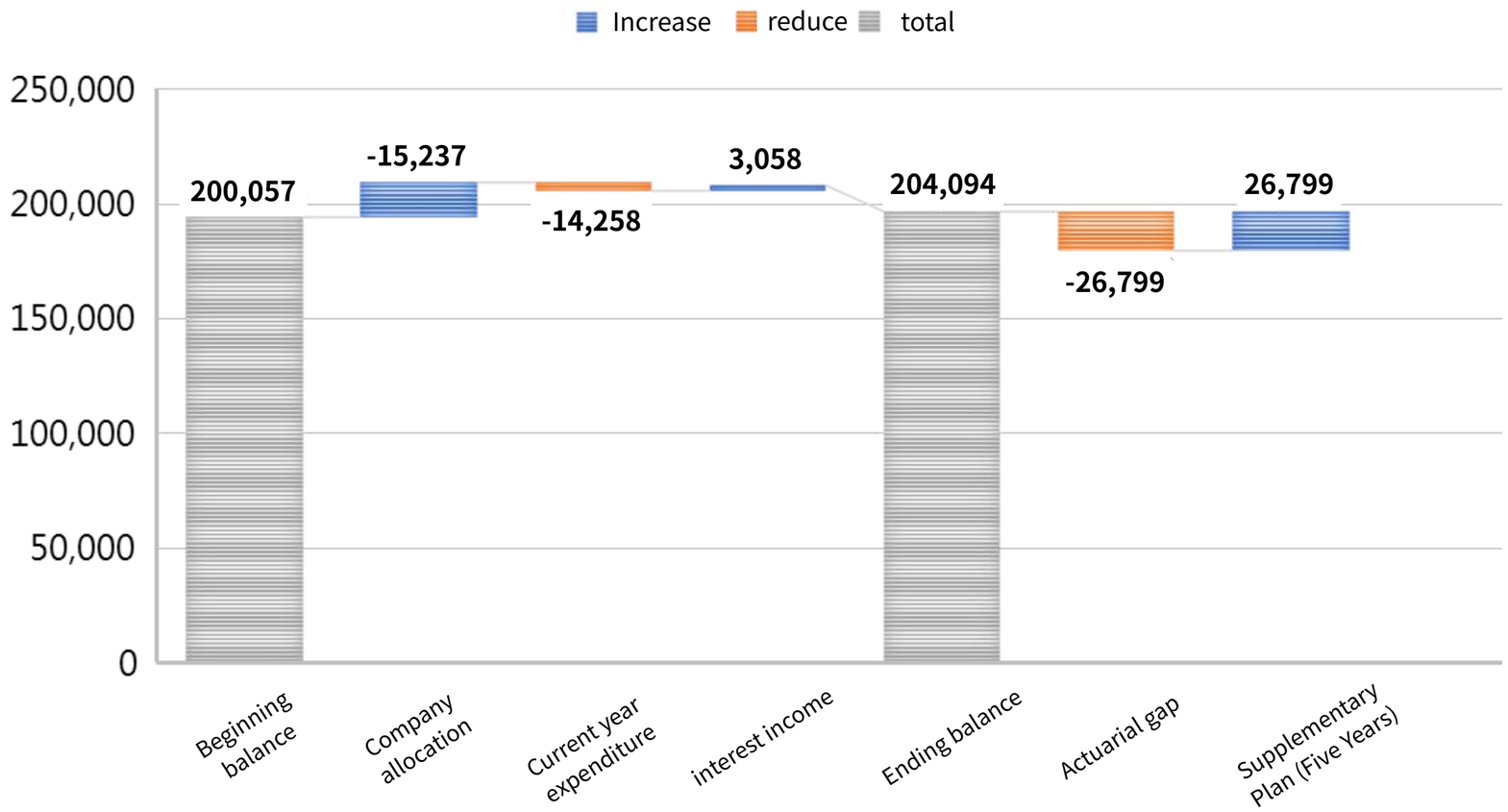
Waterfall chart of annual pension fund flows and actuarial gap filling



Data source: 2014 annual actuarial report and financial report of the company (unit: thousands of yuan)

This figure, presented in a waterfall format, illustrates the 2014 pension fund fund flow and the actuarial shortfall mitigation plan. The ending fund balance is calculated by sequentially adding the company's contributions, investment income, and expenses for the year, revealing the actuarial shortfall amount. The company plans to gradually mitigate the shortfall by contributing 2% annually over the next five years to ensure full protection of employee rights and sustainable business operations.

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Grant Fund Management: Acquisition, Use and Performance Disclosure

GRI 201-4 Financial assistance from the government

Our company has established a government financial assistance system embedded within its ESG governance framework. Through collaboration among our finance, compliance, and sustainability teams, we clearly define and standardize the application, use, and disclosure processes for grants. This process is regularly reviewed by our internal audit mechanism to ensure compliance with regulations and the legitimacy of the resources we receive. We have established a subsidy dependency threshold to prevent over-reliance on external resources, and through training, we reinforce employee understanding and engagement in our grant responsibilities. Disclosures cover R&D grants related to the "Establishment of a Diversified Development Technology and Management Platform for Horizontal Five-Axis Machine Tools" project under the Ministry of Economic Affairs' Industrial Development Administration's Industrial Upgrading Innovation Platform Project. Data is sourced from actual accounting entries and government documents. The total disclosure for fiscal year 2024 is TWD 10,430,000, consistent with consolidated financial reporting principles. With no government equity participation, our board of directors maintains governance independence. We will expand disclosures regarding our overseas locations to continuously optimize the governance of our financial resources.

1 | Revelation theme and reporting period
Our company discloses government financial assistance in accordance with GRI 201-4, focusing on various types of government financial support received in fiscal 2024, including R&D subsidies under the Ministry of Economic Affairs, Industrial Development Administration's Industrial Upgrading and Innovation Platform Program, to ensure transparency and demonstrate responsible resource utilization. The reporting period is fiscal 2024.

2 | Types of Tax Deductions and Credits
The Company did not receive any tax exemptions or credits in 2024, including business income tax, investment credits or rental tax incentives, the amount of which was 0.

3 | Subsidies and Investment/R&D Support
In 2024, our company received a research and development subsidy of NT$10,430,000 (TWD) for the "Establishment of a Diversified Development Technology and Management Platform for Horizontal Five-Axis Machine Tools" under the "Industrial Upgrading and Innovation Platform Project of the Ministry of Economic Affairs, Industrial Development Administration" to offset research and development expenses. Please refer to the annual report for data.

4 | Rewards and royalty exemptions
The Company did not receive any non-recurring government incentives or exemptions from royalties or patent fees in 2024, the amount being zero.

5 | Export Credit and Financing Support
The Company did not obtain any export credit insurance, financing subsidies, interest rate concessions or other export support resources in 2024, and the amount was 0.

6 | Other financial assistance and total amount
Our company received a total of NT$10,430,000 in government financial assistance in fiscal 2024, all of which came from R&D subsidies related to the "Establishment of a Diversified Development Technology and Management Platform for Horizontal Five-Axis Machine Tools" under the Ministry of Economic Affairs' Industrial Development Administration's Industrial Upgrading and Innovation Platform Project. The total amount is consistent with the detailed breakdown, and no other items impacted the financial report.

7 | Subsidy distribution and details by country
The Company's 2024 government financial assistance will be entirely from Taiwan, representing 100%. This distribution is closely related to the Company's primary operations being located in Taiwan, encompassing local policy support with no overseas sources.

8 | Government participation in equity structure
The company has no government shareholding or governance participation. All board members are elected by private shareholders. In 2024, no government agency directly held shares in the company or appointed directors.

9 | Adoption of Accounting Principles and Statement of Consistency
The Company recognizes government financial assistance in accordance with IFRS (International Financial Reporting Standards) and Taiwan Accounting Standards, consistent with its annual financial statements. This principle applies to the calculation and presentation of all related grants, ensuring consistency and comprehensive coverage of the Company's overall financial scope.

10 | Explanation of Disclosure Scope and Restrictions
In 2024, the Company disclosed only government subsidies in Taiwan and no government subsidies or tax exemptions for its overseas locations. Furthermore, the Company, headquartered in Kaohsiung Science Park, leases state-owned land for its facilities and enjoys rental incentives from the Southern Taiwan Science Park Administration. This incentive constitutes non-monetary asset support from the government and is not disclosed separately in the annual subsidy income report. This disclosure does not affect the overall integrity of the information, as overseas operations do not receive such assistance.

2024 GOVERNMENT FINANCIAL ASSISTANCE OVERVIEW

Item	2023	2024
Total R&D Expenditure	264,404	230,697
Less: Government Subsidy Income	25,636	10,430
Net R&D Expenses	238,768	220,267
Total R&D Expenses as a Percentage of Net Operating Revenue	3.47%	4.02%

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Economic Value Framework: Investment Principles and Resource Allocation Rules

GRI 201 Economic Performance

The company has integrated topics such as economic value creation and distribution, retirement obligations, climate risk, and government assistance into its ESG governance framework. Through cross-departmental collaboration and internal audit systems, this system has been established to ensure transparency and adaptability. The company's total direct economic value creation for fiscal 2024 was NT$5,834,058,000, primarily derived from operating income (NT$5,739,349,000), interest income (NT$14,490,000), investment income (NT$80,205,000), and proceeds from asset disposals (NT$14,000). Total distributions amounted to NT$9,248,306,000, covering operating costs (NT$2,930,000), employee salaries and benefits (NT$1,604,417,000), payments to investors (NT$2,615,959,000, including cash dividends of NT$50,965,000, debt interest of NT$126,456,000, and payments to other investors of NT$2,438,538,000), payments to the government (NT$0,000), and community investments (NT$410,000). The retained economic value was -NT$3,414,248,000, reflecting an excess of distributions generated during the period. Further review of the financial structure and operating strategy is required. See the annual report for details. All data is disclosed based on consolidated financial statements, audited by accountants, and maintained through standardized templates and cross-departmental reviews to ensure consistency and traceability.

Regarding retirement obligations, the company adopts a defined contribution system and conducts present value actuarial calculations in accordance with IAS 19, taking into account discount rates of 1.6-3.35%, salary growth rates of 2.25-2.9%, and life tables published by the competent authorities. The 2024 contribution is NT$78,285,000, applicable to all regular employees without regional restrictions. The fund has assets of NT$204,094,000. A five-year contribution plan has been established, with an annual 2% shortfall contribution to ensure system robustness and financial flexibility. The management strategy combines internal budget adjustments with external actuary advice to ensure consistency with financial reporting logic. Temporary and probationary employees are excluded to maintain estimate accuracy and compliance.

Climate financial risk assessment is also integrated into governance, driven by the ESG Committee and the Finance and Operations departments. Using SSP5-8.5 and 1.5°C scenarios, the company designed backup power systems and energy-saving retrofits to address short-term operational disruptions caused by strong typhoons (potential daily losses of NT$4,593.9 thousand) and the impact of medium-term carbon tax increases. The total cost is NT$8,800,000 and covers approximately 80% of production capacity in Taiwan, Vietnam, and Malaysia. Governance procedures include regular rolling of model parameters, integration of internal and external data, and third-party verification. Through 2025, the company will continue to strengthen its financial model to ensure risk assessment coverage and decision-making consistency.

Regarding government aid, we disclose financial subsidies in accordance with IFRS principles. In 2024, totaling NT$10,430,000, these subsidies came from R&D grants related to the "Establishment of a Diversified Development Technology and Management Platform for Horizontal Five-Axis Machine Tools" project under the Ministry of Economic Affairs' Industrial Development Administration's Industrial Upgrading and Innovation Platform Project. These subsidies, which do not include tax deductions or other subsidies, are attributed to the operating department. Data sources include government documents and accounting items. The company has established a threshold for aid dependency, mitigates risks through regular assessments and internal audits, maintains the independence of its Board of Directors, and ensures transparent and efficient resource allocation through institutional design. Going forward, we will gradually disclose information based on the actual situation of our overseas locations to enhance information integrity and external credibility.

Our system emphasizes consistency and foresight. For example, economic value allocation, retirement contributions, and risk assessments are all integrated with annual budgets and operating strategies. These systems also align with international standards such as the CDP questionnaire, the TCFD framework, and the GHG Protocol, demonstrating integrated governance across multiple themes. At the governance level, we have established internal tracking mechanisms and employee training programs to enhance team engagement in data quality and accountability, and regularly review disclosure methods and process efficiency.
Overall, with our multi-site operations around the world, we have established a system designed around risk identification, resource allocation, and long-term responsibility. This not only supports financial stability and information transparency, but also strengthens our commitment to stakeholders and continuously promotes sustainable value creation.

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Tax governance structure: annual review and cross-departmental collaboration

GRI 207-1 Tax Policy

The company has integrated tax strategy into its ESG governance structure, with the finance department as the primary responsible unit. Through a cross-departmental collaboration mechanism, the company integrates finance, legal, and operations to jointly promote tax governance. Major issues are reviewed by the Board of Directors or senior management to ensure that decisions are consistent with the company's sustainability strategy, with particular attention paid to the impact of tax on regional economic development and social responsibility. The company's policies emphasize compliance with Taiwan's tax laws and maintain good communication with tax authorities, with no significant disputes recorded as of the end of 2024.

Tax risk tolerance is clearly defined, encouraging legal tax savings and avoiding any form of tax evasion. This policy is uniformly applied across all operating locations to ensure consistent group governance. The current disclosure focuses on major operating locations in Taiwan, ensuring representativeness and consistency with previous policies. Data sources include actual reports, third-party certifications, and publicly available information on the official website, and an internal audit mechanism ensures accuracy and transparency. The company incorporates sustainability impact assessments to examine tax allocation and social contributions, such as participating in green energy investment policy initiatives to strengthen social connections. Going forward, we will continue to deepen the integration of tax governance and corporate responsibility through annual reviews and tracking of international standards.

1 | Revelation theme and reporting period

The Company will disclose its tax strategy in 2024, covering tax strategy formulation, governance, compliance and sustainable development links, with the aim of demonstrating transparency and responsibility in tax management.

2 | Tax Strategy Document and Summary

The company has developed a tax strategy and policy, which is publicly available on its website at https://www.tongtai.com.tw. This tax strategy highlights the company's commitment to complying with tax regulations, maintaining regular audits and risk communication with tax authorities, and obtaining tax advisory opinions for major transactions. In 2024, the company participated in the Taiwan Machinery Industry Association's tax policy white paper, proposing investment deductions for green energy equipment. The principle of honest taxation is disclosed at shareholder meetings and in annual reports to address investor concerns.

3 | Tax Strategy Management Unit and Inspection Frequency

Our tax strategy is overseen by the Finance and Accounting Department, with significant issues reported to the Board of Directors and senior management. Our tax strategy is reviewed annually, with a cross-functional audit system involving finance, legal, and operations to ensure effective implementation and adjustments.

4 | Compliance attitude and tax avoidance risk tolerance

The company takes a strict approach to tax compliance, adhering to Taiwanese laws and regulations and maintaining communication with tax authorities. As of 2024, the company has no significant tax disputes. We have an internal risk tolerance principle, emphasizing legal tax savings while avoiding any form of tax evasion. Internal guidelines ensure that all transactions comply with regulatory requirements.

5 | Social and Sustainability Impact Assessment of Tax Strategies

The Company's tax strategy assesses the impact on socio-economic distribution and local tax contributions, and regularly reviews tax decisions to ensure they support regional economic development and maintain tax justice and social equity.

6 | Alignment between tax management and sustainable development commitments

All of the Company's operating locations implement unified tax strategies and performance targets, in line with the Group's commitment to ensure that tax management adheres to overall principles.

7 | The degree of integration of tax strategies and ESG

The Company's tax strategy integrates ESG and sustainability principles, incorporates them into the ESG framework, and considers the impact of tax on the environment, society and governance in decision-making. Through internal processes, the Company achieves the connection between tax goals and sustainability commitments.

8 | Scope and Limitations of Disclosure

The Company's tax strategy disclosure only applies to its Taiwan headquarters. Currently, the Company has no cross-border tax obligations. Since its operations are limited to the domestic market, it does not need to deal with cross-border tax matters.

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Tax Information Assurance: Third-Party Verification and Disclosure Integrity

GRI 207-2 Tax governance, control and risk management

Our tax disclosures only cover consolidated subsidiaries and exclude overseas companies not yet consolidated or in which we hold less than a majority stake. This limitation stems from the scope of consolidated financial statements. We will evaluate plans to expand the scope of disclosure in the future to enhance information completeness.

Our company has integrated tax management into its corporate governance system. The finance and accounting department is primarily responsible for day-to-day management, while the board of directors oversees and makes decisions on major tax matters, strengthening institutional accountability and tracking mechanisms. While we don't have a dedicated chapter on tax strategy, we have integrated tax management into our compliance, financial reporting, and risk control processes. Internal audits and annual reviews ensure we address regulatory changes and support operational stability.

Tax risk identification is regularly reviewed by the Finance and Accounting Department, focusing on compliance at our Taiwan headquarters. Currently, we have no special risk projects under overseas or OECD frameworks. We also strengthen employee awareness of tax propriety through compliance education and training. While we don't have an independent integrity promotion mechanism, we have established a basic reporting process to enhance overall governance resilience.

Tax information for 2024 has been incorporated into the CPA-audited consolidated financial statements, enhancing transparency and stakeholder trust. Currently, disclosure is limited to consolidated subsidiaries and excludes overseas locations that have not been consolidated or in which a majority stake is held. Future efforts will evaluate expanding disclosure to strengthen information integrity and sustainable governance.

1 | Revelation theme and reporting period

The Company will disclose information on tax governance and risk control in 2024, covering the design and implementation of relevant systems.

2 | Governance Responsibilities and Roles

Within our company's tax governance structure, the Finance and Accounting Department is responsible for day-to-day tax management, ensuring compliance with legal requirements. Major tax matters are decided and overseen by the Board of Directors, strengthening tax governance accountability and audit mechanisms.

3 | Tax policy and system integration methods

While our company's tax policy doesn't have a dedicated chapter, it's integrated into our overall organizational policies and procedures. Our accounting department handles tax matters in accordance with relevant laws and regulations, and implements and reviews tax policies alongside financial reporting and compliance procedures to ensure tax management is integrated into our overall corporate governance.

4 | Tax Risk Identification and Management Policy

Our company's tax control mechanism regularly assesses and monitors internal compliance through internal audits conducted by the Finance and Accounting Department. Significant irregularities are reported to the Board of Directors for review. While this mechanism does not detail the specific compliance assessment process, it is incorporated into the company's internal control framework to ensure effective tax governance.

5 | Tax control mechanism and assessment method

Our company's tax control mechanism is assessed and monitored through regular internal compliance audits conducted by the Finance and Accounting Department. Significant irregularities are reported to the Board of Directors for review. While this mechanism does not detail the specific compliance assessment process, it is incorporated into the company's internal control framework to ensure the effectiveness of tax governance.

6 | Integrity Education and Risk-Return Mechanism

During the tax filing and financial reporting process, the company conducts regular compliance training and education to enhance employee awareness of tax compliance. While we haven't disclosed a dedicated integrity promotion mechanism, these training sessions contribute to strengthening tax risk management and management.

7 | Information disclosure confidence and verification level

The Company's 2024 consolidated financial statements have been audited and certified by a third-party accountant to ensure the accuracy and reliability of tax-related information.

8 | Disclosure Restrictions and Supplementary Explanations

Our tax disclosures only cover consolidated subsidiaries and exclude overseas companies not yet consolidated or in which we hold less than a majority stake. This limitation stems from the scope of consolidated financial statements. We will evaluate plans to expand the scope of disclosure in the future to enhance information completeness.

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Tax Negotiation System: Honest Tax Payment and Investor Returns

GRI 207-3 Stakeholder Engagement and Management of Tax-Related Issues

Our company upholds the principles of legal tax compliance and integrity, establishing a systematic tax negotiation framework and incorporating the concept of fair taxation into corporate governance. We regularly disclose our tax policies through shareholder meetings and annual reports, and establish a stakeholder communication channel on our website to provide feedback and suggestions, enhancing transparency and responding to external expectations. Regarding negotiations with competent authorities, we maintain regular audits and communication with local tax bureaus, proactively seek tax advice for major transactions, and consider pre-negotiated arrangements when necessary to ensure tax compliance and mitigate the risk of disputes. This system has become a core component of our corporate governance, contributing to the stability of our tax operations and fostering trust.

In 2024, the company participated in the drafting of the Taiwan Machinery Industry Association's tax policy white paper, proposing recommendations on topics such as green energy investment credits and tax incentives for R&D expenditures. We support sustainability-oriented tax reforms and publicly disclose our position to ensure alignment with industry consensus and enhance transparency in policy engagement. We have established a regular stakeholder feedback mechanism, addressing investor and regulatory concerns through shareholder meetings and annual reports to further refine our tax strategy and strengthen risk management. These interactions provide key insights for optimizing the system and enhance governance resilience. The system currently covers our Taiwan operations (parent company and Taiwanese subsidiaries), and will be gradually implemented for overseas locations by 2026 to achieve globally consistent tax compliance standards and information disclosure.

1 | Revelation theme and reporting period

The Company's disclosure of tax stakeholder engagement and policy participation covers the 2024 reporting period.

2 | Stakeholders negotiate policy guidelines

The Company pays taxes in accordance with the law and addresses investor concerns regarding tax policies and the principle of tax integrity through regular shareholder meetings and annual report disclosures. The Company has established a dedicated stakeholder communication channel, and contact information is disclosed on its website and in the annual report.

3 | Methods of negotiation with tax authorities

The Company maintains regular audit response and risk communication mechanisms with local tax bureaus, and obtains tax advice in accordance with regulations for major transactions to reduce potential dispute risks.

4 | Public Policy Participation and Transparency Commitment

In 2024, our company participated in the writing of the Taiwan Machinery Association's tax policy white paper and made recommendations on green energy investment deductions and tax incentives for R&D expenditures.

5 | Mechanism for collecting opinions from stakeholders

The Company responds to the concerns of investors and regulators through Q&A sessions at shareholders' meetings and public disclosures in the annual report.

6 | Disclosure Restrictions and Supplementary Explanations

The Company's disclosure only covers the Company and its main operating locations in Taiwan, and does not include overseas subsidiaries.

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Regional Operational Tax Burden: Structural Analysis and Risk Control

GRI 207-4 Country-by-Country Reporting

We have established a tax transparency governance framework, incorporating the disclosure of national tax information into our financial governance and ESG mechanisms. Through the division of responsibilities among the finance, tax, and legal departments, combined with internal control systems and regular audits, we ensure data accuracy and compliance. For example, we hold regular audit meetings to review our tax filing process, addressing stakeholders' expectations for transparency.

The tax information we disclose is based on consolidated financial statements and official filings to ensure consistency with the annual report. Discrepancies between earnings, assets, and tax amounts primarily arise from accounting treatment differences, such as tax losses and deferred taxes, and are explained in the report to enhance understanding.

This report covers major operating locations within Taiwan's tax jurisdiction, including Tongtai Precision Machinery's machine tool business. Data is sourced from a single source, eliminating any discrepancies between country-specific data. All information is based on consolidated reporting standards, not estimates, and is verified through internal audit and verification procedures. Relevant records are maintained to enhance the credibility of this information.

In response to tax uncertainties, we have established a risk tracking and response mechanism. Although there are no major disputes at present, we continue to monitor potential risks through legal consultation and communication with the competent authorities. If necessary, we will initiate objection procedures.

In the future, we will continue to strengthen the quality of tax information, compliance coverage and cross-border governance capabilities, and demonstrate our commitment to honest tax payment and responsible governance through system upgrades and education and training.

1 | Revelation theme and reporting period

This report focuses on national-level tax information disclosure within tax jurisdictions, covering relevant data and management practices for 2024 to ensure that tax transparency meets the expectations of stakeholders.

2 | Operating entity information and number of entities

The Company's principal operating entity in Taiwan is Tongtai Precision Machinery Co., Ltd., whose principal business activities include the design, manufacture, and sale of machine tools. If a non-taxable entity exists, the Company will provide additional information to maintain the completeness of the disclosure.

3 | Financial Information and Pre-tax Earnings

The Company's consolidated operating revenue for the reporting period was NT$5,739,349,000, representing third-party revenue from external sales. Revenue from intra-group transactions was not disclosed in the annual report. Consolidated pre-tax profit was -NT$356,735,000, as reported on page 109 of the 2014 Consolidated Financial Statements. The Company notes that the discrepancy between third-party revenue and pre-tax profit primarily reflects operating costs and market fluctuations. Disclosure restrictions include not separately disclosing the details of intra-group transactions in the annual report.

4 | Income Tax Information and Differences

The Company's actual income tax payments for fiscal year 2024 were NT$0, with no cash tax liability incurred due to tax losses. The Company recorded income tax expense of NT$-81,913,000, as per page 110 of the annual report. The discrepancy between actual and recorded income taxes was primarily due to the negative income tax expense resulting from tax losses in the current year, primarily attributable to the recognition of deferred tax benefits. This discrepancy reflects the timing of financial reporting estimates and tax filings.

5 | Employee Size and Salary Information

During the reporting period, the Company had 610 employees, calculated on a full-time equivalent (FTE) basis, including regular employees but excluding temporary employees. Total compensation was NT$412,000,000, as per the consolidated salary and employee benefit expense data on page 99 of the 2024 Annual Report. The Company does not utilize estimates; all data is based on actual records.

6 | Tax Withholding and Collection Information

Our company's withholding taxes are primarily limited to payroll-related taxes, and the details are not disclosed in our annual reports. Taxes collected on behalf of clients are also not disclosed in our annual reports. Our company complies with the tax bureau's classification standards for reporting and transparent management to ensure compliance.

7 | Tax subsidies and special tax items

During the reporting period, the Company received NT$10,430,000 in tax subsidies, primarily from R&D grants. Data is from page 159 of the annual report; special tax items are not disclosed in the annual report. The Company would like to clarify that these tax incentives apply to industrial R&D activities and are subject to reporting obligations. We ensure compliance with local tax requirements through internal compliance procedures.

8 | Tax Controversy and Uncertainty

The Company experienced no material tax uncertainties during the reporting period, and the annual report does not disclose any tax litigation or tax recovery disputes. The Company added that should potential disputes arise, such as diverging interpretations or disputes over tax rates, the Company will assess the progress of these disputes through internal risk management measures, including regular reviews and legal consultation.

9 | Scope and Limitations of Disclosure

The tax information on this page is based on the 2014 consolidated financial statements and covers all consolidated subsidiaries and affiliates, all of which fall under the tax jurisdiction of Taiwan. The Company has no disclosure restrictions to maintain consistency and transparency in its disclosures.

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Tax transparency process: reporting, auditing and improvement tracking

GRI 207 Tax

Tongtai Precision Machinery considers tax governance a core component of corporate governance. Through institutionalized policies, division of responsibilities, and risk management, we ensure tax compliance and information transparency. The Finance and Accounting Department is responsible for developing and implementing the tax strategy, which covers legal reporting, communication mechanisms with tax authorities, and the tax consultation process for major transactions. This strategy is publicly available on the company website. This policy is reviewed annually with cross-departmental participation from finance, legal, and operations to ensure alignment with ESG guidelines, balancing economic contribution and social equity.

The Board of Directors oversees major tax issues. Tax risk management is integrated into the company's internal control system, with regular internal audits conducted by the Finance and Accounting Department and submitted to the Board for review when necessary. We clearly define our risk tolerance and only engage in legal tax-saving practices, eliminating all forms of tax evasion. In fiscal year 2024, the company will have no international operations or overseas disclosure obligations. Disclosure will be limited to our Taiwan headquarters and consolidated subsidiaries; future expansion to overseas locations will be considered based on development.

We have established a tax information transparency framework. In 2024, consolidated operating revenue was NT$5.739 billion, pre-tax losses were NT$357 million, and income tax expense was negative NT$81.91 million, primarily due to the recognition of deferred tax benefits. This information is sourced from audited financial statements. We have 610 employees (full-time equivalents), total compensation of NT$412 million, and R&D subsidies of NT$10.43 million. We have no record of significant tax disputes or penalties.

Regarding tax negotiations, we gather stakeholder input through shareholder meetings, annual report disclosures, and our official website. In 2024, we participated in the development of the Taiwan Machinery Industry Association's tax policy white paper, proposing green energy investment deductions, a concrete response to policy initiatives and the integration of sustainable value. The company also enhances employee awareness of tax integrity and compliance through internal training. While there's no dedicated mechanism, tax and financial reporting procedures are incorporated into integrity management training.

We have embedded tax risk assessment and response mechanisms into our ESG governance framework, regularly tracking regulatory changes and potential disputes. Although no relevant disputes are currently occurring, we maintain early warning and legal consultation processes to maintain institutional resilience. Regarding the quality of information disclosure, the company has established internal review and third-party verification processes to enhance data accuracy and consistency. We plan to introduce negotiation and disclosure procedures for overseas locations by 2026.

Through the above governance mechanisms, we implement the principles of responsible taxation, strengthen dialogue with stakeholders, continuously optimize systems, and contribute to corporate sustainability and a fair society.

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3.1 Reporting scope and period

GRI 2-2｜Entities included in the organization's sustainability report

To ensure the completeness and consistency of information disclosed in the sustainability report, Tongtai Precision Machinery, in accordance with the requirements of Section 2-2 of GRI 2: General Disclosure 2021, explains the scope of entities covered in this report, the differences with the financial statements, and the method of integrating information as follows:

1｜Entities included in sustainability reporting

This report, compiled primarily for Tongtai Precision Machinery Co., Ltd. (the parent company), discloses sustainability information covering governance, strategy, environment, and society. It also appropriately incorporates information on the systems, practices, and performance of subsidiaries in Taiwan that are highly relevant to operations (such as Huatai Precision Machinery, Asia Pacific Elite, and Dongye Precision) to reflect the overall achievements in promoting sustainable governance.

As of the end of 2024, the Company's major related entities in which it has controlling rights or shareholding interests are as follows (see the Appendix for a complete list):

- Taiwan: Huatai Machinery, Asia Pacific Elite, Rongtian Machinery, Dongye Precision, Dongfeng Machinery, etc.
- Overseas: Dongyu Precision Machinery (Shanghai), Suzhou Dongyu, PCI-SCEMM (France), ANGER Machining (Austria) and other subsidiaries and investment holding companies

This report does not yet cover the sustainability performance information of all overseas subsidiaries and minority-controlled businesses. We will continue to evaluate the expansion of coverage based on the feasibility of data collection and the extent of impact.

2｜Differences from the Entity List included in financial reports

The Company's financial statements are audited consolidated financial statements covering all domestic and foreign subsidiaries and investments under its control and are prepared in accordance with International Financial Reporting Standards (IFRS).

However, this perpetual report uses the parent company as the disclosure subject, providing supplementary disclosures only regarding the institutional arrangements or representative practices of its subsidiaries. This slightly differs from the consolidated entity list included in the financial statements. These differences are primarily due to the fact that some overseas subsidiaries are not fully included in the perpetual information inventory due to their operational nature, scale, or data availability.

Readers may refer to the 2024 Consolidated Financial Statements (Note 9: Affiliated Companies) for the list of entities and shareholding structure covered in the financial statements.

3｜Methods of integrating information

The information integration of this report is centered on the parent company, and the information of affiliated companies is handled according to the following principles:

- c-i. Adjustment of Minority Shareholders' Interests
  This report does not disclose adjustments for non-wholly owned or minority-owned businesses. Subsidiary information cited is used solely to illustrate system implementation or benchmarking practices and does not include further consolidated data.
- c-ii. Merger, Acquisition, and Disposal Considerations
  If there are any major mergers or disposals during the reporting period (such as the delisting of Rongtian Precision Machinery in 2024), their impact and data processing principles will be explained in each unit to avoid confusion in timing or misjudgment of information.
- c-iii. Integration with various disclosure items or major themes
  Each thematic unit will incorporate related enterprise systems or case studies, as appropriate, based on its nature. However, performance data will, in principle, be limited to the parent company. Future disclosure expansion mechanisms will be planned and implemented based on the results of materiality assessments and risk disclosure requirements.

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Basic information of affiliated companies (as of December 31, 2014)

No.	Company Name	Establishment Date	Address	Main Business or Production Items
1	TONG FONG MACHINE INDUSTRY CO., LTD.	88.06.09	Lujhu District, Kaohsiung City	Electrical Automation Assembly and Trading
2	ASIA PACIFIC ELITE CORP.	92.01.03	Nantun District, Taichung City	Manufacturing and Sales of Mechanical Equipment
3	Quick-Tech Machinery Co., Ltd.	85.10.16	Lujhu District, Kaohsiung City	Various Machinery Manufacturing and Trading
4	RON TAI PRECISION MACHINERY CO., LTD.	76.05.21	Lujhu District, Kaohsiung City	Various Machinery Manufacturing and Trading
5	TONG YEH PRECISION CO., LTD.	87.02.09	Lujhu District, Kaohsiung City	Mechanical Parts Manufacturing and Processing
6	Union Top Industrial (SAMOA) Limited	92.05.19	Apia, Samoa	Investment Holding
7	Tong-Yu Precision Machinery (Shanghai) Co., Ltd.	87.05.27	Shanghai Minhang District	Trading and Maintenance Services for Machine Tools
8	Tong-Yu Precision Machinery (Suzhou) Co., Ltd.	92.10.17	Wujiang Economic and Technological Development Zone, Jiangsu Province	Manufacturing of digitally controlled machine tools and digital control systems
9	Shanghai Tongtai Xin Trading Co., Ltd.	93.05.18	China (Shanghai) Free Trade Pilot Zone	International Trade and Transshipment Trade
10	Great Pursuit Limited	99.09.10	Apia, Samoa	Investment Holding
11	HTX Electronics (Shenzhen) Co., Ltd.	100.03.28	Bao'an District, Shenzhen City	Manufacturing and Trading of High-Tier Circuit Boards
12	Tongtai Machine & Tool Japan Co., LTD.	100.01.05	Matsudo City, Chiba Prefecture, Japan	Various Machinery Manufacturing and Trading
13	SKTD Co., Ltd.	105.07.22	Matsudo City, Chiba Prefecture, Japan	Machine Tool and Peripheral Equipment Development and Design
14	TongTai Machinery Co., Ltd.	82.02.03	Samutprakarn, Thailand	Specialized Machines and Similar Product Sales
15	TongTai Seiki Vietnam Co., Ltd.	102.06.04	Hanoi, Vietnam	Specialized Machines and Similar Product Sales

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16	Tongtai Machine Tool (SEA) Sdn. Bhd.	101.12.21	Selangor, Malaysia	Specialized Machines and Similar Product Sales
17	Tongtai Machine Tool (MFG) Sdn. Bhd.	101.12.21	Selangor, Malaysia	Various Machinery Manufacturing and Trading
18	Tong-Tai Seiki U.S.A, INC.	93.01.02	Columbus, Indiana, USA	Machine Equipment Sales
19	TTGROUP AMERICA, INC.	112.11.02	Fairfield, Ohio, USA	Machine Equipment Sales
20	Tongtai Mexico, S.A. DE C.V.	107.12.07	San Luis Potosí, Mexico	Trading and Maintenance Services for Machine Tools
21	PCI-SCEMM	29.10.28	Saint- Etienne, France	Machine Tool Manufacturing, Sales, and Repair Services
22	TTGroup France	107.01.22	Saint- Etienne, France	Product Trading
23	CERIMATEC	111.12.30	Louviers, France	Machine Tool Manufacturing, Sales, and Repair Services
24	Tongtai Europe B.V.	94.04.28	Gilze, The Netherlands	Product Trading
25	Tongan GmbH	104.05.19	Traun, Austria	Investment Holding
26	Mbi-group Beteiligung GmbH	94.10.07	Traun, Austria	Investment Holding
27	Anger Machining GmbH	61.01.21	Traun, Austria	Machine Tool Manufacturing, Sales, and Repair Services
28	Anger Machining Inc.	100.04.27	Ann Arbor, Michigan, USA	Machine Tool Sales and Repair Services
29	Anger Service Deutschland GmbH	100.01.26	Rottenburg am Neckar, Germany	Machine Tool Sales and Repair Services

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GRI 2-3 | Reporting period, frequency and contact points

- This report covers the period from January 1, 2024, to December 31, 2024, with an annual reporting frequency that coincides with the company's financial reporting period.
- This report is published on August 30, 2025.
- This report was compiled by the Sustainability Office. If you have any questions about the content, please contact:
- Contact: Zhou Shengyu, Assistant Manager (Permanent Office)
- Tel: 07-9761588
- Email: esg@tongtai.com.tw

GRI 2-4 | Restatement of Information

This report recompiles the greenhouse gas emissions data for 2023 to reflect the latest emissions calculation logic and improve comparability across periods.

Reasons for re-editing include:

1. In 2024, a new carbon inventory system will be introduced (in compliance with the GHG Protocol update guidelines).
2. Revised the calculation logic and emission factors for Scope 3 emissions, particularly for the logistics, transportation, and outsourced processing stages.
3. The original 2023 data contained some inconsistent assumptions, which were corrected to improve the accuracy of definitions and schedule classifications.

Recompilation results and impact:

The adjustments show that Scope 3 emissions in 2023 decreased by approximately 12% compared to the originally reported data. The main impact was due to updates to logistics routes and the estimation method of external transport ton-kilometers.

Re-editing benefits:

- Improve horizontal comparison and trend analysis of carbon emission data over the years.
- Providing a more accurate baseline year emissions figure for updating the company’ s net zero path and target setting.
- Improve the credibility of data disclosed to the outside world and reduce the risk of major misjudgments.
- The revised information applies to all subsequent historical emission trend charts, KPI statistics, and emission reduction performance evaluation benchmarks.

GRI 2-5 | External Assurance

This disclosure describes the current status and plans of Tongtai Precision Machinery's external assurance of sustainability information for 2024 in accordance with GRI 2-5 requirements, with the aim of enhancing the credibility and transparency of the information.

Tongtai Precision Machinery will fully implement the GHG Protocol greenhouse gas inventory in 2024, covering Scopes 1 through 3, including its overseas subsidiaries, as a foundation for establishing carbon emissions management and carbon reduction path planning. The results of the inventory are expected to be disclosed in the company's sustainability report in 2025, and an independent third-party verification will be commissioned to ensure data accuracy and procedural compliance.

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3.2 Stakeholders and Negotiation Methods

GRI 2-29 | Stakeholder Engagement Policy

This disclosure, in accordance with GRI 2-29, describes the stakeholder engagement policy of Tongtai Precision Machinery Co., Ltd. (hereinafter referred to as "Tongtai"), including stakeholder categories and identification methods, engagement objectives, specific measures, and future improvement directions, to ensure that operational activities are consistent with stakeholder expectations and promote the effective management of ESG issues.

1 | Types of stakeholders and their identification methods

(1) Categories of major stakeholders
- Employees: including regular employees, foreign employees and dispatched personnel, are the core pillars of the company's operations.
- Shareholders: provide financial support and influence corporate financial and governance decisions.
- Customers: Enterprises or individuals who use Tongtai products and services and have high expectations for product quality and sustainability.
- Suppliers: Partners involved in the supply chain are crucial to sustainable supply chain management.
- Community: The local residents where the company operates, who are directly affected by environmental and social impacts.
- Government agencies: Responsible for regulatory oversight and policy development, impacting a company' s compliance and public accountability.

(2) Identification process
- Impact and dependency analysis: Assess the extent to which the company's activities affect various groups and their impact on the company's strategic objectives.
- Value chain analysis: Review the supply chain and product life cycle to identify key stakeholders.
- Inclusive considerations: Pay special attention to the participation rights of vulnerable groups (such as foreign employees and dispatched personnel).
- Institutionalized Assessment: The Sustainability Office conducts classification and coordinated action planning annually to ensure that identification is consistent with changes in the operating environment.

2 | Purpose of Stakeholders' Negotiation

(1) Identifying actual and potential shocks
- Through dialogue, we understand the positive and negative impacts of our operations on the environment, society, and economy, such as supply chain carbon emissions and employee labor rights demands.

(2) Ranking of major issues
- The results of the negotiations are used as the basis for materiality identification, and high-impact sustainability issues (such as energy efficiency, labor conditions, and supply chain sustainability) are given priority.

(3) Supporting strategic decision-making
- Incorporate stakeholder input into strategic discussions to enhance contributions to SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production).

(4) Enhance trust and transparency
- Build long-term trust and enhance social recognition through open and honest communication.

3 | Measures to ensure meaningful negotiation

(1) Diversified negotiation methods
- Annual questionnaire: Collect opinions on sustainability issues.
- Department Feedback Meetings: Facilitate dialogue between employees and management.
- Supplier Sustainability Day: Discuss sustainable supply chain standards with suppliers.
- Community visits: Firsthand understanding of community concerns about the environment and employment.

(2) Inclusive measures for vulnerable groups
- Establish a multilingual communication mechanism, provide multilingual questionnaires and meeting materials, and arrange translation services.

(3) Systematic feedback and integration
- The Sustainability Office will summarize the results, incorporate them into materiality identification and strategic discussions, and brief the Board of Directors.

(4) Sustainability and transparency
- Regular meetings (annual questionnaire, supplier sustainability day) are held to consolidate and publicly disclose the results and explain how the feedback has influenced the strategy.

4 | Future Improvement Directions

(1) Public disclosure of negotiation results
- Describe key issues and strategic impacts in the sustainability report.

(2) Digital negotiation platform
- Improve the ease of participation of geographically dispersed stakeholders.

(3) Feedback loop
- Clearly inform the status of the opinions adopted or the reasons for not adopting them.

(4) Third-party verification
- External bodies review the negotiation process to ensure compliance with international standards (such as AA1000).

5. Conclusion and Future Outlook
- Tongtai ensures that operations are aligned with stakeholder expectations and effectively manages sustainability issues through systematic identification, clear objectives, and diverse negotiation methods.
- Multilingual communication mechanisms and institutionalized processes for vulnerable groups demonstrate inclusiveness and transparency.
- In the future, we will continue to optimize the negotiation process through digitization, public disclosure and third-party verification, and enhance the influence and credibility of global sustainable development.

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3.3 Materiality Identification Method

GRI 3-1｜Process for Determining Material Topics

Tongtai Precision Machinery, in accordance with the Global Reporting Initiative (GRI) Guidelines for GRI 3: Material Topics 2021, has designed and implemented a systematic materiality analysis process within its manufacturing operations to identify, manage, and report on its significant impacts on the economy, the environment, and people (including human rights). This article details Tongtai Precision Machinery's material topic determination process for 2024, the list of material topics, and its management measures, based on the disclosure requirements of GRI 3-1, 3-2, and 3-3. It also discusses the role of stakeholder engagement and the tracking of action effectiveness.

1｜Major Theme Decision Process

Tongtai Precision Machinery's materiality analysis process consists of five stages: preliminary compilation of issues, identification of internal and external impacts, dual-axis assessment of significance, stakeholder questionnaire survey, and final issue confirmation and governance review. The following describes how each stage meets the requirements of GRI 3-1:

(1) Identification of actual and potential impacts Tongtai Precision Machinery identifies the actual and potential, positive and negative impacts of its activities and business relationships on the economy, environment, and people (including human rights) through the following methods:

・Preliminary summary: Through internal data analysis (such as energy consumption and labor conditions data), industry trend research and preliminary opinions from stakeholders, potential issues are summarized, covering economic performance, carbon management, integrity management, occupational safety, employee care, supply chain management and the application of AI in manufacturing management.

・Internal and external impact identification: Conduct a comprehensive assessment of organizational operations (e.g., factory emissions, employee safety) and value chains (e.g., supplier environmental compliance, customer demand for smart manufacturing). Use risk assessment tools and environmental and social impact assessments to identify actual impacts (e.g., emissions from energy use) and potential impacts (e.g., risks to labor conditions in the supply chain or AI data privacy issues).

・Stakeholder and expert engagement: Conduct interviews with employees, suppliers, customers, investors, and technical and environmental experts. For example, discuss AI application needs with customers and evaluate carbon management strategies with environmental experts.

・Reference to benchmarks and standards: Refer to machine tool industry benchmarks (such as DMG MORI’s emphasis on carbon neutrality and energy efficiency), SASB industrial machinery and equipment standards, IFRS S1 and S2 (climate financial disclosures), and respond in advance to the drafts of GRI 102: Climate Change (2025) and GRI 103: Energy (2025), incorporating Scope 1–3 emissions and upstream and downstream energy efficiency assessment perspectives to strengthen the systematic identification of climate and energy-related issues.

(2) Prioritize reporting based on impact significance. Tongtai Precision Machinery uses a dual-axis evaluation method to assess the significance of impact based on two dimensions: "importance to stakeholders" and "degree of impact on the organization":

・Assessment Methodology: Using a quantitative scoring matrix (1–5 points), the significance threshold is set at 3.5, with an average score on both axes. The assessment considers the severity of the impact (e.g., the impact of carbon emissions on the climate), the scope (the number of people or regions affected), and the likelihood (the probability of a potential risk occurring).

・Ranking and Confirmation: The results of the significance assessment will be compiled by the Sustainability Promotion Group, ranked, and submitted to the Sustainability Committee for review and approval by the Board of Directors. Ten material themes will be confirmed for 2024:

・Greenhouse Gas Emissions Management (GRI 305 Emissions)
・Raw Materials Management (GRI 301 Materials)
・Energy Use and Efficiency (GRI 302 Energy)
・Occupational Health and Safety (GRI 403 Occupational Health and Safety)
・Supplier Environmental Assessment Management (GRI 308 Supplier Environmental Assessment)
・Labor Relations (GRI 401 Labor Relations)
・Waste Management (GRI 306 Waste)
・Employee Training and Skills Development (GRI 404 Training and Education)
・Supply Chain Social Assessment Management (GRI 414 Supply Chain Social Assessment)
・Business Ethics and Anti-Corruption (GRI 205 Anti-Corruption)

2｜Stakeholders and experts providing perspectives

Tongtai Precision Machinery consults with the following stakeholders and experts during the process, actively incorporating diverse perspectives to ensure the representativeness of the topics, the comprehensiveness of impact identification, and the rationality of the disclosure content:

(1) Internal stakeholders: senior management, department heads, and employees, who provide operational impact perspectives through internal meetings and questionnaires, such as employee suggestions on occupational safety.

(2) External stakeholders: customers (focused on AI applications and product quality), suppliers (focused on environmental compliance), investors, and local communities, who provide input through questionnaires and public consultations.

(3) Experts: Environmental experts (to provide carbon management advice), AI and data governance experts (to assess privacy and ethical risks of smart manufacturing), and industry consultants (to verify the comprehensiveness of impact identification). Consultation methods include questionnaires (scoring threshold 3.5 points), focus groups, and expert interviews to ensure an inclusive and transparent process.

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3.4 List of major topics

GRI 3-2 | Major Theme List

Tongtai Precision Machinery, in accordance with the Global Reporting Initiative (GRI) Guidelines for GRI 3: Material Topics 2021, has designed and implemented a systematic materiality analysis process within its manufacturing operations to identify, manage, and report on its significant impacts on the economy, the environment, and people (including human rights). This article details Tongtai Precision Machinery's material topic determination process for 2024, the list of material topics, and its management measures, based on the disclosure requirements of GRI 3-1, 3-2, and 3-3. It also discusses the role of stakeholder engagement and the tracking of action effectiveness.

1 | List of major topics

(1) 10 major themes identified in 2024

- Greenhouse Gas Emissions Management (GRI 305 Emissions): Reduce carbon emissions in operations and the value chain in response to climate change and international carbon reduction regulations.
- Raw Materials Management (GRI 301 Materials): Manage the procurement and use efficiency of raw materials to promote resource sustainability and circularity.
- Energy Use and Efficiency (GRI 302 Energy): Improve energy efficiency and usage management to reduce energy intensity and operating costs.
- Occupational Health and Safety (GRI 403 Occupational Health and Safety): Maintain workplace safety and strengthen risk prevention and accident response capabilities.
- Supplier Environmental Assessment Management (GRI 308 Supplier Environmental Assessment): Evaluate suppliers' environmental performance and regulatory compliance to strengthen sustainable procurement management.
- Labor Relations (GRI 401 Labor Relations): Guarantee employment conditions and human rights, and maintain stable employee relations and retention rates.
- Waste Management (GRI 306 Waste): Control waste generated during production and operations, and implement responsibilities for reduction, classification and disposal.
- Employee training and skills development (GRI 404 Training and Education): Strengthen talent training and skills development, and enhance employee functional and career development opportunities.
- Supply Chain Social Assessment Management (GRI 414 Supply Chain Social Assessment): Assess suppliers' social responsibility performance, including labor rights and human rights risks.
- Business Ethics and Anti-Corruption (GRI 205 Anti-Corruption): Establish a culture of integrity, prevent fraud and corruption, and ensure legal and transparent operations.

2 | Changes from the previous reporting period

(1) Remove a topic

- Economic Performance (GRI 201): This will be designated as the primary theme in 2023 but will not be included in the 10 material themes in 2024. This is primarily due to organizations shifting their focus to non-financial impacts and stakeholder-focused issues (such as climate risk and supply chain responsibility). Furthermore, financial performance is already fully disclosed in financial reports, eliminating the need for repeated disclosure within the sustainability theme.

(2) Add new topics

- Raw material use (GRI 301): Not disclosed separately in 2023, added in 2024 in response to circular economy policies and green procurement trends.
- Energy (GRI 302) and Waste Management (GRI 306): Previously included in the overall environmental topic, they have been refined into independent topics to enhance management focus and disclosure clarity.
- Training and Education (GRI 404): Originally included in "Employee Care", it was upgraded to an independent theme in 2024 in response to the needs of talent transformation and skills upgrading.

(3) Topic splitting

- The original "Supply Chain Management (GRI 308, GRI 414)" is split into Supplier Environmental Assessment (GRI 308) and Supplier Social Assessment (GRI 414) to correspond to different supplier management aspects and goals.

(4) Other adjustments

- Themes such as economic performance and carbon management remain consistent, but carbon management has become a higher priority due to global pressure to reduce carbon emissions.
- Reasons for changes include process optimization, regulatory requirements and changes in stakeholder expectations.

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3.5 Major Theme Management

1 | GRI 305 | Greenhouse Gas Emissions Management

a. Actual and potential, positive/negative impacts
- Practical positives: Introducing energy-saving technologies and AI energy management systems to reduce carbon footprint and energy waste.
- Actual negative: Self-operation and logistics cause S1/S2 emissions; upstream key materials and outsourced transportation contribute to S3 emissions.
- Potential downside: Failure to meet carbon reduction targets may lead to regulatory penalties and customer scrutiny.
- Affected Population/Value Chain Location/Geography: Employees, suppliers, and communities; upstream suppliers/self-operated businesses/downstream customers; Taiwan and overseas locations.

b. Activities or business relationships involving negative impacts
- Activities: Processes and equipment rely on fossil fuels; transportation and utilities use conventional energy.
- Business Relationships: Energy-intensive suppliers and shippers increase S3’s emissions and reputational risks.
- Nexus determination: Part of the impact is caused/contributed to the company's activities; part of the impact is directly related to the company's operations, products or services through business relationships.

c. Policies and Commitments
- By 2030, S1+S2 will be reduced by 30% ([base year], [organizational boundary], [intensity/absolute amount]).
- Management stance: Comply with regulations and gradually exceed them; follow official intergovernmental documents and market best practices.
- Governance and Resources: Oversight by the highest governance unit; division of labor among operations/engineering/procurement departments; annual energy-saving investment and project review process.

d. Actions taken (managing shocks)
- d-i Prevention/mitigation of potential negative impacts: replacement of energy-intensive processes, AI load optimization, procurement of green electricity and renewable energy, and facility adaptation.
- d-ii Addressing actual negative impacts (including remediation): Annual greenhouse gas inventory and external verification; correction of abnormal emissions; supplier emission reduction improvements and complaint/remediation channels (see 2-25).
- d-iii Managing positive impacts: Creating cost savings and competitiveness through energy-saving projects and promoting low-carbon products and services.

e. Tracking effectiveness of actions
- e-i process: Monthly KPI monitoring; internal control/internal audit; outsourcing audits when necessary; collecting stakeholder feedback.
- e-ii Goals/targets/indicators: S1/S2, key S3 categories, energy intensity, share of renewable energy, emission reductions; qualitative indicators supplemented by scenario descriptions.
- e-iii Effectiveness: Disclose annual progress and whether targets have been met; if targets have not been met, explain the reasons and corrective measures.
- e-iv Internalize lessons learned: Incorporate project lessons into SOPs/investment decisions and procurement specifications; openly communicate potential negative impacts and how to address them.

f. The impact of stakeholder engagement on action and effectiveness
- Target audience and frequency: Customers (annual review/project negotiation), employees (ongoing; occupational safety/energy conservation proposals), suppliers (annual audit and emission reduction agreement).
- How it affects: Customers demand data transparency → Prioritize the introduction of smart energy; Supplier negotiations → Increase the improvement frequency of high-risk suppliers; Employee feedback → Expand the scope of smart monitoring.
- Method principles: two-way, responsive, continuous, and negotiated before decision-making; unified description methods and classifications at 2-29.

2 | GRI 301 | Raw Materials Management

a. Overall impact (economy, environment, human rights)
- Actual positives: Recycled/alternative materials and AI material optimization reduce usage and environmental impact.
- Actual negatives: High-impact mining or materials of unknown origin pose ecological risks.
- Potential negative impact: Shortages or price fluctuations of key raw materials could impact costs and operational resilience.
- Affected Population/Location/Geography: Upstream suppliers, local communities; upstream/self-operated; domestic and overseas locations.

b. Negative impact relationships (activities/business relationships)
- Activity: Insufficient process design, classification and traceability management of high-consumables.
- Business relationships: Suppliers who fail to exercise due diligence create environmental and reputational risks.
- Determination of association: Partially caused/promoted by company activities; partly directly related through business relationships.

c. Policies and Commitments (this topic)
- Prioritize the use of traceable, recycled or low-impact materials; gradually exceed regulations (refer to 2-23/2-24).
- Governance and Resources: Joint governance of R&D, procurement, and manufacturing; annual review of alternative material projects and budgets.

d. Action plan (preventive/remedial/positive)
- d-i Prevention and Mitigation (Potentially Negative): Design cost reduction, BOM optimization, AI demand forecasting, and inventory control.
- d-ii Remediation and Disposition (actual negative): Source audit and improvement plan; complaint and redress mechanism (refer to 2-25/2-26).
- d-iii Positive impact management: Expanding circular material solutions and co-developing low-impact designs with customers.

e. Results tracking and evaluation (process | target indicators | effectiveness | internalization)
- e-i tracking process: monthly/quarterly KPI monitoring, internal audit and random verification.
- e-ii Goals, targets, and indicators: Percentage of recycled/recycled materials (301-2), material strength (optional), and traceability coverage of key materials.
- e-iii Effectiveness and progress towards achievement of targets: Annual progress, causes of deviations and corrective actions.
- e-iv Lessons learned and internalized: material selection criteria and supplier terms incorporated into SOPs/contracts.

f. Consensus impact (impact on action and effectiveness)
- Conduct design reviews and alternative assessments with suppliers and customers to determine the timing and depth of energy reduction and alternatives.

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3 | GRI 302 | Energy Use and Efficiency

a. Overall impact (economy, environment, human rights)
- Positive: Efficiency upgrades and AI monitoring reduce energy consumption and costs.
- Negative: Dependence on fossil energy and risk of energy price fluctuations.
- Affected groups/locations: Employees, communities; self-operated businesses and utilities; various factory sites.

b. Negative impact relationships (activities/business relationships)
- Activities: High energy consumption processes, old equipment.
- Business relations: Long-term contracts restrict green electricity switching, indirectly increasing emissions.
- Determination of association: The company's activities are directly related to and coexist with the business relationship.

c. Policies and Commitments (this topic)
- Improve energy efficiency by 20% by 2030; linked to the 305 carbon reduction commitment (see 2-23/2-24).
- Governance and resources: Co-management of engineering × manufacturing × facilities; annual energy-saving investment mechanism.

d. Action plan (preventive/remedial/positive)
- d-i Prevention and mitigation (potentially negative): AI load optimization, key equipment replacement, waste heat recovery, and green electricity procurement.
- d-ii Remediation and disposal (actual negative): Correction of abnormal energy consumption, energy audits and rolling management of improvement plans.
- d-iii Positive impact management: Accumulating cost/carbon dual benefits and operational flexibility through energy-saving projects.

e. Results tracking and evaluation (process | target indicators | effectiveness | internalization)
- e-i tracking process: PDCA program, dashboard meetings and internal audits.
- e-ii Goals, objectives, and indicators: Total energy consumption and intensity (302-1/302-3), energy savings (302-4), and renewable energy share.
- e-iii Effectiveness and progress towards targets: achievement, deviation analysis and improvement.
- e-iv Lessons learned and internalized: Incorporate energy-saving principles into equipment selection and investment review.

f. Consensus impact (impact on action and effectiveness)
- Client/investor expectations of energy-saving performance influence project priorities and disclosure levels.

4 | GRI 403 | Occupational Health and Safety

a. Overall impact (economy, environment, human rights)
- Positive: Engineering improvements and AI visual monitoring reduce accidents and downtime losses.
- Negative: Machine/environmental hazards and contractor operation risks.
- Affected: Employees, contractors; self-operation and construction sites.

b. Negative impact relationships (activities/business relationships)
- Activities: Insufficient protection, lack of real-time monitoring and standardized operations.
- Business relationships: Inconsistent outsourcing safety standards lead to accident risks.
- Determination of relevance: directly related to self-operation + contractor relationship.

c. Policies and Commitments (this topic)
- Vision Zero; bringing contractors under control; institutionalizing education, training, and engineering improvements (see 2-23/2-24).

d. Action plan (preventive/remedial/positive)
- d-i Prevention and mitigation (potentially negative): intrinsic safety and fool-proof design, PPE management and AI warnings.
- d-ii Remediation and Disposition (actual negative): accident reporting, investigation and CAPA; occupational accident remediation and return to work support (refer to 2-25).
- d-iii Positive impact management: safety culture building, positive rewards and behavioral safety observation.

e. Results tracking and evaluation (process | target indicators | effectiveness | internalization)
- e-i tracking process: TRIR/LTIR monthly review; high-risk process audit.
- e-ii Objectives, targets, and indicators: 403-9 Indicators and contractor coverage (403-1/403-8).
- e-iii Effectiveness and progress towards achievement of targets: Trend and root cause improvement tracking, and recurrence prevention rates.
- e-iv Lessons learned and internalized: Lessons learned are incorporated into operating standards/design change processes and contractor specifications.

f. Consensus impact (impact on action and effectiveness)
- Employee and contractor feedback determines improvement priorities, training content, and site equipment.

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5 | GRI 308 | Supplier Environmental Assessment

a. Overall impact (economy, environment, human rights)
- Positive: Risk warning and auditing improve the overall performance of the supply chain.
- Negative: High-pollution/high-energy-consuming suppliers pose compliance and reputation risks.
- Affected: Supplier employees and communities; mainly upstream.

b. Negative impact relationships (activities/business relationships)
- Activities: Insufficient audit frequency and data validation.
- Business relationships: Collaboration with high-risk suppliers leads to indirect impacts.
- Association determination: Mostly directly related to business relationships, and may also be caused by procurement decisions.

c. Policies and Commitments (this topic)
- 100% of key suppliers have passed environmental assessments; environmental requirements are contractualized (refer to 2-23/2-24).

d. Action plan (preventive/remedial/positive)
- d-i Prevention and mitigation (potentially negative): prior screening, AI risk scoring, technical specifications and green procurement clauses.
- d-ii Remediation and disposal (actual negative): improvement plan, deadline tracking, suspension/transfer of supply; appeal and remedy (2-25/2-26).
- d-iii Positive impact management: joint improvement projects, supplier capability development and reward mechanisms.

e. Results tracking and evaluation (process | target indicators | effectiveness | internalization)
- e-i tracking process: annual risk inventory, level management and review.
- e-ii Goals, objectives, and indicators: 308-1/308-2 Coverage and Actions, CAPA Closure Rate (customizable).
- e-iii Effectiveness and progress in meeting targets: Trends in the improvement rates and recidivism rates of high-risk sites.
- e-iv Lessons learned and internalized: Feedback into procurement standards, supplier manuals, and education and training.

f. Consensus impact (impact on action and effectiveness)
- Discuss with suppliers to determine the depth of improvement, schedule and our support resources.

6 | GRI 401 | Labor Relations

a. Overall impact (economy, environment, human rights)
- Positive: Stable employment and benefits enhance retention and productivity.
- Potential negatives: unfair treatment, scheduling pressure, or labor disputes.
- Affected: Employees, job seekers; extended to operations and supply chain.

b. Negative impact relationships (activities/business relationships)
- Activities: Uneven implementation of the system, and insufficient fairness in promotions and rewards.
- Business relationships: Human risk spillover from low-standard suppliers.
- Relevance determination: Directly related to and coexisting with business relationships caused by self-operation.

c. Policies and Commitments (this topic)
- Equity and inclusion policies; working hours/benefits/care and diversity measures (see 2-23/2-24).

d. Action plan (preventive/remedial/positive)
- d-i Prevention and mitigation (potentially negative): wage and promotion fairness monitoring, flexible working hours, childcare and care support.
- d-ii Remediation and Disposal (actually negative): Grievance handling and rapid mediation (2-25); support and follow-up for vulnerable employees.
- d-iii Positive impact management: employee value proposition (EVP), career development and internal mobility.

e. Results tracking and evaluation (process | target indicators | effectiveness | internalization)
- e-i tracking process: monthly workforce dashboard, retention meetings, and qualitative interviews.
- e-ii Goals, objectives, and indicators: Hire/turnover rate (401-1), welfare coverage (401-2), and reinstatement/retention with childcare (401-3).
- e-iii Effectiveness and progress towards achievement of targets: hotspots for turnover, improvement results, and changes in employee satisfaction.
- e-iv Lesson learning and internalization: Incorporating insights into recruitment, training, and retention strategies and systems.

f. Consensus impact (impact on action and effectiveness)
- The results of the collaboration between employees and the union will affect adjustments to benefit plans, working hours, and promotion mechanisms.

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7 | GRI 306 | Waste Management

a. Overall impact (economy, environment, human rights)
- Positive: Recycling and AI sorting strengthen circulation, reduce costs and risks.
- Negative: Improper handling leading to pollution/penalties; lack of transparency in supply chain information.
- Affected: Employees, processors, communities; upstream/self-operated/outsourced.

b. Negative impact relationships (activities/business relationships)
- Activities: Insufficient classification and flow control, and abnormal events are not handled promptly.
- Business relationships: Compliance and reputation risks for outsourced processors.
- Relevance determination: Directly related to and coexisting with business relationships caused by self-operation.

c. Policies and Commitments (this topic)
- By 2030, the recycling rate should be ≥ 90%; a hazardous/normal material diversion and tracking system should be implemented (refer to 2-23/2-24).

d. Action plan (preventive/remedial/positive)
- d-i Prevention and mitigation (potentially negative): source reduction, design improvement, intelligent sorting and education and training.
- d-ii Remediation and disposal (actually negative): compliance outsourcing, auditing and anomaly correction; remediation and notification of violations (2-25).
- d-iii Positive impact management: waste reuse, co-creation of projects with recyclers and market-based utilization.

e. Results tracking and evaluation (process | target indicators | effectiveness | internalization)
- e-i tracking process: monthly/quarterly inventory; key audits of high-risk processes.
- e-ii Goals, objectives, and indicators: Total volume/recycling rate/landfill avoidance (306-3/306-4), hazardous waste diversion (306-5).
- e-iii Effectiveness and progress towards achievement of targets: abnormal events and improvement of closure rate and recycling effectiveness trends.
- e-iv Lessons learned and internalized: dealing with rolling updates to specifications and supplier terms.

f. Consensus impact (impact on action and effectiveness)
- The community, processors, and employees will work together to determine improvement priorities, education frequency, and information transparency.

8 | GRI 404 | Training and Education

a. Overall impact (economy, environment, human rights)
- Positive: AI-powered personalized learning improves skills, innovation, and productivity.
- Potential negative: Unequal distribution of resources affects fairness and morale.
- Affected: Employees, supervisors; self-operated sites.

b. Negative impact relationships (activities/business relationships)
- Activities: Unequal training opportunities and mismatch between courses and functions.
- Business relations: Differences in the quality of external courses affect effectiveness.
- Relevance determination: Self-operation is directly related to the relationship with the external training supplier.

c. Policies and Commitments (this topic)
- Equal access to training and commitment to career development; key functional paths and resource allocation (refer to 2-23/2-24).

d. Action plan (preventive/remedial/positive)
- d-i Prevention and mitigation (potential negative impact): Key functional learning maps, AI-recommended courses, and flexible learning time periods.
- d-ii Remediation and disposal (actual negative): training appeals and improvement loops; learning gap remediation and counseling.
- d-iii Positive impact management: talent development programs, internal mobility, and mentoring systems.

e. Results tracking and evaluation (process | target indicators | effectiveness | internalization)
- e-i tracking process: LMS data inventory and monthly review.
- e-ii Goals, objectives, and indicators: Average training hours (404-1), capacity improvement cases (404-2/optional), and career review coverage (404-3).
- e-iii Effectiveness and progress towards achievement: The impact of learning outcomes on performance and retention.
- e-iv Lesson learning and internalization: Feedback is internalized into curriculum design and functional models.

f. Consensus impact (impact on action and effectiveness)
- Employees/supervisors/learning communities discuss and adjust course content, resource allocation, and learning pace.

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9 | GRI 414 | Supply Chain Social Assessment

a. Overall impact (economy, environment, human rights)
- Positive: Strengthen supply chain responsibility, resilience and cooperation.
- Negative: Labor violations, human rights risks, and media/regulatory incidents.
- Affected: Supplier workers, communities; upstream.

b. Negative impact relationships (activities/business relationships)
- Activities: Insufficient social review, human rights risks not identified or insufficient monitoring.
- Business relationships: Collaboration with high-risk suppliers creates joint risks.
- Relationship determination: The business relationship is directly related and may also be caused by procurement decisions.

c. Policies and Commitments (this topic)
- Contractualization of commitments to human rights and labor standards; establishment of auditing and education mechanisms (see 2-23/2-24).

d. Action plan (preventive/remedial/positive)
- d-i Prevention and mitigation (potentially negative): human rights due diligence, media/regulatory big data monitoring, and pre-screening.
- d-ii Remediation and disposal (actually negative): rectification of violations and suspension of supply; relief and redress for workers (2-25/2-26).
- d-iii. Positive impact management: capacity building, compliance incentives and sharing of best practices.

e. Results tracking and evaluation (process | target indicators | effectiveness | internalization)
- e-i tracking process: annual/quarterly human rights risk assessment and review.
- e-ii Goals, targets, and indicators: 414-1/414-2 Coverage and Actions, Human Rights DD Coverage (optional).
- e-iii Effectiveness and progress in meeting standards: recidivism rate, rectification timeline, and appeal handling timeline.
- e-iv Lessons learned and internalized: Rolling updates on procurement policies and education and training.

f. Consensus impact (impact on action and effectiveness)
- Collaborate with unions/NGOs/suppliers to adjust the depth of reviews, remediation standards, and transparency.

10 | GRI 205 | Business Ethics and Anti-Corruption

a. Overall impact (economy, environment, human rights)
- Positive: Integrity strengthens trust, reduces transaction costs and expands business opportunities.
- Negative: Fraud/bribery risks and regulatory penalties, and reputational damage.
- Affected: Employees, distributors/agents, customers; self-operated and third parties.

b. Negative impact relationships (activities/business relationships)
- Activity: Inadequate internal controls or third-party due diligence.
- Business relationships: lack of ethical codes or high-risk country/industry partners.
- Relevance determination: Directly related to the business relationship caused by self-operation, and may also be facilitated by us.

c. Policies and Commitments (this topic)
- Zero tolerance for corruption; annual risk assessment and situational training; whistleblower protection and reporting (refer to 2-23/2-24).

d. Action plan (preventive/remedial/positive)
- d-i Prevention and mitigation (potentially negative): conflict of interest declaration, gift regulations, third-party due diligence, and AI transaction anomaly monitoring.
- d-ii Remediation and Disposal (actually negative): Report → Investigation → Disposal → Remediation and Response; Whistleblower Protection (2-25/2-26).
- d-iii Positive impact management: Strengthen the culture through transparency, leadership demonstration, and regular training.

e. Results tracking and evaluation (process | target indicators | effectiveness | internalization)
- e-i tracking process: compliance meetings and audits, hotline monitoring and response mechanism.
- e-ii Objectives, targets, and indicators: 205-1/205-2/205-3 (risk assessment coverage, training coverage, confirmed incidents, and disposal).
- e-iii Effectiveness and progress towards achievement of targets: incident trends, handling effectiveness, and improvement implementation.
- e-iv Lessons learned and internalized: lessons learned are incorporated into internal controls, third-party management policies, and contract terms.

f. Consensus impact (impact on action and effectiveness)
- The requirements of clients/investors/regulators determine the depth of training, scope of due diligence and level of disclosure.

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GRI 3-3 Management of Material Themes

GRI 3-3 | Major Theme Management

1 | Description of actual and potential impacts

The following are the actual and potential, positive and negative impacts of major themes in 2024:

(1) Greenhouse gas emissions (GRI 305)
- Actual positive impact: Application of energy-saving technologies reduces carbon footprint.
- Actual negative impact: Carbon emissions from operations and supply chain logistics.
- Potential negative impacts: regulatory penalties and customer scrutiny risks.

(2) Raw Materials Management (GRI 301)
- Actual positive impact: Material recycling and the use of alternative materials can improve resource efficiency.
- Actual negative impact: The source of raw materials is unknown or mining causes environmental damage.
- Potential negative shocks: Raw material shortages or price fluctuations affecting supply stability.

(3) Energy Use and Efficiency (GRI 302)
- Actual positive impact: Improve energy efficiency and reduce operating costs and environmental impact.
- Actual negative impact: Traditional energy use leads to increased carbon emissions and costs.
- Potential positive shock: Energy price fluctuations.

(4) Occupational Health and Safety (GRI 403)
- Actual head-on impacts: Safety training and improvement projects can reduce accident rates.
- Actual negative impact: Work-related injuries caused by machine operation or environmental factors.
- Potential negative impact: Inadequate safety culture increases risk.

(5) Supplier Environmental Assessment Management (GRI 308)
- Actual positive impact: Audit systems can improve the overall environmental performance of the supply chain.
- Actual negative impact: High energy consumption and high pollution suppliers affect the company's reputation.
- Potential negative impact: Inadequate assessment process leading to inaccurate information.

(6) Employment Relations (GRI 401)
- Actual positive impact: Stable employment and security systems improve employee satisfaction.
- Potential negative shocks: risk of unequal treatment or labor disputes.

(7) Waste Management (GRI 306)
- Actual positive impact: Recycling strengthens the resource cycle.
- Actual negative impact: Improper handling leads to pollution and regulatory risks.
- Potential negative impact: Lack of transparency in waste records at the supply chain end.

(8) Employee Training and Skills Development (GRI 404)
- Actual positive impact: Training and skills upgrading promote talent development.
- Potential negative impact: Unequal distribution of training resources affects fairness.

(9) Supply Chain Social Assessment Management (GRI 414)
- Actual positive impact: Strengthening supply chain responsibility and partnerships.
- Actual negative impact: Suppliers face labor violations and human rights risks.
- Potential negative impact: Indirect involvement in regulatory violations or media attention events.

(10) Business Ethics and Anti-Corruption (GRI 205)
- Actual positive impact: The integrity system strengthens the corporate image and the trust of stakeholders.
- Actual negative impact: Fraud or bribery by employees or external partners.
- Potential negative shocks: Inadequate regulatory mechanisms lead to potential risks.

2 | Activities or business relationships involving negative impacts

(1) Greenhouse gas emissions (GRI 305)
- Activities: Factory operations and supply chain logistics use traditional energy, increasing carbon emissions.
- Business relationships: Collaborating with high-energy-consuming suppliers indirectly increases emissions.

(2) Raw Materials Management (GRI 301)
- Activities: Procurement of raw materials of unknown origin or with high environmental impact.
- Business relationships: working with suppliers that have poor environmental management practices creates the risk of ecological damage.

(3) Energy Use and Efficiency (GRI 302)
- Activities: Reliance on traditional high-carbon energy sources, increasing emissions and costs.
- Commercial relationships: Long-term energy contracts limit the flexibility to switch to renewable energy.

(4) Occupational Health and Safety (GRI 403)
- Activities: Inadequate safety protection leading to work-related accidents.
- Business relationships: Inconsistent safety standards among contractors increase risk.

(5) Supplier Environmental Assessment Management (GRI 308)
- Activity: Inadequate review processes resulted in inaccurate supplier environmental data.
- Business relationships: working with highly polluting or energy-intensive suppliers.

(6) Employment Relations (GRI 401)
- Activities: Uneven implementation of management policies, resulting in unequal treatment.
- Business relations: dealing with partners who have poor labor conditions.

(7) Waste Management (GRI 306)
- Activities: Improper waste disposal in factories causing pollution or violations of laws.
- Business relationships: Lack of transparency in waste management in the supply chain.

(8) Employee Training and Skills Development (GRI 404)
- Activities: Uneven distribution of training resources affects morale.
- Business relations: External training courses are of insufficient quality or are not applicable.

(9) Supply Chain Social Assessment Management (GRI 414)
- Activities: Inadequate supplier labor and human rights reviews.
- Business relationships: Working with suppliers with labor or human rights issues.

(10) Business Ethics and Anti-Corruption (GRI 205)
- Activities: Employees engage in fraudulent or bribery practices.
- Business relationships: working with business partners that lack ethical standards.

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GRI 3-3 Management of Material Themes

GRI 3-3 | Major Theme Management

a. Description of actual and potential impacts

The following are the actual and potential, positive and negative impacts of major themes in 2024:

1 | Greenhouse Gas Emissions (GRI 305 Emissions)
- Actual positive impact: Energy-saving technologies and AI energy management system applications reduce carbon footprint and energy waste.
- Actual negative impact: Greenhouse gas emissions from operations and supply chain logistics.
- Potential negative impact: Failure to meet carbon reduction targets may lead to regulatory penalties and the risk of scrutiny from international customers.

2 | Raw Materials Management (GRI 301 Materials)
- Actual positive impact: Material recycling, application of alternative materials and AI material optimization systems improve resource efficiency.
- Actual negative impact: The source of raw materials is unknown or the mining process causes environmental damage.
- Potential negative impact: Raw material shortages or price fluctuations affecting supply stability and costs.

3 | Energy Use and Efficiency (GRI 302 Energy)
- Positive impact: Improve energy efficiency, reduce operating costs and environmental impact, and use AI to monitor and predict energy consumption in real time.
- Actual negative impact: Traditional energy use leads to increased carbon emissions and costs.
- Potential negative shocks: energy price fluctuations and supply risks.

4 | Occupational Health and Safety (GRI 403 Occupational Health and Safety)
- Actual head-on impact: Safety training and improvement projects can reduce accident rates and prevent hazards through AI visual monitoring.
- Actual negative impact: Occupational hazards caused by machine operation or environmental factors.
- Potential negative impact: Inadequate safety culture increases the risk of accidents.

5 | Supplier Environmental Assessment Management (GRI 308 Supplier Environmental Assessment)
- Actual positive impact: Audit system and AI supply chain risk early warning system can improve supply chain environmental performance.
- Actual negative impact: High-energy-consuming and high-polluting suppliers affect the company's reputation and compliance.
- Potential negative impact: Inadequate assessment processes leading to inaccurate information or delays.

6 | Labor Relations (GRI 401 Labor Relations)
- Actual positive impact: Stable employment and security systems improve employee satisfaction.
- Potential negative shocks: risk of unequal treatment or labor disputes.

7 | Waste Management (GRI 306 Waste)
- Actual positive impact: Recycling and AI sorting systems strengthen resource circulation.
- Actual negative impact: Improper handling leads to pollution and regulatory risks.
- Potential negative impact: Lack of transparency in waste records at the supply chain end.

8 | Employee Training and Skills Development (GRI 404 Training and Education)
- Actual positive impact: Training and skills upgrading promote talent development, and AI training platforms improve learning efficiency.
- Potential negative impact: Unequal distribution of training resources affects fairness.

9 | Supply Chain Social Assessment Management (GRI 414 Supply Chain Social Assessment)
- Actual positive impact: Strengthening supply chain responsibility and partnerships.
- Actual negative impact: Suppliers face labor violations and human rights risks.
- Potential negative impact: Indirect involvement in regulatory violations or media attention events.

10 | Business Ethics and Anti-Corruption (GRI 205 Anti-Corruption)
- Actual positive impact: The integrity system strengthens the corporate image and the trust of stakeholders.
- Actual negative impact: Fraud or bribery by employees or external partners.
- Potential negative impact: Insufficient regulatory mechanisms lead to potential risks.

b. Activities or business relationships involving negative impacts

1 | Greenhouse Gas Emissions (GRI 305)
- Activities: Factory operations and supply chain logistics use traditional energy, generating significant greenhouse gas emissions.
- Business relationships: Collaborating with high-energy-consuming suppliers indirectly increases emissions.
- AI application supplement: Existing energy monitoring systems, if not combined with AI optimization, may lead to insufficient energy efficiency.

2 | Raw Materials Management (GRI 301)
- Activities: Procurement of raw materials from unknown sources or mining activities with high environmental impact.
- Business relationships: Collaborating with suppliers that lack sustainable management practices can cause ecological damage.
- AI application supplement: The lack of AI material tracking and forecasting systems increases the risk of over-purchasing and waste.

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GRI 3-3 Management of Material Themes

3 | Energy Use and Efficiency (GRI 302)
- Activities: Processes and equipment that rely on high-carbon energy sources, increasing costs and emissions.
- Commercial relationships: Long-term energy contracts limit flexibility in switching to renewable energy.
- AI application supplement: Energy data is not used for prediction and load adjustment through AI, reducing energy saving potential.

4 | Occupational Health and Safety (GRI 403)
- Activity: Inadequate safety protection or lack of real-time monitoring on the production line leads to work-related injuries.
- Business relationships: Inconsistent safety standards between contractors and outsourcers.
- AI application supplement: AI visual monitoring and intelligent warnings have not been fully introduced, which reduces the effectiveness of accident prevention.

5 | Supplier Environmental Assessment Management (GRI 308)
- Activities: Supplier environmental audits are not frequent enough and data verification is not in place.
- Business relationships: working with highly polluting or energy-intensive suppliers.
- AI application supplement: Without the use of AI supply chain risk analysis systems, it is difficult to identify high-risk suppliers in a timely manner.

6 | Labor Relations (GRI 401)
- Activity: Uneven implementation of internal management systems leads to employees' perception of unfairness.
- Business Relationships: Working with suppliers who have poor labor conditions.
- AI application supplement: The lack of AI-assisted human resources data analysis affects fair decision-making and employee retention.

7 | Waste Management (GRI 306)
- Activity: Improper waste sorting affects recycling rates and increases the risk of contamination.
- Business relationships: Insufficient transparency in waste management across the supply chain.
- AI application supplement: The AI intelligent sorting system has not been introduced, which reduces resource recovery efficiency.

8 | Employee Training and Skills Development (GRI 404)
- Activity: Training opportunities are unevenly distributed, affecting employee development.
- Commercial relations: The courses of external training institutions do not meet the needs of the industry.
- AI application supplement: The lack of an AI-driven personalized training platform reduces training effectiveness.

9 | Supply Chain Social Assessment Management (GRI 414)
- Activity: Insufficient supplier social responsibility reviews lead to human rights risks.
- Business Relationships: Working with suppliers involved in labor violations.
- AI application supplement: The lack of AI big data monitoring of media and regulatory information makes it impossible to detect social responsibility disputes in a timely manner.

10 | Business Ethics and Anti-Corruption (GRI 205)
- Activities: Fraud or bribery by internal personnel or external partners.
- Business Relationships: Dealing with partners who lack ethical standards.
- AI application supplement: The AI transaction anomaly detection system has not been introduced, and high-risk behaviors cannot be identified in a timely manner.

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c. Policies, commitments and management actions

1. Greenhouse gas emissions

- Policies and Commitments: Committed to reduce Scope 1 and 2 emissions by 30% by 2030.
- Prevention: Introduce AI energy optimization systems and gradually switch to renewable energy.
- Process: Annual carbon inventory and supply chain emission reduction collaboration plan.
- Positive impact: reducing emissions while improving energy efficiency.

2 | Raw Material Usage Management

- Policies and Commitments: Prioritize the use of traceable and recycled materials.
- Prevention: AI optimizes material procurement and inventory to reduce waste.
- Processing: Audit of supplier’s raw material sources.
- Positive impact: Improve resource utilization and reduce environmental impact.

3 | Energy Use and Efficiency

- Policies and Commitments: Improve energy efficiency by 20% by 2030.
- Prevention: AI-powered real-time monitoring and load adjustment reduce peak energy consumption.
- Process: Energy efficiency projects and improvement plans.
- Positive impact: save energy and reduce consumption, and reduce operating costs.

4 | Occupational Health and Safety

- Policy and Commitment: Accident-free work environment.
- Prevention: AI visual monitoring and intelligent safety warnings.
- Handling: Immediate incident response and process improvement.
- Positive impact: reducing accident rates and occupational risks.

5 | Supplier Environmental Assessment Management

- Policy and Commitment: 100% of key suppliers have passed environmental assessments.
- Prevention: AI supply chain risk analysis and early warning system.
- Handling: Improvement plan for non-compliant suppliers or termination of cooperation.
- Positive impact: Improving the environmental performance of the supply chain.

6 | Labor-Employment Relations

- Policies and Commitments: Fair and Inclusive Workplace.
- Prevention: AI HR systems monitor salary and promotion fairness.
- Handling: Complaint mechanism and expedited dispute resolution procedure.
- Positive impact: Improve employee satisfaction and retention.

7 | Waste Management

- Policy and Commitment: Achieve a 90% recycling rate for packaging materials by 2030.
- Prevention: AI intelligent sorting system optimizes recycling.
- Disposal: Work with professional recycling plants to ensure compliance.
- Positive impact: promoting circular economy and reducing pollution.

8 | Employee Training and Skills Development

- Policies and Commitments: Equal training opportunities.
- Prevention: AI-powered personalized training platform, with courses designed based on functional differences.
- Process: Regularly evaluate and update the curriculum.
- Positive impact: Improve professional capabilities and innovation.

9 | Supply Chain Social Assessment Management

- Policies and Commitments: Ensure that supply chains comply with human rights and labor standards.
- Prevention: AI big data monitoring of supply chain news and regulatory events.
- Handling: Suppliers violating the regulations shall make corrections immediately or terminate cooperation.
- Positive impact: Reduce reputational risk and strengthen partnerships.

10 | Business Ethics and Anti-Corruption

- Policy and Commitment: Zero tolerance for corruption.
- Prevention: AI transaction anomaly monitoring and internal control review.
- Handling: Swiftly investigate and punish violations.
- Positive impact: Enhance business integrity and international customer trust.

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d. Tracking effectiveness of actions

- Tracking process: Tongtai Precision Machinery has established a KPI monitoring system. A sustainability promotion team reviews data monthly and incorporates AI analysis tools to enhance anomaly detection and prediction capabilities to ensure action progress.
- Goals and Indicators: Set specific goals, such as reducing energy consumption by 10% by 2024; core indicators include carbon emissions, return on energy-saving investment, occupational safety accident rate, employee satisfaction score, and supplier compliance rate.
- Effectiveness of Action: By 2024, carbon management will achieve an 8% reduction in emissions (close to the annual target); the occupational safety accident rate will decrease by 15%; AI will be applied to process optimization, increasing production efficiency by 10% and saving 5% in energy consumption per unit of product.
- Incorporate lessons learned into operations: Through annual reviews, incorporate successful cases (such as energy-saving technologies, AI-optimized production, and supply chain monitoring) into standard operating procedures (SOPs), and update supply chain management and AI governance policies.

e. The impact of stakeholder consultation on actions

- Action Design:
  - Customers and international buyers are demanding greater transparency and immediate sharing of AI-powered energy management data, prompting companies to prioritize investments in smart energy management systems.
  - Employee feedback on occupational safety prompted the introduction of AI visual monitoring and smart alarm systems, which resulted in a 15% drop in the accident rate.
  - Supplier feedback has driven upgrades to supply chain review standards, with an increase in annual audit frequency for high-risk suppliers.
- Validity Notes:
  - Customer satisfaction surveys show that transparent data sharing in AI applications increases willingness to cooperate.
  - An employee satisfaction survey showed a 12% increase in satisfaction with occupational safety measures.
  - Supplier compliance was 96%, up from 92% the previous year.
- Transparency: All negotiation results and action outcomes are disclosed in the annual sustainability report, ensuring that the decision-making process and results are transparent and traceable.

Tongtai Precision Machinery's 2024 materiality analysis and management process strictly adheres to GRI 3 guidelines. Through a five-stage process, 10 material themes (including greenhouse gas emissions management, raw material management, energy use and efficiency, occupational health and safety, supplier environmental assessment management, labor relations, waste management, employee training and skills development, supply chain social assessment management, and business ethics and anti-corruption) were identified and prioritized to address market trends and stakeholder expectations. Through clear policies, management actions, and tracking mechanisms, Tongtai Precision Machinery effectively manages economic, environmental, and social impacts, ensuring the appropriateness and transparency of its actions through stakeholder engagement. Going forward, the company will continue to expand its engagement scope, enhance record transparency, and strengthen the integration of digitalization and low-carbon transformation to further enhance the quality of its sustainability reporting and international competitiveness.

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TTX Five Strategic Transformation Blueprint

4.1 Net Zero × Smart Manufacturing: Transformation Vision and Drivers
4.2 Five Strategies × Major Themes × Indicator Framework

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4.1 Net Zero × Smart Manufacturing: Transformation Vision and Drivers
TTX | Tongtai Transformation for Sustainable Exploration

Tongtai Machine & Tool Co., Ltd., a leading company in Taiwan's machine tool industry, launched its "TTX – Tongtai Transformation for Sustainable Exploration" transformation blueprint in 2024, aiming to reposition the company within the global manufacturing landscape. This blueprint, based on the dual pillars of "Digital Drive (DX)" and "Low-Carbon Smart Manufacturing (GX)," aims to achieve the integration of net-zero emissions and smart manufacturing, transforming the company from a traditional equipment manufacturer into a provider of green, intelligent solutions. This strategy not only responds to international climate regulations such as the Paris Agreement and the EU Carbon Border Adjustment Mechanism (CBAM), but also targets the needs of low-carbon markets such as semiconductors, electric vehicles, and aerospace. It is expected to drive carbon reduction and enhance competitiveness between 2025 and 2030.

Transformation Vision: Building a Sustainable Smart Manufacturing Ecosystem

TTX's vision is to build an efficient, low-carbon manufacturing ecosystem, making it a strategic partner for customers on their journey to sustainable transformation. We foresee the machine tool industry shifting from single-machine sales to full-value chain services. By integrating Net Zero with intelligent manufacturing, we aim to achieve the following core goals:

- **Environmental Sustainability: Based on the 2024 GHG Protocol inventory (covering Scopes 1-3 and overseas subsidiaries), we will gradually advance carbon emissions management to align with the global net-zero trend.**
- **Intelligent Innovation: Integrating AI, automation, and digital technologies to optimize production processes, achieve efficient manufacturing, and meet customer demands for flexibility and efficiency.**
- **Economic Resilience: Through market diversification and green product development, we will expand into emerging markets and strengthen our role in the global supply chain. This vision draws on the experience of DMG MORI, a leading machine tool company. For example, its MX strategy enhances customer value through process integration and green transformation. Tongtai will use this strategy as a reference to build a competitive advantage that combines technology and sustainability.**

Transformation drivers: external opportunities and internal momentum

The driving force behind TTX's transformation comes from the pressure of the external environment and the potential of internal resources, which drive the transformation process in two directions:

- **External opportunities:**

Global climate regulations: The Paris Agreement and CBAM are promoting the low-carbonization of the machine tool industry. Dongtai's comprehensive GHG Protocol inventory in 2024 (covering categories 1-3 and overseas subsidiaries) is responding to this challenge and establishing a carbon reduction path.

Demand for industrial transformation: Smart Manufacturing 4.0 and the carbon neutrality movement are driving customers toward low-carbon solutions, such as semiconductor AI servo boards and 3D printing for medical applications, expanding market potential. Despite slowing demand in 2024, Dongtai's order backlog remains at NT$3 billion, highlighting an opportunity for transformation.

Geo-economic restructuring: The Russia-Ukraine war and China's economic slowdown pose challenges. At the same time, the "China + 1" strategy and European reindustrialization are creating new opportunities for Tongtai in the Southeast Asian and European markets.

- **Internal kinetic energy:**

Technical Strength: 56 years of experience in metal cutting and electronic processing, combined with AI and automation modules, supports the development of solutions from single machines to entire factories.

Sustainability Commitment: Received the 2024 Digital Transformation Award for Smart Manufacturing Transformation Model, contributing 1.452°C in carbon emissions reduction to mitigate global warming, laying the foundation for transformation.

Talent and Culture: Innovative spirit and multinational team cultivation drive the implementation and execution of TTX strategy. In addition, Dongtai has deepened its presence in the European market, such as collaborating with Quaser to expand into Eastern Europe (such as Germany and Poland), responding to the local defense industry, high-end manufacturing and re-industrialization.

Demand will further strengthen the momentum of transformation and enhance influence and international layout.

Transformation Path and Commitment

TTX's transformation will begin with a 2024 inventory and disclose its carbon reduction path in 2025, gradually achieving the synergy of net zero and smart manufacturing. We will collaborate with customers, suppliers, and industry partners to ensure alignment of our transformation path with GRI standards through transparent disclosure and technological innovation, striving to become a model of sustainability in the Asian machine tool industry.

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4.2 Five Strategies × Major Themes × Indicator Framework

TTX | Tongtai Transformation for Sustainable Exploration Digital Drive × Low-Carbon Smart Manufacturing | Dual-Axis Upgrade and Transformation Strategy

GreenDrive

Net Zero and the Resource Efficiency Transition

▶ Leading low-carbon manufacturing and resource efficiency upgrades

Establish a carbon inventory baseline for the entire factory and supply chain, and set medium- and long-term carbon reduction targets (GRI 305, 302).
Introducing energy management systems and renewable energy to improve resource recycling rates (GRI 301, 306).
Establish a digital energy and carbon emissions monitoring platform, incorporating AI algorithms to optimize process energy scheduling and energy-saving solutions (GRI 302, 305).
Research, develop, and introduce advanced energy-saving equipment to reduce manufacturing energy consumption and emissions (GRI 302, 305).

AiSmartGuard

Intelligent and safe manufacturing

▶ Promote smart manufacturing, automation and process integration

Introducing machine and line automation to achieve one person operating multiple machines and unmanned processing (GRI 302, 305).
Equipped with energy sensors and AI process optimization systems to reduce defective products and waste (GRI 306).
Establish a digital occupational safety monitoring and real-time warning system to ensure employee safety (GRI 403).
Combine process data with energy flow analysis to reduce energy consumption and carbon emissions per unit product (GRI 302, 305).

SustainChain

Sustainable supply chain governance

▶ Strengthen value chain ESG and international collaboration

Establish supplier ESG assessment, grading management and carbon inventory mechanisms (GRI 308, 414).
Conduct annual audits and improvement plans for high-risk suppliers, and establish anonymous complaint and anti-retaliation mechanisms (GRI 414).
Anti-corruption clauses are included in contracts, training for international locations and suppliers is promoted, and transparent procurement and transaction audits are implemented (GRI 205).
Develop a digital supply chain ESG platform to track suppliers' carbon emissions and compliance status in real time, supporting collaborative management of global locations (GRI 308, 414).

Talent Up

Global Talent and Organizational Resilience

▶ International core team and two-way operation capabilities

Establish an ESG capability map and international training program to enhance professional and sustainable capabilities (GRI 404).
Promote cross-departmental and cross-national rotations and multilingual training to enhance global collaboration (GRI 401).
Implement health promotion, diversity inclusion, and equality policies to ensure employee well-being (GRI 403, 401).
New dual-axis training modules on digitalization and low-carbon manufacturing have been added to cultivate multinational ESG and smart manufacturing experts to support global market demands (GRI 404, 401).

EcoCycle

Product innovation and creating value with customers

▶ Low-carbon products and full life cycle services for the high-end market

Introducing LCA and carbon footprint disclosure into new product development to enhance transparency (GRI 305, 302).
Use low-carbon and recyclable materials and promote recycling and refurbishment services (GRI 301, 306).
Provide client energy monitoring and energy-saving operation mode to extend product life (GRI 302).
Launched a cloud-connected full lifecycle management platform, allowing customers to monitor product energy efficiency and carbon footprint (GRI 302, 305) in real time.

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GreenDrive | Net Zero and Resource Efficiency Transformation

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5.1 Greenhouse Gas Emissions Management

GRI 305-1 Direct (Scope 1) greenhouse gas emissions

In 2024, the company will use an operational control approach to define the boundaries of Scope 1 direct greenhouse gas emissions, covering Dongtai Luke Plant 1 and its own logistics fleet. A systematic review process and internal audit mechanism will be established to ensure data accuracy, consistency, and traceability. The review includes CO_2, CH_4, and N_2O, excluding HFCs, PFCs, and SF_6, gases with no known emission sources. The IPCC AR5 standard is used for Globally Preserved Future (GWP).

Emission types are categorized as stationary combustion, mobile combustion, process, fugitive, and biogenic. In 2024, mobile combustion (gasoline and diesel vehicles) emissions were 161 tCO_2e, accounting for 75.3%; fugitive emissions (septic tanks) were 51.91 tCO_2e, accounting for 24.28%; and other emissions were 0.9 tCO_2e, accounting for 0.42%. Data is sourced from actual fuel usage records, calculated according to the GHG Protocol and ISO 14064-1, with emission factors referenced from the IPCC and the China Environmental Protection Administration.

Biogenic CO_2 was not included in the investigation due to the lack of related activities. The disclosure scope focuses on Dongtai Luke Plant 1 and its own fleet, excluding temporarily outsourced equipment. Going forward, the scope will be gradually expanded and data management will be strengthened to enhance the completeness and credibility of the disclosure.

1 | Revelation theme and reporting period

The Company discloses its 2024 Scope 1 direct greenhouse gas emissions in accordance with GRI 305: Emissions 2016. This reporting period, covering January 1 to December 31, 2024, aims to transparently present the Company's direct emissions management efforts and achievements, ensuring that the disclosures are consistent with the reporting year and in compliance with international standards.

2 | Base Year and Emissions Setting Basis

The company has set 2018 as its base year, with Scope 1 emissions of 232.33 tCO_2e. This year was chosen as the baseline because it was the first year of a complete inventory and serves as a reference for tracking carbon reduction targets. Furthermore, the 2023 emissions data was recompiled due to the introduction of a new carbon inventory system and adjustments to the Scope 3 methodology. This recompilation resulted in a 12% decrease in Scope 2 indirect emissions, significantly improving the accuracy of the inter-year data. This update serves as the basis for updating the Net Zero Pathway baseline to ensure the consistency and credibility of the long-term carbon reduction strategy.

3 | Emission Boundary and Gas Range

The company uses an operational control approach (ISO 14064-1) to define emission boundaries, ensuring that the scope of the inventory aligns with actual operational responsibilities. Disclosed greenhouse gases include CO_2, CH_4, and N_2O, representing the company's primary emission sources. Other gases (such as HFCs, PFCs, and SF_6) are excluded from this statistical analysis because the company lacks the relevant equipment or inventory data to ensure the relevance and accuracy of the data.

4 | Consistency between emission coefficient and GWP

In our emissions calculations, the company uses the IPCC AR5 as a reference for global warming potential (GWP) and utilizes emission factors published by China's Environmental Protection Administration for estimation. Emission factors and GWP ratios are maintained consistently across all sites to ensure cross-regional data comparability. We strictly adhere to the IPCC AR5 100-year potential as a conversion standard to enhance the scientific and consistent nature of our disclosures.

5 | Methodology and Estimation Assumptions

Our company estimates emissions in accordance with ISO 14064-1 and the GHG Protocol. Our inventory boundary is based on operational control principles to ensure coverage of all eligible activities and equipment. We do not utilize carbon offsetting schemes, and all emissions data represent actual emissions. Emission factors are uniformly based on IPCC AR5 and data published by the China Environmental Protection Administration to ensure transparency and traceability of the calculation process.

6 | Description of Stationary Combustion Emissions

The Company had no emissions from stationary combustion sources in 2024. The emissions from Dongtai Luke Plant 1 were 0 tCO_2e. This was primarily due to the Company having no related fixed equipment combustion activities (such as boilers or heating furnaces). Therefore, such emissions are not included in the scope of this disclosure.

7 | Mobile combustion emission instructions

Our company's mobile combustion emissions primarily come from gasoline and diesel truck transportation, totaling 161 tCO_2e in 2024, representing 75.3% of our total Scope 1 emissions. These emissions are concentrated at our Dongtai Luke Plant 1 and encompass transportation activities by our own logistics fleet. Data is calculated based on actual fuel usage to ensure accuracy.

8 | Process Emissions Description

The Company had no process-related emissions in 2024, and emissions from Dongtai Luke Plant 1 were 0 tCO_2e. This is primarily because the Company's operations do not involve production operations that generate process emissions (such as aluminum smelting or roasting). Therefore, such emissions are not included in the scope of this disclosure.

9 | Fugitive Emissions Description

The company's fugitive emissions primarily come from septic tanks, with total emissions of 51.92 tCO_2e in 2024, accounting for 24.28% of total Scope 1 emissions. These emissions are concentrated at Dongtai Luke Plant 1. Data is estimated based on relevant activity levels and emission factors to ensure the completeness and credibility of disclosures.

10 | Biogenic CO_2 Emission Supplementation

The Company had no biogenic CO_2 emissions in 2024, and the emissions from Dongtai Road Science and Technology Plant 1 were 0 tCO_2e. This was primarily because the Company's operations did not involve related biogenic fuels or operations, and therefore such emissions were not included in the scope of this disclosure.

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S1 Management Framework: Emissions and Environmental Links in Business Models

GRI 305-1 Direct (Scope 1) greenhouse gas emissions

11 | Total Scope 1 Emissions

The company's total Scope 1 emissions for 2024 were 213.81 tCO_2e. This data covers only Dongtai Luke Plant 1 and its own logistics fleet, excluding temporarily outsourced equipment and without the use of any carbon offset programs. Emissions calculations are based on actual activity data and emission factors for each source to ensure the results reflect actual emissions.

12 | Other field supplementation and consistency management

The Company uses consistent emission factors and GWP ratios across all its locations, ensuring alignment with the official IPCC ratios (100-year potential). To maintain data consistency, the Company regularly reviews the application logic of emission factors and calculation tools, and develops procedures for addressing any potential exceptions to ensure comparability and reliability of data across years and regions.

13 | Supplementary Data Sources on Emission Factors and GWP

The company's emission factors primarily reference IPCC AR5 and data published by the Taiwan Environmental Protection Administration. GWP ratios are also based on IPCC AR5. This data has been integrated into internal calculation tools and regularly updated with the latest versions to ensure that all emission estimates are based on consistent and credible data sources, supporting unified application across departments and locations.

14 | Explanation of Disclosure Scope and Restrictions

This disclosure only covers Dongtai Luke Plant No. 1 and its own logistics fleet, excluding temporarily outsourced equipment and not using carbon offset programs. For areas not included in the inventory, the company has clearly documented the reasons for exclusion and will continue to review the possibility of expanding the inventory scope in the future to enhance the comprehensiveness and representativeness of the data.

2024 Scope 1 Greenhouse Gas Emissions Report

GRI 305: Emissions Management Disclosure | Direct Emissions Statistics and Carbon Reduction Effectiveness Analysis

Total emissions in 2024
213.81
tCO_2e

Base year emissions (2018)
232.33
tCO_2e

Carbon reduction results
-18.52
tCO_2e (-7.97%)

Coverage
100%
Taiwan Headquarters + Owned Fleet

Figure 1: Scope 1 emissions trend analysis (2018 base year vs. 2024)

2018 (base year)
232.33
tCO_2e

↓

2024 (target year)
213.81
tCO_2e

Successfully reduced carbon emissions by 18.52 tCO_2e, a reduction of 7.97%

Table 1: Statistics of Scope 1 Emission Sources in 2024

Emission Sources	Emissions (tCO_2e)	Proportion (%)	Key Activities	Covered Locations
Mobile burning	161	75.30%	Gasoline and diesel truck transportation	Taiwan Headquarters
Fugitive Emissions	51.91	24.28%	Septic Tank Emission	Taiwan Headquarters
Fixed combustion	0	0%	No Related Equipment	Taiwan Headquarters
Process Emissions	0	0%	No related production operations	Taiwan Headquarters
Biogenic CO2	0	0%	No related fuel or operations	Taiwan Headquarters
Other Emissions	0.9	0.42%	—	Taiwan Headquarters
Total	213.81	100%	—	Taiwan Headquarters

Table 2: Coverage of greenhouse gas types

greenhouse gases	Coverage Status	GWP value (IPCCAR5)	Key Sources	Description
CO2	V has covered	1	Fuel Combustion, Septic Tank	Main emission gases
CH24	V has covered	25	Fuel Combustion, Septic Tank	Methane Emissions
N2O	V has covered	298	Fuel Combustion	Nitrous oxide emissions
HFC	X Not Covered	Variation	-	No Related Equipment
PFC	X Not Covered	Variation	-	No Related Equipment
SF6	X Not Covered	22,800	-	No Related Equipment

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GRI 305-1 Direct (Scope 1) greenhouse gas emissions

Figure 2: Emissions trends and carbon reduction results

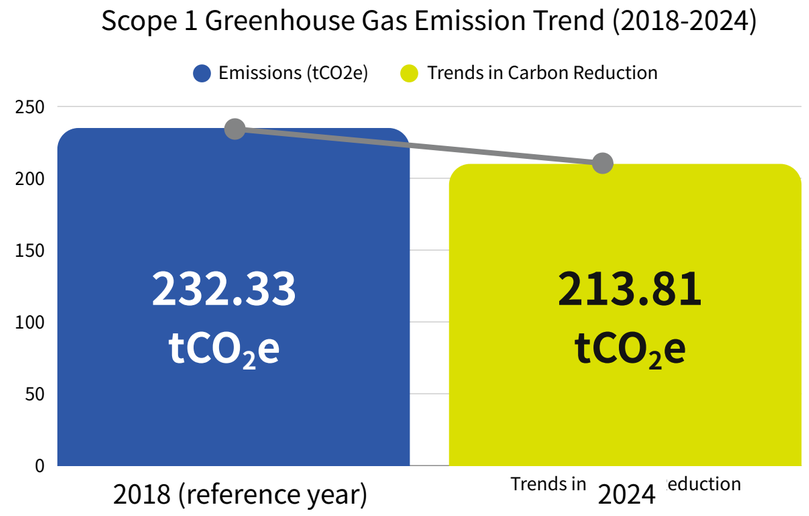

Figure 3: Emission source structure analysis

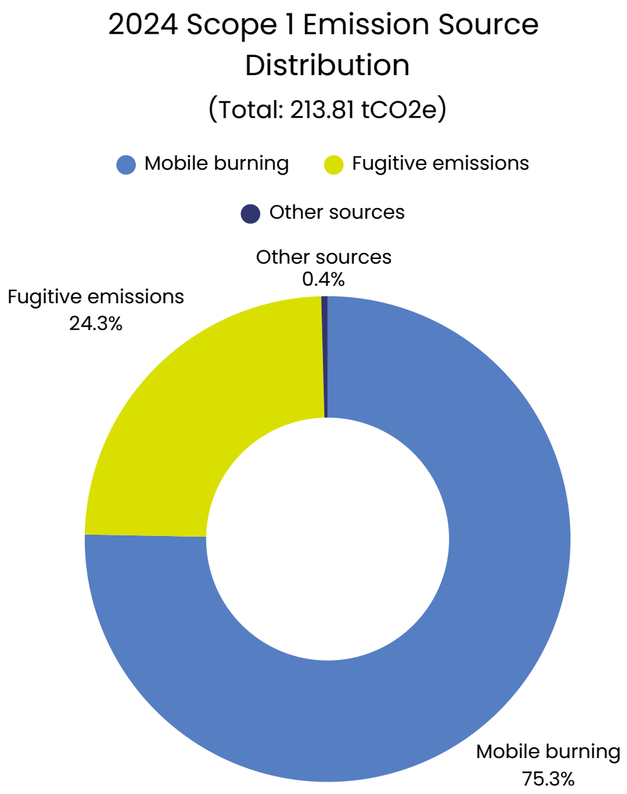

Figure 4: Scope 1 Emission Source Analysis

Mobile burning	Fugitive emissions	Fixed combustion	Process emissions	Biogenic CO2	Other emissions
161 tCO_2e	51.91 tCO_2e	0 tCO_2e	0 tCO_2e	0 tCO_2e	0.9 tCO_2e
75.30%	24.28%	0%	0%	0%	0.42%

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GRI 305-2 Energy indirect (Scope 2) greenhouse gas emissions

In 2024, the Company will define the boundaries for Scope 2 Energy Indirect Greenhouse Gas Emissions using operational control principles, covering Dongtai Luke Plant 1, with a 100% disclosure rate. An internal audit system has been established, ensuring data quality and traceability through cross-departmental collaboration and regular audits, and incorporating this into the overall ESG governance framework.
Emissions were calculated using both location-based and market-based methods, each resulting in a total of 2,000.28 tCO_2e. The location-based method uses the factor published by the Taiwan Environmental Protection Administration (0.474 tCO_2e/MWh), while the market-based method does not utilize green power certificates. Both methods are used for internal and external disclosure and decision-making. GWP ratios are uniformly based on the IPCC AR5 version and are integrated into the data management platform to ensure calculation consistency.
Our Scope 2 emissions come from municipal electricity and refrigeration activities. Our refrigeration equipment, primarily chillers, emitted 413.3 tCO_2e. No steam or heating emissions were recorded. While we have not yet purchased green electricity, we have initiated an energy structure transition assessment.
Data collection is based on ISO 14064-1 and the GHG Protocol. All emissions data is measured, not estimated, and excludes overseas locations and carbon neutrality offsets. All limitations have been disclosed and included in internal reviews. Going forward, we will continue to optimize our energy strategy and disclosure integrity, strengthening management effectiveness and external transparency.

1 | Revelation theme and reporting period
The Company will fully disclose its indirect Scope 2 greenhouse gas emissions in 2024, aiming to present the current status and management effectiveness of emissions resulting from energy use. The reporting period is January 1 to December 31, 2024, and the disclosure standards used are consistent with the reporting year to ensure the timeliness and comparability of this information.

2 | Base Year and Emissions Setting Basis
The Company has set 2018 as the base year for Scope 2 emissions, with emissions of 3,984.513 tCO_2e for that year. This year serves as a reference for subsequent carbon reduction targets and performance tracking. 2018 was chosen as the base year because it was the first year of a complete inventory, providing representativeness and data integrity. In 2023, due to the implementation of a new inventory system and adjustments to the Scope 3 methodology, the base year data was restated, resulting in a 12% decrease in Scope 2 indirect emissions. The restatement process ensured data consistency and was completed after internal review.

3 | Emission Boundary and Gas Range
The Company uses the Operational Control Approach as the boundary setting principle for Scope 2 emissions, covering all indirect emissions from operations directly controlled by the Company. The greenhouse gases included in the inventory include carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O). Other gases, such as hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF_6), are not included in this disclosure due to the Company's lack of relevant equipment or inventory data.

4 | Consistency between emission coefficient and GWP
The Company uses consistent emission factors and Global Warming Potential (GWP) ratios across all of its operating locations to ensure data comparability and accuracy. To maintain consistent management principles, we regularly review the source of our emission factors and GWP data versions. We use internal audit mechanisms to confirm the compliance of the calculation process at each location and document the basis for any updates or adjustments.

5 | Estimation Method and Supplementary Assumptions
Our Scope 2 emissions calculations are conducted in accordance with ISO 14064-1 and the GHG Protocol. Emission factors are primarily based on data published by the Taiwan Environmental Protection Administration. The inventory boundary is set within the operational control area, and no carbon offset mechanisms are used for emissions reduction. The calculation process combines energy consumption data and corresponding emission factors, and integrates and verifies them through internal data collection systems to ensure transparency and traceability of the estimation method.

6 | Disclosure coverage ratio
Our Scope 2 emissions disclosure covers 100% of our operations, encompassing all electricity consumption at our Dongtai Luke Plant 1. All relevant energy consumption and emissions data are included in the calculations to ensure the completeness and representativeness of our disclosure.

7 | Electricity Emissions Information (Total Amount, Country, and Source)
During the reporting period, the Company's total electricity-related Scope 2 emissions were 2,000.28 tCO_2e, all from the operations of the Dongtai Luke Plant 1. This electricity is sourced from municipal power and does not include renewable or other alternative energy sources. We continue to monitor our electricity source mix and explore the potential for future green power procurement to reduce our emissions impact.

8 | Vapor Emissions Information (Total Amount, Country, and Source)
The Company did not use any steam-related energy during the reporting period, resulting in total steam emissions of 0 tCO_2e. Related activities were not included in the inventory, and no corresponding country or source information is available.

9 | Heating Emissions Information (Total Amount, Country, and Source)
During the reporting period, the Company did not use any energy related to its heating system, resulting in total heating emissions of 0 tCO_2e. These activities were not included in the investigation, and no corresponding country or source information is available.

10 | Refrigeration Emissions Information (Total Amount, Country, and Source)
During the reporting period, the company's total emissions from refrigeration equipment totaled 413.3 tCO_2e, all of which came from operations at Dongtai Luke Plant 1. Cooling was provided by a chiller, which emitted 413.3 tCO_2e. We continuously monitor the energy efficiency of our refrigeration equipment to reduce related emissions.

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11 | Total Energy Indirect (Scope 2) Emissions: Market-Based Approach
Calculated using a market-based approach, the Company's total Scope 2 emissions during the reporting period were 2,000.28 tCO_2e. This figure reflects our energy procurement structure and emission factors provided by suppliers and does not incorporate adjustments based on green electricity certificates or other market mechanisms. The relevant data sources and calculation process are documented and subject to internal review.

12 | Total indirect energy (Scope 2) emissions: Location-based approach
Calculated using the location-based approach, the company's total Scope 2 emissions during the reporting period were 2,000.28 tCO_2e. This data uses a geographically averaged emission factor, sourced from data published by the China Environmental Protection Administration, and is applicable to the country and region where Dongtai Luke Plant 1 is located, ensuring the regional relevance of the calculated results.

13 | GWP Ratio Usage and Source Explanation
The Company consistently uses the 100-year Global Warming Potential (GWP) ratios recommended by the IPCC in its emissions calculations, as cited in the IPCC AR5. This ratio is applied to all greenhouse gas types in the conversion process, and the consistency and accuracy of the calculations are ensured through an internal data management system.

14 | Source and Application of Emission Factors
The emission factor used by our company is based on the emission factor published by the China Environmental Protection Administration (EPA), with a specific value of 0.474 tCO_2e/MWh, applicable to electricity-related emissions calculations. This factor has been uniformly applied to all Scope 2 energy projects, and its version updates and applicability are regularly reviewed to maintain data consistency and reliability.

15 | Explanation of Disclosure Scope and Restrictions
Our Scope 2 emissions disclosure only covers activities related to our Dongtai Luke Plant 1; no overseas locations are included in the audit. We currently do not purchase green electricity or use carbon offsets to adjust our emissions. Relevant restrictions have been identified during the internal review process and are documented in the emissions audit report to ensure transparency.

2024 Scope 2 Greenhouse Gas Emissions Report

Energy Indirect Emissions Management Disclosure | Power and Cooling System Emissions Analysis

Total emissions in 2024	Base year emissions (2018)	Power emissions	Refrigeration emissions
2,413.58 tCO_2e	3,984.51 tCO_2e	2,000.28 tCO_2e(82.9%)	413.3 tCO_2e(17.1%)

Scope 2 emissions trend analysis (2018 base year vs. 2024)

2018 (base year)	2024 (target year)
3,984.51 tCO_2e	2,413.58 tCO_2e

Compared to the base year, carbon emissions were reduced by 1,570.93 tCO_2e, a reduction of 39.42%.

Market-based vs. location-based approaches

Market-Based Approach
2,000.28 tCO_2e
Reflects energy procurement structure and supplier emission factors, and does not include green electricity certificate adjustments

Location-based approach
2,000.28 tCO_2e
Adopting the average emission factor of Taiwan's geographical location, applicable to the area where the Kaohsiung Luke Plant 1 is located

Electricity emission factors
0.474 tCO_2e/MWh
Source: Emission coefficients announced by Taiwan Environmental Protection Administration

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S2 Management Framework: Integrating Energy Costs and Operational Efficiency

2024 Scope 2 Energy Emission Statistics

Energy Types	Emissions (tCO_2e)	Proportion (%)	Covered locations	Energy Source
electricity	**2,000.28**	**82.9%**	**Kaohsiung Luke Plant 1**	**Municipal Power**
Refrigeration	**413.3**	**17.1%**	Kaohsiung Science Park Factory 1	Chiller
Steam	0	0%	-	No Related Equipment
Heat Supply	0	0%	-	No Related Equipment
Total	**2,413.58**	**100%**	**Kaohsiung Science Park Factory 1**	-

Scope 2 greenhouse gas types covered

greenhouse gases	Coverage Status	GWP value (IPCCAR5)	Key Sources	Description
CO2	**V has covered**	1	Power and Cooling	Main indirect emissions
CH4	**V has covered**	25	Power and Cooling	Methane Indirect Emissions
N2O	**V has covered**	298	Power and Cooling	Indirect nitrous oxide emissions
HFC	X Not Covered	Variation	-	No relevant equipment or data
PFC	X Not Covered	Variation	-	No relevant equipment or data
SF6	X Not Covered	22,800	-	No relevant equipment or data

Scope 2 Energy Source Analysis

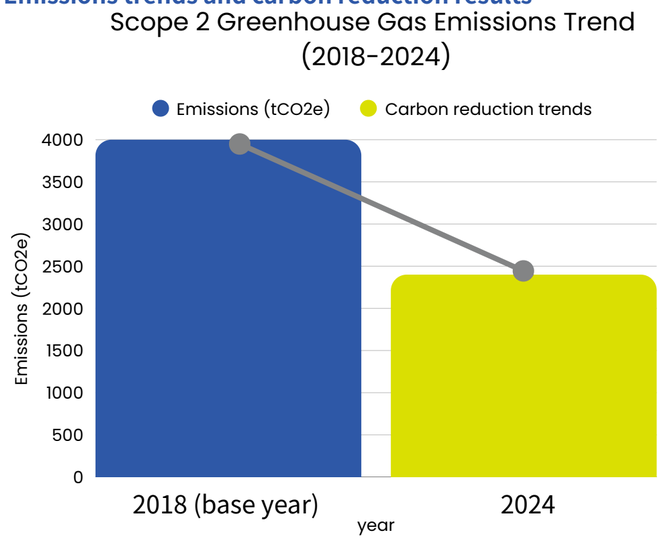
⚡electricity
2,000.28 tCO_2e
82.9%

❄️Refrigeration
413.3 tCO_2e
17.1%

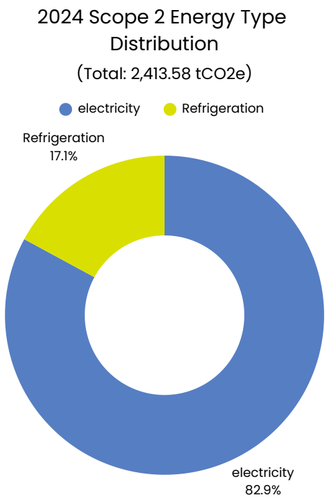
🔥Steam
0 tCO_2e
0%

🌡️Heating
0 tCO_2e
0%

Emissions trends and carbon reduction results



Energy type structure analysis



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GRI 305-4 Greenhouse Gas Emissions Intensity

In 2024, the company conducted a systematic review and analysis of greenhouse gas emissions intensity to demonstrate the correlation between emissions efficiency and economic activities. Scope 1 intensity was 0.037 tCO_2e/million yuan in revenue, and Scope 2 intensity was 0.421 tCO_2e/million yuan in revenue, for a total intensity of 0.458 tCO_2e/million yuan in revenue. Scope 3 data is still under review and is expected to be completed by the end of 2025. The intensity calculation is based on 2024 consolidated revenue of 5,739 million yuan, combined with the total emissions for each category to enhance data comparability and management efficiency.

Greenhouse gases include CO_2, CH_4, and N_2O, with GWP ratios based on the IPCC AR5 version. This disclosure covers Dongtai Luke Plant 1 and excludes emissions from overseas locations and Scope 3 upstream and downstream emissions. An inventory plan has been initiated and data availability and technical limitations are being reviewed to improve the completeness and representativeness of future disclosures.

Our company has incorporated emissions intensity into its carbon management system, serving as a basis for environmental performance and resource allocation decisions. The Environmental and Safety Office is responsible for data compilation, while the Finance and Accounting Department provides revenue support. This information is then reviewed and confirmed across departments by the Sustainability Committee to ensure accuracy and consistency. Through this governance mechanism, we continuously optimize emissions efficiency and fulfill our corporate environmental responsibility and commitment to carbon reduction.

1 | Revelation theme and reporting period

In 2024, the Company conducted a systematic review and disclosure of its greenhouse gas emissions intensity, aiming to demonstrate its performance and progress in environmental management and emissions control. This report covers the full year from January 1 to December 31, 2024, serving as a benchmark for evaluation and comparison to ensure the timeliness and consistency of this information.

2 | Emission Intensity and Units

In 2024, the Company's Scope 1 greenhouse gas emissions intensity was 0.037 tCO_2e/million RMB in revenue, and Scope 2 emissions intensity was 0.421 tCO_2e/million RMB in revenue. Scope 3 data is currently under review and is expected to be fully complete by the end of 2025. The combined Scope 1 and Scope 2 emissions intensity is 0.458 tCO_2e/million RMB in revenue. The unit used is tCO_2e/million RMB in revenue to ensure data comparability and transparency, and to reflect the correlation between emissions and economic activities.

3 | Activity Benchmark and Calculation Logic

The Company uses consolidated revenue as its benchmark for calculating greenhouse gas emissions intensity, with 2024 consolidated revenue of NT$5,739 million. The calculation is based on the total annual Scope 1 and Scope 2 emissions divided by the annual consolidated revenue (in millions of dollars). This figure is calculated based on the results of the greenhouse gas inventory and financial statement data. Consolidated revenue is selected as the benchmark because it effectively reflects the Company's overall economic activities and provides a representative correlation with emissions data.

4 | Emission Scope and Gas Coverage

The greenhouse gas emissions intensity disclosed by the Company covers both Scope 1 and Scope 2 emissions, including carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O). These gases were selected based on their primary impact on global warming, in line with international inventory and disclosure practices.

5 | Disclosure of Limitations and Exclusions

Currently, our greenhouse gas emissions intensity disclosure only covers data from Dongtai Luke Plant 1. Emissions data from our overseas subsidiaries and Scope 3 are still under review, with full inventory and disclosure expected to be completed by the end of 2025. We will continue to refine our review mechanism to enhance data coverage and completeness.

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2024 Greenhouse Gas Emissions Intensity Analysis

Emissions per Revenue Unit Analysis | Assessment of Economic Benefits and Environmental Performance

Comprehensive emission intensity (Scope 1 + 2)	Consolidated revenue in 2024	Scope 1 Emissions Intensity	Scope 2 emissions intensity
0.458	**5,739**	**0.037**	**0.421**
tCO_2e / million yuan in revenue	million yuan	tCO_2e / million yuan in revenue	tCO_2e / million yuan in revenue

Figure 1: Framework for activity benchmarking and calculation methodology

Consolidated revenue in 2024

5,739 million yuan

As an activity benchmark for calculating greenhouse gas emission intensity, it can effectively reflect the scale of overall economic activities.

Table 1: Greenhouse Gas Emission Intensity Statistics for 2024

Emission Scopes	Emissions (tCO_2e)	Emissions intensity (tCO_2e/million yuan in revenue)	Covered gases	Completion Status
Scope 1 (direct emissions)	**213.81**	**0.037**	CO2,CH4,N2O	**V Completed**
Scope 2 (Indirect Emissions)	**2,413.58**	**0.421**	CO2,CH4,N2O	**V Completed**
Category 1 + 2 (total)	**2,627.39**	**0.458**	**CO2,CH4,N2O**	**V Completed**
Scope 3 (Value Chain Emissions)	**Under investigation**	**Pending Calculation**	**To be confirmed**	**By the end of 2025**

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Figure 2: Emission intensity structure analysis

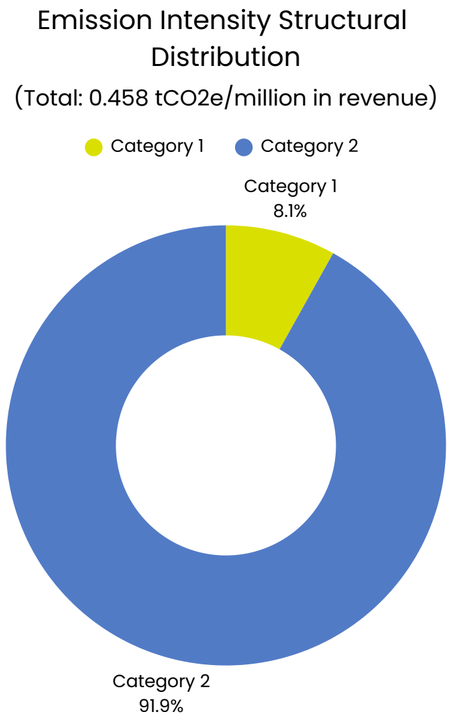

Figure 3: Comparison of emissions and emission intensity

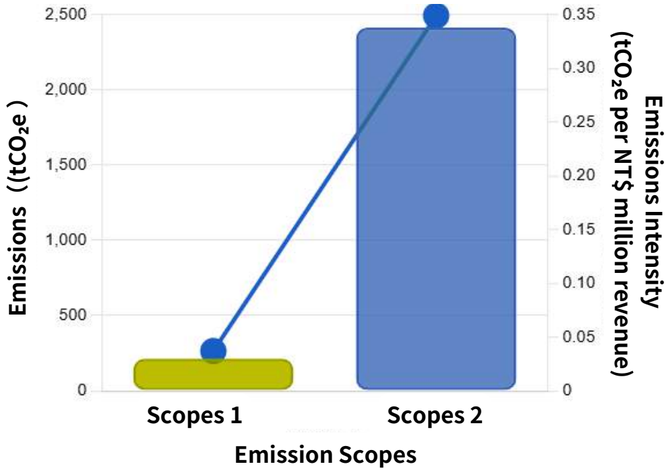

Figure 4: Emission intensity analysis by category

Category 1	Category 2	Comprehensive strength	Category 3
0.037	**0.421**	**0.458**	**To be calculated**
tCO_2e/million yuan in revenue	tCO_2e/million yuan in revenue	tCO_2e/million RMB revenue	Complete the emission intensity of the value chain by the end of 2025
Direct emission intensity	Indirect emissions intensity	Category 1+2 total	

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GRI 305-5 Greenhouse Gas Emissions Reduction

The company has established a systematic greenhouse gas emissions reduction governance framework, with 2018 as the base year for long-term carbon reduction targets and performance tracking. Annual energy savings targets of 5% to 10% are set, and emission reduction actions are integrated into departmental performance management. Regular reviews by senior management ensure alignment between climate strategy and operational guidelines. By 2024, the company had implemented various energy-saving measures, such as LED replacement, variable-frequency air conditioners, and cooling tower optimization, resulting in emissions reductions of 224 tCO_2e, primarily driven by improved Scope 2 energy efficiency at the Dongtai Luke Plant 1.

This disclosure focuses on Dongtai Luke Plant 1, covering actual emissions reductions in Scopes 1 and 2. Data for overseas locations and Scope 3 is still under review and is expected to be completed by the end of 2025. The data is calculated using ISO 14064-1, the GHG Protocol, and factors announced by the Taiwan Environmental Protection Administration. All data are measured values and are subject to internal audits and external verification to ensure quality and traceability.

We currently do not utilize a carbon offsetting mechanism; our carbon reduction efforts are driven by voluntary actions. We have implemented carbon reduction management in accordance with ISO 50001 and plan to expand it to all subsidiaries. We will strengthen digital monitoring, expand audit scope, and collaborate with our supply chain to continuously advance our commitment to carbon reduction.

1 | Revelation theme and reporting period

The Company will disclose its greenhouse gas emissions reduction results in 2024, aiming to demonstrate the concrete achievements of our environmental management and climate action. This disclosure covers the 2024 reduction data and related action plans, demonstrating the Company's ongoing efforts on climate change through systematic data review and management measures.

2 | Description of total amount of reduction

The Company achieved a total greenhouse gas emissions reduction of 224 tCO_2e in 2024. This data is calculated through year-on-year comparison and conversion based on relevant emission factors to ensure the accuracy and traceability of the reduction results.

3 | Reduction scope and gas type

The greenhouse gases covered in this disclosure include carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O). Reduction efforts primarily focus on Scope 1 and Scope 2 emission sources, while Scope 3 data is under ongoing review to ensure the completeness of future disclosures.

4 | Comparison Benchmarks and Sources

The Company uses 2018 as the base year for evaluating greenhouse gas reduction achievements and tracking targets. This year marks the first year the Company completed a comprehensive inventory, providing representative and consistent data that effectively reflects long-term emission reduction trends and management effectiveness, and serves as a benchmark for tracking carbon reduction targets.

5 | Calculation and Methodology

Reduction data is calculated based on international standards, including ISO 14064-1, the GHG Protocol, and emission factors published by the Taiwan Environmental Protection Administration. Baseline data excludes the impact of production capacity fluctuations to ensure a consistent basis for comparison. The company conducts annual external verification to ensure data quality and disclosure credibility.

6 | Reduction Actions and Measures

The company is actively promoting various energy-saving and waste-reduction initiatives, including the replacement of LED lighting fixtures, the installation of inverters in air conditioning systems, and the optimization of cooling towers. The LED lighting replacement and the implementation of inverters in the air conditioning system have collectively reduced CO_2e by 224 tCO_2e. These initiatives are led by the Environmental Safety Office, incorporating external audits and the PDCA management cycle to ensure their effectiveness. The company has set an annual energy-saving target of 5% to 10% to continuously improve energy efficiency. Data on Scope 3 reduction initiatives is still under review, and no specific results are available for disclosure at this time.

7 | Reduction results by category

Regarding emission reductions, the company achieved a reduction of 0 tCO_2e in Scope 1 and 224 tCO_2e in Scope 2. Scope 3 reduction data is still under review, and specific figures are not yet available. These achievements are primarily attributable to emission sources covered by energy optimization and equipment upgrades at Dongtai Luke Plant 1.

8 | Carbon Offsets and Third-Party Offsets

The Company did not use carbon credits for offsetting in 2024. The emission reduction results all came from the direct emission reduction contribution of internal action plans, and no external offsets were included in the total emission reduction statistics.

9 | Regulatory Monitoring and Applicability

The company's greenhouse gas reduction management is implemented and verified in accordance with ISO 50001, ISO 14064-1/14067, and the GHG Protocol, with a phased implementation strategy. Dongtai Luke Plant No. 1 was added to the management scope in 2024, and all subsidiaries are expected to be included in the management scope by 2025 to further enhance data integrity and management efficiency.

10 | Disclosure Restrictions and Data Exclusion

This disclosure only covers the reduction data for Dongtai Luke Plant 1. Emissions and reduction data for overseas subsidiaries and Scope 3 are still under review and are expected to be completed by the end of 2025. The Company will continue to optimize the scope of its review and data quality to ensure the comprehensiveness and representativeness of future disclosures.

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2024 Greenhouse Gas Emissions Reduction Results Report

Energy Conservation and Reduction Action Plan Effectiveness Analysis | Carbon Efficiency Improvement and Environmental Performance Evaluation

Total reduction results in 2024

224 tCO_2e

As an activity benchmark for calculating greenhouse gas emission intensity, it can effectively reflect the scale of overall economic activities.

Total reduction results	Base year (2018)	Category 2 Reduction	Annual energy saving target
224 tCO_2e	**first** Complete inventory year	**224** tCO_2e(100%)	**5-10%** Improved energy efficiency

Table 1: 2024 Greenhouse Gas Reduction Achievement Statistics

Emission Scopes	Reduction results (tCO_2e)	Main reduction measures	Covered gases	Verification Status
Scope 1 (direct emissions)	0	No specific measures yet	CO2,CH4,N2O	V verified
Scope 2 (Indirect Emissions)	224	LED lamp replacement, air conditioning inverter	CO2,CH4,N2O	V Verified
Scope 3 (Value Chain Emissions)	Under Investigation	Data collection in progress	To be confirmed	Completion by the end of 2025
Total	224	Energy-saving equipment upgrades	CO2,CH4,N2O	V Verified

Table 2: Detailed Description of Energy Saving and Reduction Measures for 2024

Reduction Measures	Reduction results (tCO_2e)	Implementation Location	Executive Department	Completion Status
LED lamp replacement	112	Kaohsiung Luke Plant 1	Energy Management Department	V Completed
Air Conditioning Box Installation with Frequency Converter	112.00	Kaohsiung Luke Plant 1	Energy Management Department	V Completed
Cooling tower optimization	Assessment in Progress	Kaohsiung Luke Plant 1	Energy Management Department	📋Planning
Total	224	Kaohsiung Luke Plant 1	Energy Management Department	V Achieving Goals

Figure 1: Emissions intensity and carbon efficiency changes

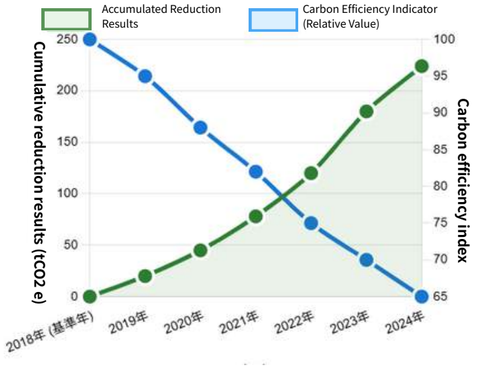

Figure 2: Distribution of contributions from emission reduction measures

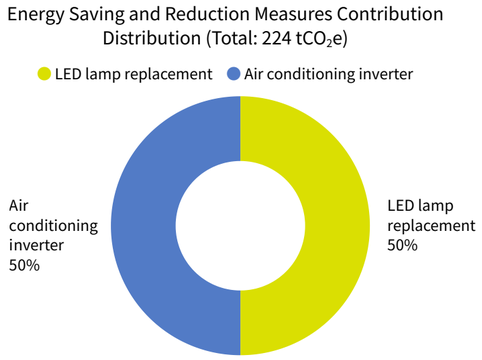

Figure 3: Analysis of reduction results in various categories

Category 1	Category 2	Category 3
0 tCO_2e	**224 tCO_2e**	**Under investigation**
No reduction measures	Goal achieved	End of 2025

Figure 4: Results of energy conservation and emission reduction measures

LED lamp replacement	Air conditioning inverter	Cooling tower optimization
112 tCO_2e	**112 tCO_2e**	**Under evaluation**
Traditional lamps are fully replaced with LED energy-saving lamps to improve lighting efficiency	Install inverters on air conditioners to optimize energy efficiency	Improved cooling system efficiency is expected to bring additional reduction benefits

Figure 5: Annual energy-saving targets and management mechanisms

Annual energy saving target setting

5% ~10%

Energy efficiency improvement targets | PDCA management cycle | External audit and verification

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ODS Control Mechanism: Compliance Management of Ozone Depleting Substances

GRI 305-6 Emissions of ozone-depleting substances (ODS)

The company conducted a comprehensive inventory of ozone-depleting substances (ODS) in 2024, revealing no production, import, use, or emission of any substances, with total emissions of zero metric tons. We have established a systematic identification and classification mechanism to review potential activities, including production, destruction, and raw material use. We confirmed that our Dongtai Luke Plant No. 1 is not exposed to these substances, eliminating the need for data estimation or scenario assumptions to ensure accurate and consistent disclosure.

As there were no related activities this year, we did not create a substance inventory or apply emission factors, nor did we conduct accounting exercises such as mass balance methods. We have referenced international standards and are preparing to implement appropriate mechanisms in the future, should ODS use be involved, to maintain compliance and risk control capabilities.

All data comes from actual audits and internal audits, without institutional exclusions or data restrictions. We will continue to track operational changes and, when necessary, update management mechanisms and disclose relevant information transparently. Through these audit results, our company demonstrates its commitment to environmental risk management and its unwavering commitment to sustainable development.

1 | Revelation theme and reporting period

In 2024, the company conducted a comprehensive inventory and management of ozone-depleting substances (ODS) emissions, aiming to transparently disclose the potential environmental impacts of these activities and ensure compliance with international standards and best practices. This report covers the relevant data and management practices of Dongtai Luke Plant No. 1 during the reporting period, demonstrating our commitment to environmental protection.

2 | ODS Disclosure Methods and Substance Scope

During the reporting period, our company was not involved in the production, import, or use of any ozone-depleting substances. Therefore, there is no need to consolidate or separate ODS types for disclosure, and no specific substance names or emissions data need to be reported. We have reviewed all operational processes at Dongtai Luke Plant 1 and confirmed that no relevant substances are under management.

3 | Emission coefficient and calculation logic

As the Company was not involved in any activities related to ozone-depleting substances during the reporting period, no emission factors or calculation methods were used, nor were there any assumptions or scenarios required. We will continue to monitor international regulations and guidelines to ensure that appropriate calculation and disclosure mechanisms are in place in the future should relevant activities arise.

4 | ODS Emissions Explanation

The Company's total emissions of ozone-depleting substances in fiscal 2024 were zero metric tons. This result is based on a comprehensive review of all operational activities at Dongtai Luke Plant 1, which confirmed the absence of any related emissions. We will continue to monitor these activities and disclose any future changes as appropriate.

5 | Production Activity Statistics

During the reporting period, our company was not involved in any production activities related to ozone-depleting substances, with a total of zero metric tons. Dongtai Luke Plant 1 does not have specific locations or technical categories to disclose. We will ensure that if any related activities occur in the future, we will establish a comprehensive management and data tracking mechanism.

6 | Destruction treatment statistics

In fiscal year 2024, the Company did not conduct any disposal activities related to ozone-depleting substances, totaling 0 metric tons. Dongtai Luke Plant No. 1 has no locations or types of disposal activities to disclose, and no related reduction data is included in emissions calculations. We will continue to review relevant processes to ensure compliance with environmental management requirements.

7 | Raw Material Usage Statistics

During the reporting period, the company did not use any ozone-depleting substances as raw materials, totaling zero metric tons. Dongtai Luke Plant No. 1 has no locations or usage categories to disclose, and is not included in the carbon footprint exclusion mechanism. We will continue to monitor these activities and establish management mechanisms as necessary.

8 | Disclosure of Limitations and Exclusions

All production and operational activities at our Dongtai Luke Plant No. 1 are free of ozone-depleting substances (ODS), with all figures reported as zero metric tons. We have conducted a comprehensive review of all sites and processes at our Dongtai Luke Plant No. 1 and confirmed that there are no exclusions or data restrictions requiring additional explanation, ensuring the integrity and transparency of disclosed information.

Comprehensive inventory and verification process

1

Operational review

Conduct a comprehensive review of all operational processes to confirm that there are no ODS-related activities

2

Stronghold inspection

Covering all operating locations to ensure the completeness of the inspection scope

3

Data Confirmation

Confirm through systematic verification that there are no ODS-related emissions

4

Continuous monitoring

Establish a monitoring mechanism to ensure immediate response to future changes

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ODS Control Mechanism: Compliance Management of Ozone Depleting Substances

Achievements in ozone layer protection

0 metric tons

Total emissions of ozone-depleting substances in 2024

☑️ 100% compliant with international environmental standards | 📋 Comprehensive audit confirms zero emissions | 🏆 A leading environmental protection company

Total ODS emissions	Production activities	Destruction treatment	Raw material use
0 mt	0 Metric tons (no related activities)	0 Metric tons (no related activities)	0 Metric tons (no related activities)

Monitoring results of various ODS activities

🏭 Production activities	📦 Import activities	🔧 Use Activities	♻️ Destruction treatment	🧪 Raw material use
0 metric tons	**0 metric tons**	**0 metric tons**	**0 metric tons**	**0 metric tons**
No related production equipment	No ODS substances imported	No use in operating procedures	No processing activity required	Random ingredients used

Effectiveness of ozone layer protection management

Achievements in environmental protection management

🌍 Ozone layer protection	📋 Comprehensive investigation	🎯Zero Emissions Target	📊 Transparent Disclosure
100% achieved	☑️ **Completed**	☑️ **Achieved**	☑️ **Completed**

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Significant gas governance: zero emission commitment and action plan

GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

The Company conducted an inventory of significant air emissions in 2024 and confirmed that no significant air pollutants, including nitrogen oxides (NOx), sulfur oxides (SOx), volatile organic compounds (VOCs), persistent organic pollutants (POPs), hazardous air pollutants (HAPs), and particulate matter (PM), were emitted. This is primarily due to the fact that the Company's operations do not involve high-pollution sources such as combustion processes, heat treatment, or chemical reactions, and the Dongtai Luke Plant 1 has no stationary emission sources. Therefore, no relevant control standards or estimation models have been established.

Dongtai Luke Plant No. 1 primarily handles general industrial waste and recycles resources, with environmental management focusing on waste sorting and reduction. There are no significant sources of air pollution risk. Because actual emissions are zero, the company does not use emission factors for data calculations. These factors are incorporated into the environmental risk management and regulatory monitoring framework, and business activities are regularly reviewed for potential emission risks.

If operations expand or regulations change in the future, we will reference international standards, establish scientific estimation and monitoring mechanisms, and introduce necessary pollution control equipment to ensure complete disclosure and regulatory compliance. We currently have no record of the use of other pollutants, such as ammonia, lead, and mercury. If future activities involve these pollutants, we will include them in our management and disclosure efforts, demonstrating our ongoing commitment to environmental responsibility.

1 | Revelation theme and reporting period

In accordance with international sustainability reporting standards, our company discloses information on significant air emissions, with the reporting period ending in 2024. This disclosure covers emissions of major air pollutants generated by our Dongtai Luke Plant 1, aiming to showcase our efforts and achievements in environmental management and emissions control.

2 | Emission Estimation Method and System Basis

Our company currently has no fixed emission sources or specialized processes, nor are there any regulatory requirements for mandatory monitoring or reporting of air pollutant emissions. Therefore, we do not conduct specific estimates or data collection for gaseous emissions of nitrogen oxides (NOx), sulfur oxides (SOx), volatile organic compounds (VOCs), persistent organic pollutants (POPs), hazardous air pollutants (HAPs), and particulate matter (PM). Disclosure of emissions information is primarily based on internal operational data and environmental management assessments at Dongtai Luke Plant No. 1 to ensure consistency with actual activities. If future operating models or regulatory requirements change, we will promptly establish appropriate estimation models and data tracking mechanisms, and reference international standards such as USEPA AP-42 or ISO 14064-1 as the basis for emissions calculation and management.

3 | Explanation of Disclosure Scope and Restrictions

During the reporting period, the Company generated only general business waste and had no fixed pollution sources or operations involving specialized chemical processes. Therefore, all air pollutant emissions were zero, and no calculations or estimates were required. The disclosure scope covers Dongtai Luke Plant 1; no locations were excluded from this report. If the nature of our business or environmental management needs change in the future, we will reassess emission sources and the feasibility of data collection, and update the disclosure information as appropriate to ensure transparency and completeness.

Achievements in air quality protection

0 metric tons

Total emissions of all air pollutants in 2024

No fixed pollution sources | Clean production model | Zero pollution emissions achieved

Nitrogen oxides (NOx)	Sulfur oxides (SOx)	Volatile organic compounds (VOCs)	Particulate matter (PM)
0 mt	0 mt	0 mt	0 mt

Clean production operation model

Zero-pollution emission operation features

No stationary emission sources
No fixed pollution sources such as chimneys and boilers

No special process
No Chemical Reaction Involved Special Process

General business waste
Only general industrial waste is generated

Clean operation model
Operational activities have no negative impact on air quality

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GRI 305 Emissions

The Company demonstrated robust progress in greenhouse gas emissions management in fiscal 2024. Through systematic audit processes and data analysis, it comprehensively monitors Scope 1 and Scope 2 emissions and tracks carbon reduction progress using 2018 as a base year. Scope 1 emissions decreased from 232.33 tCO_2e in the base year to 213.81 tCO_2e, demonstrating a steady reduction trend, primarily driven by improved logistics and transportation efficiency and fugitive emission source control. Mobile combustion emissions accounted for 161 tCO_2e (75.3%), and fugitive emissions for 51.92 tCO_2e (24.28%). Emissions data is calculated based on actual fuel usage and activity levels to ensure accuracy and traceability.

Scope 2 emissions decreased significantly from 3,984.51 tCO_2e in the base year to 2,413.58 tCO_2e, consisting of 2,000.28 tCO_2e from electricity and 413.3 tCO_2e from cooling. These reductions were primarily due to energy-saving initiatives such as replacing LED lighting, installing inverters in air conditioning systems, and optimizing cooling towers. By 2024, a total reduction of 224 tCO_2e would be achieved, achieving the annual energy savings target of 5%-10%. While no immediate reductions were seen in Scope 1, a logistics fleet optimization plan has been initiated, aiming for medium- to long-term improvements.
Regarding emissions intensity management, the 2024 comprehensive emissions intensity is 0.458 tCO_2e/million yuan in revenue, including 0.037 for Scope 1 and 0.421 for Scope 2, both calculated based on consolidated revenue of 5,739 million yuan. This metric has been incorporated into the environmental performance management system and serves as a basis for resource allocation and performance review, reflecting the company's tangible achievements in balancing operational growth and emissions reduction efficiency. Scope 3 emissions are still under review and are expected to be disclosed by the end of 2025 to enhance the integrity and transparency of the overall assessment.

In terms of estimation logic and system design, the company uniformly adopts the IPCC AR5 GWP values and emission factors published by the Taiwan Environmental Protection Administration (e.g., 0.474 tCO_2e/MWh for electricity). We also establish an inventory and verification process in accordance with ISO 14064-1 and the GHG Protocol. Scope 2 utilizes both a location-based and a market-based approach for dual-track calculations. The 2024 emissions results for both methods are consistent, reaching 2,000.28 tCO_2e, enhancing comparability and application flexibility. All emissions data undergo cross-departmental audits, internal controls, and third-party verification to enhance data consistency and reliability.

Regarding non-greenhouse gas emissions, emissions of ozone-depleting substances (ODS) and other air pollutants (such as NOx, SOx, VOCs, and PM) were projected to be zero metric tons in 2024. This is primarily due to the fact that our operations do not involve high-pollution sources such as combustion, thermal treatment, or chemical processes. An internal audit confirmed that Dongtai Luke Plant 1 has no related emissions activities and currently has no need for emissions estimation or data modeling. However, we have established early warning and management systems to ensure timely response to future changes in activities.

Currently, this disclosure covers Dongtai Luke Plant 1 and our own logistics fleet, excluding overseas locations and our indirect emissions supply chain. Going forward, we will continue to expand our audit scope to include overseas subsidiaries and Scope 3 supply chain emissions, and introduce digital tools to optimize data collection efficiency and disclosure quality.

Overall, by 2024, the Company had established a robust greenhouse gas management system that balanced data accuracy with the implementation of carbon reduction actions, demonstrating its proactive commitment to climate responsibility. Going forward, we will continue to strengthen emissions management, expand our inventory scope, and enhance data quality. We will also drive climate action with measurable performance targets, moving towards low-carbon transformation and sustainable development.

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5.2 Energy Efficiency and Management

GRI 302-1 Energy consumption within the organization

Adhering to the principles of systematization and transparency, our company has integrated energy management into its sustainable governance framework. The Plant Management Office is responsible for data consolidation, target setting, and performance tracking, with regular reporting to senior management. Total energy consumption for 2024 was 15,201 GJ, all of which was non-renewable energy, primarily electricity, used for lighting, air conditioning, and equipment operation; no heat, cooling, or steam was used. Data is uniformly measured in GJ and standardized according to DEFRA (2023) conversion tables to ensure comparable calculations and compliance.
The disclosure covers the Dongtai Luke Plant 1, using 2024 as the base year to ensure data representativeness and consistency. Data is primarily sourced from Taipower's bills and internal energy systems. Some data is reasonably estimated based on historical electricity usage and actual operations, and accuracy is ensured through cross-references and internal audits.
We will continue to optimize our energy management system, enhance data timeliness and accuracy, and strengthen internal tracking and disclosure processes to improve overall energy governance effectiveness and respond to stakeholders' expectations of environmental responsibility.

1 | Revelation theme and reporting period
In accordance with international reporting standards, the company will disclose its energy consumption for 2024, covering the total energy usage and the distribution of various energy sources, to demonstrate our efforts and achievements in energy management and sustainable operations.

2 | Explanation of total energy consumption and types
In fiscal year 2024, our company's total energy consumption was 15,201 GJ. Detailed classification and calculation revealed that all energy came from non-renewable sources, with zero GJ of renewable energy used. Non-renewable energy accounted for 100%, primarily relying on traditional electricity and fossil fuel-related sources. We aggregate data through our internal energy management system, classifying and calculating according to international standards to ensure data accuracy and consistency.

3 | Energy usage classification (electricity, heat, cooling, steam)
Regarding energy usage, the company's energy consumption in 2024 was primarily concentrated in electricity, totaling 15,201 GJ. Heat, cooling, and steam usage were all 0 GJ. This electricity was primarily used for lighting, air conditioning, and production equipment at Dongtai Luke Plant No. 1. This data was compiled based on Dongtai Luke Plant No. 1's electricity usage records and verified and validated with the energy management system to ensure the rationality of the usage classification and data traceability.

4 | Sold and unconsumed energy
The Company sold no energy externally in 2024, resulting in a total of 0 GJ. The amount of energy produced but not used internally was also 0 GJ. In accordance with our internal energy management standards, we comprehensively track all energy usage and flows, ensuring that energy sold or not consumed is not included in the total, and maintaining clear data calculation principles.

5 | Energy Units and Conversion Basis
To ensure consistency and comparability of energy data, our company uses GJ (Gigajoule) as the unit of measurement for energy consumption. All energy data is converted and calculated according to the DEFRA conversion table (2023 edition) as a reference for data standardization. We also conduct a unified calibration of the energy data for Dongtai Luke Plant 1 to ensure data integrity and accuracy.

6 | Data Sources and Estimation Methods
Our energy consumption data primarily comes from electricity bills collected from our Dongtai Luke Plant No. 1. Specific data is obtained from Taipower's bills and monitoring records from our internal energy management system. We systematically compile Dongtai Luke Plant No. 1's electricity consumption data and perform estimation and verification on selected data. This estimation logic is based on historical electricity usage patterns and actual operating conditions to ensure the data's rationality and representativeness.

7 | Base Year and Location Coverage
The Company uses 2024 as the base year for its energy consumption disclosure, covering only the Dongtai Luke Plant 1 and excluding other sites within the scope of consolidated financial statements. Data is categorized by industry and energy type to ensure consistency with previous periods. We also regularly review the base year and data coverage to maintain the consistency and representativeness of our disclosures.

8 | Explanation of Disclosure Scope and Restrictions
This energy consumption disclosure is limited to Dongtai Luke Plant 1 and does not include other sites within the scope of consolidated financial statements. No major energy projects have been excluded. We are committed to ensuring the integrity of the data and continuously reviewing the applicability of the disclosure scope. If new sites or business adjustments are added in the future, they will be included in the disclosure scope as appropriate, and the relevant changes and reinforcement strategies will be explained in the report.

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2024 Energy Consumption Report

Demonstrate energy management and sustainable management efforts | Disclose in accordance with international reporting standards

15,201

Total energy consumption in 2024 will be collected through the internal energy management system
Classification and calculation according to international standards

100%

15,201

Power usage

GJ | Mainly used in office lighting, air conditioning systems and production equipment operations
Based on the electricity consumption records of Dongtai Luke No. 1 Plant

0%

0

Heat energy use

GJ|No heat use in 2024; future operational needs will be assessed.
Incorporate into energy management planning

Renewable energy usage

0 GJ
Use of renewable energy

100%
Proportion of non-renewable energy

All energy comes from non-renewable energy sources, mainly relying on traditional electricity supply and fossil fuel related sources. The feasibility of introducing renewable energy will be evaluated in the future.
Gradually increase the proportion of green energy use

0%

0

Cold energy use

GJ|No cooling energy will be used in 2024. Air conditioning demand is already included in electricity.
Integrated into power consumption statistics

0%

0

Steam use

GJ|No steam will be used in 2024 and no steam will be used in the production process
Maintain zero steam consumption

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Energy efficiency measurement system: definition and calculation of intensity indicators

GRI 302-3 Energy Intensity

The company will strengthen its energy efficiency disclosure by 2024, establish a systematic energy efficiency statistics system, incorporate relevant policies into its ESG governance structure, clearly define the frequency of disclosure and responsible departments, and regularly submit reports to senior management and the Board of Directors to ensure effectiveness. Energy intensity is calculated as follows: total energy consumption of 15,201 GJ/annual consolidated revenue of NT$5,739.35 million, resulting in an index value of 2.65 GJ/million yuan of revenue. Data from Dongtai Luke Plant No. 1 is uniformly converted and standardized to enhance data consistency and comparability.

The current disclosure focuses on electricity consumption at Dongtai Luke Plant 1. Fuel, steam, and supply chain energy are not included due to data accessibility and controllability considerations. However, due to the high proportion of electricity consumption, this data is highly representative. Data sources include ERP systems, Taipower bills, and ISO 50001 energy management systems. All data is measured, and quality is ensured through internal audits and selected third-party inspections.

The organizational boundary is limited to Dongtai Luke Plant 1 and does not include other locations within the scope of financial consolidation. Exclusion of the supply chain is not expected to have a significant impact on overall density. We are also evaluating the use of alternative metrics for Dongtai Luke Plant 1 to improve accuracy.

To enhance comparability and external interpretability, this indicator can be compared with historical data and industry benchmarks. We will optimize the denominator logic and explore the possibility of incorporating renewable energy and supply chain data to address stakeholder needs. Through institutional design and cross-departmental collaboration, the company will continuously improve energy management performance and promote long-term sustainable development.

1 | Revelation theme and reporting period

In this report, the company discloses energy intensity, focusing on the energy efficiency and related performance indicators of Dongtai Luke Plant 1. This report aims to showcase our efforts and achievements in energy management and resource optimization. This disclosure covers complete data for 2024, from January 1, 2024, to December 31, 2024.

2 | Density value and source description

The company's energy intensity for fiscal 2024 is 2.65 GJ/million yuan in revenue. This value uses total energy consumption as the numerator, which is 15,201 GJ, and annual consolidated revenue as the denominator, which is 5,739.35 million yuan. This figure reflects the correlation between energy use and economic output at Dongtai Luke Plant No. 1 during the reporting period.

3 | Intensity Unit and Type Description

Our energy intensity is calculated in GJ per million RMB of revenue, which is a revenue-intensive measure. The denominator is based on consolidated revenue. This benchmark effectively reflects the relationship between Dongtai Luke Plant No. 1's economic activities and energy consumption, and is also applicable for comparison with other companies in the same industry.

4 | Energy categories and types of energy included

Our energy intensity calculations cover only the internal energy use of Dongtai Luke Plant No. 1 and do not include energy consumption from external supply chains or third-party activities. The energy used in these calculations is primarily electricity, including electricity usage data for Dongtai Luke Plant No. 1.

5 | Intensity Denominator Benchmark and Standard Unit

The company uses per million yuan of revenue as the denominator for energy intensity. This unit of measurement is industry-comparable, allowing stakeholders to understand Dongtai Luke Plant No. 1's energy efficiency at different economic scales and make meaningful comparisons with other companies or industry standards.

6 | Calculation of activity scope and estimation method

The company's energy intensity statistics are limited to Dongtai Luke Plant No. 1 and do not include other sites within the scope of consolidated financial statements. Data calculations are based on ISO 50001 energy management systems, Taipower's bills, and internal ERP system records to ensure data source accuracy and traceability. No estimates or modeling are used.

7 | Data Sources and Comparison Basis

Our energy intensity data is sourced from our ISO 50001 energy management system, our internal ERP system, and Taipower bills. These data sources are internally verified to ensure integrity and reliability. We compare this year's data with historical data and industry benchmarks to track long-term trends and assess energy management effectiveness.

8 | Explanation of Disclosure Scope and Restrictions

The Company's energy intensity statistics are limited to Dongtai Luke Plant No. 1 and do not include energy data from other consolidated locations or supply chain-related activities. This exclusion of the supply chain is primarily due to the lack of a unified data collection mechanism and verifiable external data sources. However, the internal data from Dongtai Luke Plant No. 1 is sufficient to represent its operational energy efficiency, thus not affecting the usability and representativeness of the indicator.

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2024 Energy Intensity Report

Providing transparent and comparable energy efficiency information to meet stakeholders' expectations

2.65

GJ/ million yuan in revenue
The 2024 energy intensity value reflects the energy efficiency of overall operational activities.
Revenue intensity type, with cross-year comparability

Energy intensity calculation formula

Energy intensity = total energy consumption ÷ annual revenue

15,201	÷	5,739.35	=	2.65
GJ Total energy consumption		million yuan Annual revenue		GJ/million yuan Energy intensity

Revenue intensity type

Use consolidated revenue as the denominator to ensure data
Consistent with financial statements, comparable across years and industries

Internal operations

The calculation scope only covers the energy used in internal operations, and the energy types included are mainly electricity, reflecting the direct control scope.

Measured data basis

Based on ISO 50001 energy management system, Taipower bills and ERP system measured data to ensure information accuracy and completeness

Data Source and Verification

ISO 50001 system
The energy management system provides standardized energy monitoring and recording, ensuring data quality is consistent with international standards

Taipower bill
Directly derived from Taipower's official billing information, providing the most accurate electricity consumption data

ERP system
Enterprise resource planning systems integrate operational data to ensure consistency between financial and energy data

Measured data
All data are internally measured and recorded, without any estimation or extrapolation, to enhance credibility

All bases covered
Statistics cover all operating locations of the company and are consistent with the scope of financial statements to ensure completeness

Trend Comparison
Compare data from the previous year and previous years to track the long-term trend of energy efficiency

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Energy-saving management framework: project-based reduction and verification process

GRI 302-4 Reduce energy consumption

The company has integrated energy management and reduction efforts into its sustainability governance core, establishing institutionalized policies and cross-departmental collaboration mechanisms to regularly track and review energy usage and drive the achievement of energy conservation targets. With 2023 as the base year, energy reductions are estimated based on historical data and equipment performance, combined with the ERP system, Taipower China bills, and field measurements to ensure statistical accuracy and consistency. Calculations utilize ISO 50001 and DEFRA factors, with a unified conversion to GJ to enhance comparability across Dongtai Luke Plant No. 1.

This disclosure focuses on the power conservation achievements of Dongtai Luke Plant No. 1, covering energy types from Scopes 1 to 3, and comprehensively presents the reduction performance in each category. All data has not yet been third-party verified. After a complete review of Scope 3, verification and disclosure will be made in the 2025 Sustainability Report. The Plant Affairs Office is responsible for data collection and internal verification to enhance the credibility of this information. This disclosure is limited to Dongtai Luke Plant No. 1 and does not include other sites within the scope of consolidated financial statements. It is consistent with historical data to facilitate understanding and comparison for stakeholders. We will continue to improve energy governance, strengthen information transparency, and implement actions to demonstrate our commitment to sustainable development.

1 | Revelation theme and reporting period

In 2024, the company will fully disclose its energy consumption reduction efforts and management measures, covering energy-saving actions implemented during the reporting period and related achievements. This disclosure aims to showcase Dongtai Luke Plant No. 1's ongoing efforts and concrete results in energy management, ensuring transparency and credibility of the information.

2 | Summary of Energy-Saving Measures and Actions

During the reporting period, the company actively implemented a number of energy-saving initiatives, encompassing both technological upgrades and process optimization. These included adopting energy-efficient LED lighting systems to reduce lighting electricity demand, installing variable-frequency air conditioning systems to improve efficiency, optimizing cooling tower operations to reduce energy waste, and implementing energy management systems and equipment monitoring mechanisms to enable real-time tracking and adjustment of energy usage. These initiatives were led by the Plant Management Office, ensuring effective implementation through cross-departmental collaboration.

3 | Total energy reduction and energy types covered

Through these energy-saving measures, the company achieved a total energy reduction of 4,378.7 GJ during the reporting period, primarily electricity. This data reflects the significant progress made by Dongtai Luke Plant No. 1 in improving power efficiency and focusing on energy consumption management across key operational activities.

4 | Reduction Base Year and Basis

The company uses 2023 as the base year for energy reductions to evaluate the reduction results during the reporting period. This base year is based on historical energy consumption statistics from Dongtai Luke Plant No. 1, combined with estimated expected performance after equipment replacement, and evaluated with reference to international energy management standards to ensure the rationality and consistency of the reduction data.

5 | Adoption Methodology and Estimation Model

To calculate energy reduction, our company uses a methodology that combines the ISO 50001 model with DEFRA factors. Data sources include ERP system records, Taipower billing data, and a combination of actual measurements and estimates based on ISO 50001 standards to ensure data accuracy and traceability.

6 | Energy reduction statistics by category

During the reporting period, the company's energy reductions were categorized by category. Scope 1 saw a reduction of 0 GJ, Scope 2 saw a reduction of 4,378.7 GJ, and Scope 3 saw a reduction of 0 GJ. The Scope 2 reduction was primarily due to improved power efficiency at the Dongtai Luke Plant 1, assessed using a combination of measured data and system records.

7 | Verification Status and Third-Party Agency Description

The company's 2024 energy reduction data has not yet been third-party verified. This data will be verified and fully disclosed in the 2025 Sustainability Report, pending a complete Scope 3 audit. Energy data is managed in accordance with ISO 50001 standards, with the Plant Affairs Office responsible for data collection and internal verification to ensure data credibility and compliance with international standards.

8 | Supplementary Explanation on Disclosure Scope and Exclusions

This energy reduction statistics are limited to Dongtai Luke Plant No. 1 and do not include other sites within the scope of consolidated financial statements to ensure the completeness and representativeness of disclosed information. No major energy types were excluded from this statistics to ensure that the data reflects the energy management performance of Dongtai Luke Plant No. 1.

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2024 Energy Consumption Reduction Results and Management Measures Report

Demonstrate concrete results of energy conservation actions | Ensure information transparency and credibility

4,378.7

GJ

The total energy reduction in 2024 is mainly due to the improvement of electricity efficiency.
Focus on energy consumption management of major operating activities

0
Category 1

GI | Direct Emissions
No reduction in 2024
Maintain existing standards

4,378.7
Category 2

GJ|Indirect Emissions
Improved Electricity Usage Efficiency
Main sources of reduction

0
Category 3

GJ | Other indirect emissions
No reduction in 2024
Future evaluation potential

Energy-saving measures and actions

LED lighting system
Use energy-saving LED lighting system to reduce lighting electricity demand and improve light source efficiency and service life

Air conditioning box frequency conversion equipment
Install frequency conversion equipment for air conditioning boxes to improve the efficiency of air conditioning systems. Achieve intelligent temperature control and energy-saving operation

Cooling tower optimization
Optimize the operation mode of cooling towers, reduce energy waste, and improve the overall operating efficiency of the system

Energy Management System
Introducing energy management systems and equipment monitoring mechanisms to enable real-time tracking and adjustment of energy usage

Equipment technology upgrade
Carry out technical upgrades for major energy-consuming equipment to improve equipment operation efficiency and energy utilization efficiency

Cross-departmental collaboration
Ensure effective implementation and continuous improvement of energy-saving measures through cross-departmental collaboration

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Design introduction progress: Energy-saving specifications for main models

GRI 302-5 Reduce the energy requirements of products and services

In 2024, the company is committed to reducing the energy requirements of its products and services. Through systematic design improvements and technological innovation, it will establish a product energy efficiency management system with a well-governed structure. This system will be integrated into R&D processes and sustainability management mechanisms. Quality Assurance and R&D will collaborate to regularly track and review results, strengthen information disclosure and stakeholder communication mechanisms, and ensure that improvement actions are aligned with practical needs and create long-term value.

On the technical side, we've implemented the Intelligent Standalone Machine Management System (TIMS) and the Integrated Monitoring Platform (TFMS) on eight key machine models at Dongtai Luke Plant 1. These systems utilize high-efficiency spindle and motor monitoring, tool management, thermal compensation technology, and a FAT power consumption monitoring system to reduce energy waste caused by rework and idle time during production. Field measurements and estimates indicate an average energy saving of approximately 10% under 24-hour automated line operation or standard operating conditions. This estimate is based on simulations of equipment cycle scenarios and actual customer power consumption data over the years to ensure the evaluation's representativeness in practice.

Data quality and consistent disclosure are key governance priorities. All energy consumption data comes from sources including FAT measurement reports from the Quality Assurance Department, R&D testing, customer site data, and smart platform feedback. The assessment method combines field measurements and estimates, referencing international energy efficiency standards such as EN 50564 and ISO 14067. Third-party verification has not yet been conducted and will be fully disclosed in the 2025 Sustainability Report to ensure consistent units and comparable results. Standardized testing processes and multi-source cross-validation also help enhance the accuracy and credibility of disclosures.

Regarding the scope of disclosure, this report covers eight standard machine models, including those featuring high-efficiency components and intelligent systems, as well as some newly released models and intelligent automated production lines, at Dongtai Luke Plant 1, which will be introduced in 2024. Specially customized products, early models, and case-specific production lines are not currently included due to their diverse usage scenarios and the inability to standardize parameters, to ensure representativeness and consistency of the overall data. The company also conducts ongoing rolling reviews to assess the feasibility of future inclusion.

In selecting a comparison benchmark, we used the previous generation of historical models from Dongtai Luke Plant 1 and industry-standard energy consumption patterns as a comparison. We also conducted FAT testing in a standardized environment to ensure fairness and consistency in our evaluations. This design consideration helps reflect the extent of improvements in current product designs and benchmark results against industry standards.

Going forward, we will further streamline our energy consumption calculation and tracking processes, promote cross-model and cross-year comparisons of energy-saving results, and evaluate the potential for disclosures encompassing more product types and overseas application scenarios. The company will continue to optimize its energy efficiency governance system, implement transparent disclosure and stakeholder communication, address the growing public concern about product energy efficiency and environmental impact, and strengthen its long-term competitiveness in smart manufacturing and green transformation.

1 | Revelation theme and reporting period

The company will disclose information on energy demand reduction for its products and services in 2024, aiming to showcase Tongtai's efforts and achievements in product design and energy efficiency improvements. This disclosure covers relevant data and management measures for 2024, focusing on energy efficiency improvements during the product usage phase.

2 | Product Energy Reduction Description

In 2024, the company continued to promote the intelligent stand-alone system (TIMS) and the integrated monitoring platform (TFMS), combining the new generation of high-efficiency spindle and motor monitoring technology, and introduced intelligent FAT power consumption detection, which was widely used in 8 main models of Tongtai. We optimize the operating efficiency of the equipment through tool monitoring and thermal compensation functions, effectively reducing rework and electricity demand; improvements to the chip flushing system significantly reduce water and electricity consumption. According to internal estimates, these improvement measures reduce the average energy consumption of the product in specific usage scenarios by approximately 10%. In addition, in 2024, three models of the company passed the energy saving label certification, namely: HTT-500 horizontal five-axis machining center, VP-12 vertical processing machine, and MT-1500 horizontal CNC lathe.

3 | Energy Reduction and Comparison Benchmark

Our products have achieved an average energy consumption reduction of approximately 10%. This data is derived from FAT testing records and quality assurance verification results for each model. Some flagship models achieved a 10% reduction in power consumption during testing. This data was compared to the energy consumption baseline of the previous generation of products or similar models before the introduction of intelligent and high-efficiency components, ensuring the evaluation results are valuable for reference.

4 | Reasonableness of the comparison benchmark

We used the same manufacturer's own historical models (previous generation) and industry-standard energy consumption patterns as comparison benchmarks to ensure data comparability and consistency. FAT testing is conducted in a calibrated environment, with test conditions highly relevant to actual usage scenarios, to enhance the rationality and reliability of the data.

5 | Usage Mode and Applicable Conditions

Our company evaluates product energy efficiency based on each machine model under standard operating conditions and during a single cycle, or by extrapolating annual power consumption data from customers. We utilize high-efficiency spindles and motors, coupled with dynamic monitoring software (TIMS/TFMS), thermal compensation, intelligent tool monitoring, optimized scheduling, and equipment FAT energy consumption monitoring technology. We continuously promote hardware and software integration in design, resulting in significant reductions in energy use.

6 | Comparison Basis and Standard Description

Our energy efficiency assessments reference EN 50564 and ISO 14067 product energy efficiency standards. Data is supported by internal historical FAT testing records and annual customer site power consumption data. Product FAT testing is conducted in accordance with EN 50564 and ISO 14067 energy efficiency testing standards, while software optimization references internal and industry standards to ensure scientific and reliable results.

7 | Improvement coverage description

By 2024, the company had introduced energy-saving designs into eight main models, also covering some newly launched models and smart automated production line projects, gradually expanding the application scope of energy efficiency improvements.

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8 | Instructions for Data Estimation Method
The data used in this disclosure includes testing conducted by Smart Technology Taiwan Headquarters, R&D testing reports, annual power consumption data from customer sites, and reporting records from intelligent monitoring platforms (TFMS/TIMS). We cross-validate data from these multiple sources to ensure accuracy and representativeness.

9 | Disclosure Scope and Exclusions
This year's statistics only cover standard models that incorporate intelligent systems and high-efficiency components. Customized models, early models, and customized production lines are not included. This exclusion is due to significant differences in the design and operating conditions of these products, and their inclusion could affect the consistency and comparability of the data.

10 | Technology application of energy-saving label products
The following are three models that received the Energy Efficiency Seal in 2024, showcasing their energy-saving technologies and contributions to energy efficiency:

HTT-500 Horizontal Five-Axis Machining Center
- Flexible, efficient and diverse processing: Awarded the Energy Saving Label, five-axis technology supports low-volume and diverse production, reducing material and energy waste.
- High precision and low scrap rate: Rigid structure improves processing accuracy and reduces heavy work energy consumption.
- Improved yield and efficiency: The orthogonal coordinate system simplifies program editing, improves efficiency, and reduces processing energy consumption.
- Environmentally friendly and free of chip accumulation: the central chip removal system reduces energy consumption due to thermal deformation and ensures stable quality.
- High availability and low energy consumption: APC automatic switching system shortens downtime and reduces standby power.
- Stable quality and energy saving: Thermal compensation technology adapts to temperature changes and reduces heavy industry energy consumption.

VP-12 Vertical Machining Center
- High-efficiency and high-precision machining potential: Awarded the Energy Saving Label, the compact design and high-speed spindle improve efficiency and reduce machining energy consumption.
- Stable cutting and energy saving: The BBT-40 direct-drive spindle optimizes cutting performance and reduces energy consumption.
- High utilization rate and reduced downtime: The high-speed tool magazine and ATC system speed up tool changes, shorten non-cutting time, and save electricity.
- Low maintenance, high returns: Optimized design reduces maintenance frequency and supports energy conservation.

MT-1500 Horizontal CNC Lathe
- All-weather efficient operation: Awarded the energy-saving label, with a small footprint and short cycle design to reduce operating energy consumption.
- Automated and efficient processing: Dual spindles and dual turrets integrate loading and unloading robots to reduce energy consumption for single-piece processing.
- Stable performance and low energy consumption: Short stroke and low thermal deformation technology shorten cutting time and save energy.
- Intelligent, fully automated production: The TiOperator system enables efficient 24-hour operation and optimizes energy efficiency.

11 | Sustainability Commitment and Future Outlook
Tongtai Precision Machinery supports customers in improving energy efficiency and reducing environmental impact through energy-saving label products (HTT-500, VP-12, MT-1500) and eight core machine models (which reduce energy consumption by an average of approximately 10%). The company optimizes energy-saving technologies based on customer feedback and internal reviews. The company plans to introduce third-party verification by 2025 and explore the inclusion of additional machine models and overseas application scenarios to promote sustainable manufacturing.

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Achievements and goals: Energy-saving performance review and next year's goals

GRI 302 Energy

In fiscal year 2024, Tongtai Precision Machinery is committed to improving energy efficiency through data-driven performance management to achieve its sustainable goals of energy conservation and carbon reduction. Total energy consumption for the year was 15,201 gigajoules (GJ), all of which came from non-renewable energy sources, primarily in the form of electricity for lighting, air conditioning systems, and production equipment. This data is limited to Dongtai Luke Plant 1 and does not include other sites within the scope of financial consolidation. After normalization using the DEFRA 2023 conversion factor, the calculated energy intensity is 2.65 GJ per million yuan of revenue (revenue base: $5,739.35 million), which serves as a benchmark for horizontal comparison and performance tracking.

We have established an energy performance tracking mechanism, using 2024 as the base year, and disclosed the composition of our energy mix, with zero renewable energy usage as a key optimization priority. Energy data is sourced from Taipower's bills and internal energy management systems, and is continuously monitored and improved in accordance with ISO 50001 standards. This detailed disclosure demonstrates the company's commitment to information transparency and responsible governance.

Regarding energy conservation and reduction, a total of 4,378.7 GJ of energy was reduced in 2024, primarily due to improved efficiency in Scope 2 (electricity). Key measures include replacing high-efficiency LED lighting, introducing variable-frequency air conditioning systems, optimizing cooling tower operating logic, and implementing real-time energy monitoring devices. All reduction data is tracked through ERP and Taipower's billing statements. Third-party verification has not yet been conducted and will be fully disclosed in the 2025 Sustainability Report to ensure data reliability and accuracy. Scope 1 and Scope 3 reductions were zero, indicating a current focus on directly controllable energy projects.

Going forward, we will continue to strengthen our energy management system and cross-departmental collaboration mechanisms to enhance the timeliness of energy data and reduce energy consumption. We will also set more challenging annual targets to further enhance the effectiveness of resource allocation. Furthermore, regarding product energy efficiency, the company has implemented the TIMS intelligent standalone and TFMS integrated monitoring platforms on eight core machine models. Combined with efficient spindle and motor energy management, this has reduced energy consumption during the product lifecycle by an average of approximately 10%. This data is derived from the Quality Assurance Department's FAT test records and annual customer site power consumption data, using historical product data and industry standards as a benchmark for comparison. While the disclosure does not yet cover custom and early models, it effectively demonstrates the energy efficiency improvements achieved on core machine models.

Going forward, the company will continue to collect actual customer usage data and, referring to EN 50564 and ISO 14067 standards, expand the application of energy-saving designs to new products and smart automated production lines. By combining KPI tracking with international benchmarking, the company will continuously improve energy management performance and achieve a dual balance between environmental responsibility and operational value.

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5.3 Material Efficiency and Recycling Management

GRI 301-1 Materials used by weight or volume

In fiscal year 2024, the company used a total of 13,391 metric tons of materials at Dongtai Luke Plant 1, including 3,080 metric tons of raw materials, 50 metric tons of auxiliary materials, 2,469 metric tons of semi-finished products, and 275.66 metric tons of packaging materials. All materials were purchased from external suppliers, with no in-house production. Material sources and uses are recorded in the SAP system, combined with supplier invoice verification to ensure data transparency and traceability, laying the foundation for resource optimization.

To enhance resource sustainability, the company plans to explore the use of renewable and recycled materials, develop a green procurement policy, reduce reliance on virgin resources, and gradually achieve the goal of a circular economy. While the percentage of renewable materials used has not yet been calculated, recycling resources have been incorporated into long-term planning.

Data is integrated using the SAP system and is based on actual records, not estimates. Regular internal verification is conducted to enhance quality. This data has not yet been third-party verified and will be disclosed in the 2025 Sustainability Report. ISO standards will be referenced in the future to strengthen audit mechanisms and data governance.

The disclosure scope is limited to Dongtai Luke Plant 1 and does not include other sites within the scope of consolidated financial statements due to the lack of a unified data integration system. The company plans to establish a cross-site data platform within two years to expand the scope of disclosure and establish an improvement schedule for areas not included to ensure information integrity.

The company integrates material use with sustainable procurement, product design, and circular resource management, balancing resource efficiency and environmental impact to meet stakeholders' expectations for transparency. Going forward, we will optimize supply chain management, implement green procurement principles, and collaborate with suppliers to promote a circular economy and achieve sustainable transformation.

1 | Revelation theme and reporting period

This report focuses on the disclosure of material usage, aiming to present the weight and type of various materials used in the production process at Dongtai Luke Plant No. 1, and to explain their sources and management methods. This disclosure covers the use of raw materials, auxiliary materials, semi-finished products, and packaging materials, and also explains the basis and scope limitations of data compilation. This reporting period covers 2024, and the data reflects the material input and management performance of Dongtai Luke Plant No. 1 during this period.

2 | Statistics of total weight and type of materials used

The Company's total material input in fiscal 2024 was 13,391 metric tons, measured in metric tons. This data covers the use of raw materials, auxiliary materials, semi-finished products, and packaging materials. It is compiled from internal SAP system records and reports provided by suppliers to ensure consistency and traceability of the statistical basis.

3 | Raw material usage (purchased, self-produced)

Regarding raw material usage, the company invested a total of 3,080 metric tons of raw materials in fiscal 2024, all of which were purchased from external sources and used in core product components. These raw materials were primarily used in the initial processing and manufacturing stages to ensure product quality and production efficiency. Currently, Dongtai Luke Plant No. 1 has not yet compiled statistics or investment in its own raw materials.

4 | Use of auxiliary materials (purchased or produced)

The company used a total of 50 metric tons of secondary materials in fiscal 2024, all of which were purchased externally. These secondary materials are primarily used as auxiliary materials in the production process. While not a final component of the product, they are crucial to the smooth operation of the manufacturing process, for example, for equipment maintenance or processing assistance. Currently, Dongtai Luke Plant 1 does not utilize any of its own secondary materials.

5 | Use of semi-finished products and components (purchased or produced)

In fiscal 2024, the company invested a total of 2,469 metric tons of semi-finished products and components, all of which were purchased externally. Internal production has not yet been accounted for. These semi-finished products and components are primarily used in product assembly and post-processing at Dongtai Luke Plant 1. They serve as key modules for the final product, ensuring production line continuity and product functional integrity.

6 | Packaging material usage (purchased or self-produced)

The Company used a total of 275.66 metric tons of packaging materials in 2024, all of which were purchased from external sources. These packaging materials are primarily divided into shipping packaging (including wood, wooden boxes, cartons, and metal boxes) and internal protective packaging, designed to ensure the safety and integrity of Dongtai Luke Plant No. 1's products during transportation and storage. Currently, Dongtai Luke Plant No. 1 does not invest in the production of its own packaging materials.

7 | Data Estimation Logic and Compilation Method

Our material usage data is primarily recorded and consolidated using the SAP system. This system allows us to systematically track the purchase and usage of various materials at Dongtai Luke Plant 1, ensuring data accuracy and consistency. For data that cannot be directly measured, we use internal standardized estimation methods and regularly verify system records with actual inventory to reduce the risk of errors.

8 | Source

The material usage data disclosed in this report is primarily sourced from the SAP system, which integrates relevant records from the procurement, inventory, and production departments of Dongtai Luke Plant 1 to ensure data integrity and traceability. Additionally, some data is referenced from reports and delivery documents provided by suppliers, which are consolidated after internal verification to enhance data quality and reliability. All data has not yet been verified by a third party and will be fully disclosed in the 2025 Sustainability Report.

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Structured resource allocation: raw materials/semi-finished products dominate production input structure

9 | Scope and Limitations of Disclosure

The material usage data disclosed this time only covers the operations of Dongtai Luke Plant 1 and does not include other locations or subsidiaries included in the consolidated financial statements. This exclusion is primarily due to the incomplete integration of data aggregation systems across various plants, resulting in the inability to present a unified global material usage picture. Going forward, the company plans to gradually establish a cross-site data integration platform and expand the scope of disclosure in subsequent reports to enhance the comprehensiveness of this information.

Data Source
GI | Direct Emissions
No reduction in 2024
Maintain existing standards

Scope of disclosure
Dongtai Factory 1
Other locations are being integrated

Management methods
Systematic tracking
Regular inventory verification

Total weight of materials used in 2024

4,378.7

mt

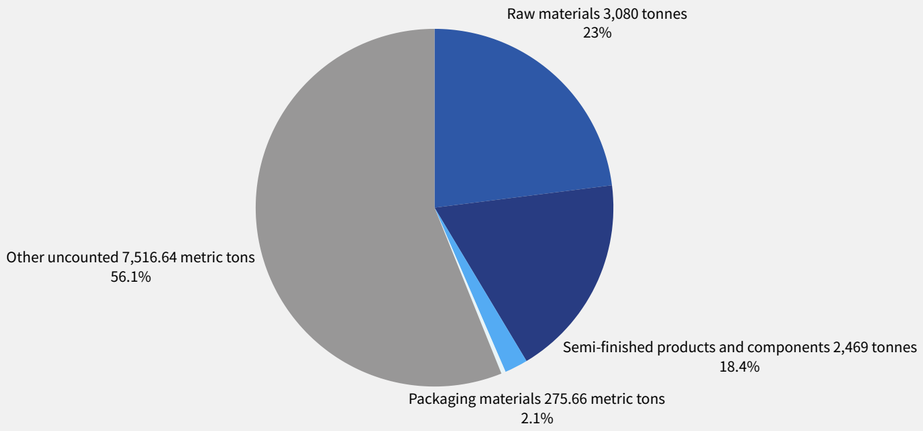
raw material
3,080 metric tons
All outsourced | Core components of the product

Subsidiary materials
50 metric tons
All outsourced production auxiliary materials

Semi-finished products and components
2,469 metric tons
All outsourced | Products assembled and used

Packaging materials
275.66 metric tons
All outsourced | Shipping and protection purposes

Material Category Distribution



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Resource recycling achievements: Reuse and substitution of materials

GRI 301-3 Recycled products and their packaging

In 2024, the company actively promoted the recycling of incoming raw materials and packaging materials, demonstrating its commitment to resource recycling and sustainable development. We established a statistical system for recycling packaging materials, integrated into our ESG management framework. Quality control, sales, and internal recycling teams collaborate to regularly review data quality and ensure the robustness of the system through audits.

Packaging materials are primarily recyclable, such as cardboard, sourced from Dongtai Luke Plant 1. Through internal sorting and processing with partner recyclers, some are cleaned and used as secondary packaging to maximize resource efficiency. A preliminary tracking mechanism records the source and flow of recyclables, and reuse or reprocessing processes are designed based on the material's characteristics. Our company does not recycle any of our products.

The disclosure scope is limited to Dongtai Luke Plant 1 and does not include other locations within the scope of the consolidated financial statements because the recycling system has not yet been fully implemented. The company plans to expand the scope of data collection within two years to improve the completeness and consistency of disclosure.

Recycling data is sourced from the ERP system and recycler reports. Some data is estimated based on historical trends and purchase volumes. This data has been sampled and audited internally, but third-party verification has not yet been conducted. This information will be disclosed in the 2025 Sustainability Report. Digital tools will be introduced in the future to enhance data accuracy.The recycling rate is calculated using the total annual packaging material purchase volume as the denominator, with the weight unit standardized in metric tons. This conversion is conducted according to internal standards to ensure comparability and transparency. The company regularly reviews its calculation methods and references best practices to enhance its professionalism.The company plans to gradually increase the recycling rate of its packaging materials by 2026, introduce digital tools and employee training to enhance the efficiency of its recycling system, and collaborate with suppliers to promote a circular economy. The company continues to enhance information transparency, communicate progress with stakeholders, and demonstrate its commitment to resource stewardship and sustainable development.

1 | Revelation theme and reporting period

In accordance with GRI 301-3, our company discloses the packaging material recycling practices at our Dongtai Luke Plant 1 in 2024. This report aims to present the specific practices and results of packaging material recycling management, covering weight, proportion, and processing procedures, and explaining the data sources and scope limitations. The reporting period is from January 1 to December 31, 2024.

2 | Product and packaging type

In fiscal 2024, our company will focus on recycling packaging materials used in incoming raw materials. This packaging primarily consists of recycled paper cartons, along with plastic film and cushioning materials for product protection. We have established a classification system to ensure that different materials are properly separated and recorded for subsequent reuse or recycling.

3 | Source Type and Processing Method

Packaging materials are collected internally at Dongtai Luke Plant No. 1, with some being cleaned and reprocessed for secondary packaging. Materials that cannot be reused internally are sent to specialized processing plants for recycling through partnerships with qualified recyclers. These partners comply with environmental regulations and recycling standards. We continuously optimize our internal processes to reduce material waste and improve recycling efficiency.

4 | Disclosure Scope and Restrictions

This disclosure is limited to packaging material recycling data from Dongtai Luke Plant 1 and does not include recycling data from other locations or product equipment within the scope of consolidated financial statements. Dongtai Luke Plant 1 is a major production base with a mature recycling statistics system. Data collection and verification mechanisms for other locations are still under development. The company plans to expand the scope of disclosure within two years to ensure inclusion of data from all major locations and enhance information integrity.

Recycling Process

1 Internal Collection
Self-operated locations collect internal data and establish a complete classification and Logging mechanism

2 Cleaning and finishing
After recycling, the packaging materials are cleaned and sorted to ensure quality standards

3 Secondary use
Directly used as secondary packaging material to improve resource utilization efficiency

4 Professional handling
Materials that cannot be reused internally are sent to specialized processing plants
Regeneration

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Resource recycling achievements: Reuse and substitution of materials

Carton packaging materials

Mainly comes from packaging recycling after product shipment, the material is mainly renewable paper, and a complete collection and processing mechanism is established

- ☑ Packaging recycling after product shipment
- ☑ Renewable paper materials
- ☑ Establish a classified collection mechanism
- ☑ Suitable for recycling

Other packaging materials

Including plastic films and cushioning materials, mostly used for product protection, through professional processing to ensure environmentally friendly recycling

- ☑ Plastic mold protection materials
- ☑ Cushioning materials and fillers
- ☑ Product protection function
- ☑ Professional recycling

🤝Partners and Quality Management

Qualified recyclers
Cooperate with qualified local recyclers to ensure professional treatment standards and compliance with environmental regulations

Strict selection
All partners have gone through a rigorous selection process to ensure compliance with environmental regulations and recycling standards.

Quality Control
Establish a comprehensive quality control mechanism to ensure the environmental friendliness of the recycling process

Continuous optimization
Continuously optimize internal processes to reduce material waste and improve recycling efficiency and quality

🚀Future expansion plans

- Gradually expand disclosure to all major locations over the next two years
- Establish unified recycling data collection and verification standards
- Improve the recycling statistics system and management mechanism of each base
- Improve information integrity and data comparability
- Strengthen recycling efficiency and environmental performance tracking

📄Disclosure scope and limitations

Current scope
Only includes recycling data from Dongtai Luke Plant 1, the largest production base with a mature statistical system.

Exclusion range
Other production locations or overseas markets have not yet been included, and the data collection and verification mechanism is still under construction.

System under construction
The data collection and verification mechanisms at other locations are being continuously established and improved.

Statistical maturity
Dongtai Plant 1 has a mature recycling statistics system to ensure data quality and reliability

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Materials management system: comprehensive management from procurement to use

GRI 301 Materials

The Company regards material management and resource recycling systems as the core pillars of sustainable operations. In 2024, Dongtai Lu Ke Plant No. 1 was used as the main disclosure base, and input and recycled materials were systematically managed. A total of 13,391 metric tons of materials were input throughout the year, including 3,080 metric tons of raw materials, 50 metric tons of auxiliary materials, 2,469 metric tons of semi-finished products and components, and 275.66 metric tons of packaging materials, all of which were procured externally. We integrate procurement and usage data through the SAP system and combine it with delivery document verification to ensure data consistency and traceability. The internal control system standardizes regular cross-departmental audits, and the procurement, production and quality assurance units jointly review the efficiency and rationality of resource utilization. The scope of disclosure is limited to Dongtai Lu Ke Plant No. 1 and does not cover other locations within the scope of financial consolidation. The Company plans to complete the global location data integration and audit process unification within two years to improve governance levels and information transparency.

In terms of resource recovery and recycling, the company will gradually improve the recycling management structure for packaging materials. Recycling management covers source classification, recycling processes, and tracking of reused uses. The weight and flow direction are monitored through the ERP system, and data is regularly checked with cooperating recyclers to ensure accuracy. Packaging materials mainly include cartons and other recyclable materials used as incoming raw materials. Some packaging materials and cartons are sorted and used as secondary packaging, while the rest are handed over to professional recyclers for recycling. The cross-departmental recycling team, quality control, and business units regularly review the data, and the internal audit unit performs verification. For small locations with missing data, trends and purchase volume estimates are used to supplement the data, and an improvement schedule is set to improve accuracy. To improve execution efficiency, plans are made to introduce digital recycling monitoring tools. The data has not yet been verified by a third party and will be disclosed in the 2025 sustainability report.

Our materials and recycling management strategy emphasizes a balance between resource efficiency and environmental impact. We have incorporated circular resource management into our mid- to long-term planning and plan to develop green procurement guidelines, explore the use of renewable and recycled materials, and gradually reduce our reliance on virgin resources. In terms of supply chain management, we collaborate with suppliers to assess the feasibility of renewable materials and establish a verification process to ensure that procurement decisions balance environmental and social responsibility. The design department collaborates with the materials management team to prioritize recyclable materials, incorporating circular economy thinking into product design to optimize resource efficiency.

The company has set a target of gradually increasing its recycling rate for packaging materials by 2026 and implementing a unified recycling record and audit system at all its locations worldwide. Senior management oversees and reviews the entire system to ensure alignment with sustainability goals. Through system maturity and data transparency, the company continues to strengthen stakeholder trust, advance resource efficiency and environmental sustainability, and fulfill its commitment to sustainable operations.

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Waste Management Blueprint: Identification Mechanisms and Impact Management

GRI 306-1 Waste generation and significant waste-related impacts

The company is committed to building a systematic waste management mechanism, incorporating classification, reduction, and resource recycling goals into its overall ESG governance framework. Through cross-departmental collaboration, we integrate production, procurement, and quality assurance units to jointly develop management standards. We regularly review implementation effectiveness through internal audits. The management system is designed based on Taiwanese regulatory requirements and industry best practices, ensuring forward-looking and operational measures.

Regarding the sources of impact, we have identified the primary waste streams as metal scraps, used cutting oil, and incoming packaging materials, and are implementing corresponding categorized management based on the source of these activities. Data sources primarily include actual weighing records and shipping documents, supplemented by supplier reports. Our estimation methods and boundary settings remain transparent and consistent. Third-party verification has not yet been conducted and will be disclosed in the 2025 Sustainability Report.

This disclosure covers Dongtai Luke Plant 1, which is highly representative and does not include other locations or overseas plants within the scope of consolidated financial statements. To improve waste reduction efforts, the company has promoted initiatives such as packaging material reduction and waste oil reuse, and established annual goals and tracking systems to demonstrate its long-term commitment to resource recycling and environmental sustainability.

1 | Revelation theme and reporting period

The Company's disclosure focuses on the significant impacts and management practices related to waste at Dongtai Luke Plant No. 1. The reporting period is from January 1 to December 31, 2024, and aims to showcase the Company's specific actions and achievements in waste generation, classification, treatment, and reduction measures.

2 | Description of the major impact of waste

The Company's primary waste sources come from metal scraps generated during machining at Dongtai Luke Plant 1, as well as wooden pallets and plastic packaging used in packaging. These wastes are handled through outsourcing in compliance with applicable laws and regulations. During the reporting period, no pollution incidents occurred, nor did they significantly impact the surrounding environment. The Company recognizes the potential burden on environmental resources if waste is not properly managed. Going forward, the Company will prioritize increasing recycling rates, reducing waste generation, and promoting resource recycling and zero waste goals. Currently, disclosure primarily covers waste generated from operational activities (in-plant processes and packaging) and does not include waste data from upstream and downstream supply chains.

3 | Raw material input and output description

Our company's production process at Dongtai Luke Plant 1 primarily involves raw materials such as metal, plastic packaging, wooden pallets, and oil. The final product is mechanical components. Byproducts and waste generated during the manufacturing process include metal scraps, plastic waste, wood waste, waste cutting oil, packaging waste, and general industrial waste. Our company is committed to reducing the potential environmental impact of waste through classified management and resource recycling.

4 | Solid waste classification methods

Based on the nature of the waste and Chinese regulations, the company categorizes and manages solid waste from Dongtai Luke Plant No. 1 into general industrial waste, recyclables (such as metals, plastics, and wood), hazardous waste (zero by 2024), and recycled by-products. Through a clear classification and labeling system, the company ensures compliance with regulations during waste storage, transportation, and treatment, while also enhancing its resource recovery potential.

5 | Process activities that generate waste

Our company's waste primarily originates from the machining process at Dongtai Luke Plant 1 (such as metal scraps and waste cutting oil) and product packaging and shipping (such as wooden pallets, plastic packaging, and cartons). All waste is stored in a temporary storage area within the plant and, after sorting, is transferred to authorized vendors for removal and disposal, ensuring compliance with Chinese regulations and minimizing environmental impact.

6 | Preventive measures and estimated results

To reduce waste generation, the company has implemented a number of preventative measures, including reducing packaging materials, increasing recycling rates, optimizing waste classification and management, promoting in-plant filtration and recycling of used cutting oil, and collaborating with legal suppliers to improve external recycling efficiency. By 2024, the company's recycling rate had reached 13.51%, and the final disposal of waste remained at zero metric tons. Going forward, the company will continue to increase its recycling rate and strive to reduce the generation of non-recyclable materials to achieve a more efficient resource cycle.

7 | Flowchart Visualization

The company has developed internal management and output flow charts to visualize the generation, classification, and flow of waste at Dongtai Luke Plant 1. These charts help stakeholders better understand the company's waste management process, and the relevant information is available for future reference.

8 | Disclosure of Limitations and Exclusions

This disclosure only covers waste data from Dongtai Luke Plant 1, compiled based on actual waste removal records and the plant's monitoring system. Data from other consolidated locations, overseas plants, and upstream and downstream supply chains are not included in this report. The scope of disclosure will be expanded in the future based on management needs and data availability.

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2024 Waste Management Report

Promoting a circular economy | Analysis of the effectiveness of resource recycling and reduction management

Waste management achievements in 2024

13.51%	0	0	100%
Resource recovery rate	Final disposal amount (mt)	Hazardous waste (mt)	Compliance processing rate

Resource recovery rate
13.51
%

General business waste
main
Waste type

Hazardous waste
0
mt

Final disposal amount
0
mt

Figure 1: Waste Source and Impact Identification Flowchart

Machining process

Metal material processing and component manufacturing

Potential impact: metal scraps and waste cutting oil

Governance nodes: classified collection, oil filtration and recycling

Packaging and Shipping

Product packaging, logistics and distribution preparation

Potential impact: wooden pallets, plastic packaging, and discarded cartons

Governance nodes: packaging material reduction and classified recycling management

Waste classification and temporary storage

Classification collection and labeling management within the factory

Potential impact: temporary storage area management, classification error risk

Governance nodes: clarify the classification system and regular cleaning mechanism

Outsourcing

Clearance and recycling by legal manufacturers

Potential impact: environmental load during transportation and treatment plants

Governance node: qualified manufacturer management, tracking and processing flow

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Table 1: Statistics of waste classification management in 2024

Waste type	Source	Management methods	Processing Status	Environmental impact
Metal scrap	Machining process	Classification and recycling	☑ **Recycled**	Low impact
wooden planks	Packaging and shipping process	Classified recycling and reuse	☑ **Recycled**	Low Impact
Plastic packaging	Packaging and Shipping Process	Classified Recycling and Reduction Management	☑ **Recycled**	Moderate Impact
Waste cutting oil	Machining process	Filtration Cycle, Reuse	☑ **Circular Reuse**	Moderate Impact
General Industrial Waste	Daily operations	Legal Vendor Processing	☑ **Compliance Processing**	Low Impact
Hazardous Waste	—	No generation	☑ **Zero Generation**	No Impact

Figure 2: Bar chart of waste classification

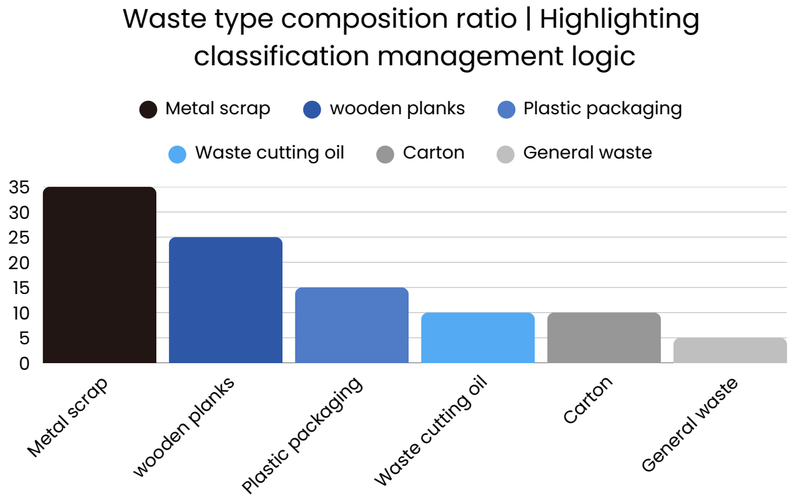

Figure 3: Analysis of waste treatment methods

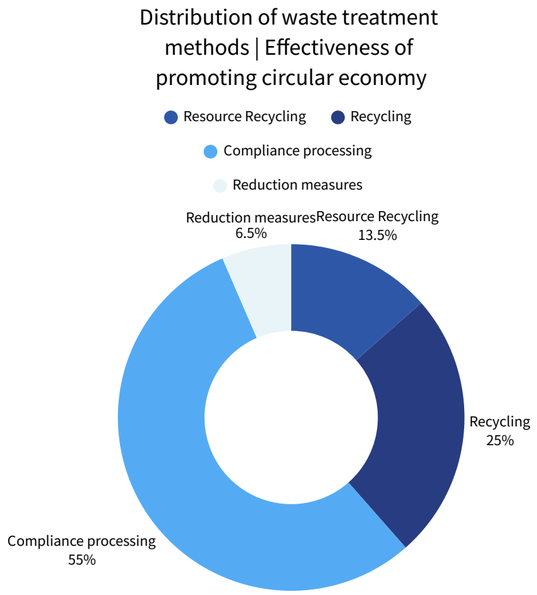

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Figure 4: Logic of waste management by type

Metal scraps
Source: Machining
Sorted recycling

Wooden planks
Source: Packaging and Shipping
Reuse

Plastic packaging
Source: Packaging Process
Reduction + Recycling

Waste cutting oil
Source: Processing
Recycling

Cardboard Box
Source: Packaging and Shipping
Sorted recycling

General waste
Source: Daily Operations
Compliance processing

Figure 5: Circular economy and resource management strategies

Measures to promote circular economy

Reduction of packaging materials
Optimize packaging design and reduce material usage

Resource recycling improvement
Strengthen classification management and increase recycling ratio

Cutting oil circulation
In-plant filtration system to extend service life

Partner Optimization
Improve processing efficiency with legitimate vendors

Zero waste goal
Gradually realizing the vision of zero waste

Data Tracking
Establish a complete management system

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Source reduction strategies: preventive action and circular design

GRI 306-2 Management of significant waste-related impacts

In 2024, the company continued to strengthen waste management, incorporating classification, reduction, and resource recycling goals into its ESG governance framework. A cross-departmental collaboration mechanism was established, integrating resources from production, procurement, and quality assurance units. Clear goals and internal audit processes were established. Goal setting referenced historical data and industry benchmarks, and implementation results were regularly reviewed to ensure continuous improvement.

To identify waste sources, we categorize and manage metal scraps, plastic packaging, and waste cutting oil. We only recycle incoming raw material packaging materials; we do not recycle finished machines. Data is primarily collected from disposal records and automated monitoring systems to ensure accuracy and non-estimates. The disclosure focuses on Dongtai Luke Plant 1, a representative example. It does not include other locations, overseas plants, or supply chains within the scope of consolidated financial statements. We plan to expand this coverage within two years to improve data consistency. The data has not yet been third-party verified and will be disclosed in the 2025 Sustainability Report.

In terms of management measures, the company has integrated packaging reduction, resource recycling, and waste oil reuse into its production and procurement processes, reducing output and improving resource efficiency from the source. The company has established annual waste reduction targets and a tracking system. Through institutionalized management, the company works with stakeholders to achieve resource recycling and environmental sustainability.

1 | Revelation theme and reporting period

The company will provide a comprehensive disclosure on waste management at Dongtai Luke Plant 1 in 2024, covering waste treatment practices and the effectiveness of preventive measures. The reporting period, from January 1 to December 31, 2024, aims to showcase system design, implementation results, and continuous improvement directions.

2 | Operational and value chain impact

Our waste management efforts focus on the operations of our Dongtai Luke Plant 1, encompassing waste generated by in-plant manufacturing and packaging activities. This disclosure does not yet include the impact or data from upstream and downstream supply chain locations. We plan to gradually expand our management scope to fully understand the impact across the value chain.

3 | Third-Party Management and Contract Compliance Basics

Our company has formal contracts with all waste removal and disposal vendors, managing waste in accordance with Taiwan's environmental protection laws. We only entrust waste disposal to authorized vendors, retaining removal and disposal records for audit purposes to ensure compliance with regulatory requirements and transparency.

4 | Data collection methods and coverage

Waste data for Dongtai Luke Plant No. 1 is compiled from actual removal records, the plant's monitoring system, and receipts from authorized haulers. Some recycling data is tallied through an automated recording system. Disclosure is limited to Dongtai Luke Plant No. 1 and does not include data from overseas locations or upstream and downstream supply chains.

5 | Measurement Basis and Indicator Description

Our company uses tons collected and recycling rate (as a percentage of total waste) as key metrics. The 2024 recycling rate was 13.51%. This data is internally recorded and verified to ensure accuracy. This recycling rate is aligned with our sustainability goals and serves as a reference for continuous improvement.

6 | Preventive actions and source improvement measures

To reduce waste, our company promotes packaging material reduction, resource recycling and sorting, in-plant cutting oil filtration and reuse, optimized material procurement, and collaboration with legal suppliers to improve recycling efficiency. We also seek sustainable alternatives to reduce waste generation from the design and process aspects.

7 | Recycling System and Extended Responsibility Action

Our company has established a recycling system, including recycling metal scraps, recycling plastic packaging, and filtering and reusing waste cutting oil. We continue to explore recyclable categories, set targets to increase recycling rates, and deepen our circular economy model.

8 | Disclosure Restrictions and Supplementary Explanations

This disclosure is limited to data from Dongtai Luke Plant 1, based on transportation records and monitoring systems. It does not include OEMs, overseas locations, or the upstream and downstream supply chain. The data is actual records, not estimates. Future plans are underway to expand the scope of data collection to enhance the completeness of this disclosure.

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Resource Efficiency Tracking: Annual Waste Composition Analysis

GRI 306-3 Waste Generation

The company is committed to building a comprehensive waste management system, incorporating waste sorting and reduction into its overall sustainable governance framework. Through cross-departmental collaboration and internal audits, we regularly review waste generation and treatment effectiveness to improve recycling rates and resource utilization efficiency. Management objectives are set in accordance with national laws and regulations and internal commitments, emphasizing feasibility and continuous improvement.

In terms of source identification, our company has clearly distinguished between metal scraps and waste cutting oil from the production process at Dongtai Luke Plant 1, as well as plastic and wooden pallets used for incoming packaging. We only recycle incoming packaging materials, not product machines. We also manage these materials by category based on actual removal records and site characteristics to ensure data traceability and consistency.

This disclosure focuses on Dongtai Luke Plant 1. While it excludes overseas and supply chain data, it aligns with historical statistical data and plans to gradually expand its scope over the next two years. Data is based on weighing records and removal receipts, without any estimates, and has been cross-validated to ensure quality. This data has not yet been third-party verified and will be disclosed in the 2025 Sustainability Report. The company has implemented packaging reduction, centralized design, and reuse initiatives, integrating waste reduction principles into its production and procurement processes. Looking ahead, the company will continue to optimize processes, expand disclosure, and implement its commitment to resource recycling and environmental sustainability through concrete actions.

1 | Revelation theme and reporting period

In 2024, the Company disclosed the waste generation and management performance of Dongtai Luke Plant No. 1, aiming to showcase the Company's actual efforts and achievements in waste sorting, recycling, and disposal. This report focuses on the total amount of waste generated, its composition, and management effectiveness, demonstrating the Company's commitment to resource recycling and environmental responsibility.

2 | Waste Generation Scope

The waste data disclosed by our company only covers the operations of Dongtai Luke Plant 1, primarily including waste generated by in-plant manufacturing and packaging activities. Data from upstream and downstream supply chains or other external partners is not included to ensure the clarity and representativeness of the data source.

3 | Classification basis and composition principles

Based on the nature of the waste and Chinese regulations, our company categorizes waste from Dongtai Luke Plant No. 1 into three main categories: general industrial waste, recyclables (such as metals, plastics, and wood), and hazardous waste. No hazardous waste was generated in 2024. Classification principles are based on material characteristics and subsequent treatment processes to ensure that the classification logic complies with regulatory requirements and practical operations.

4 | Measurement Methods and Data Sources

Waste data is measured primarily based on actual waste removal records at Dongtai Luke Plant 1, the plant's monitoring system, and receipts from authorized waste removal companies. No estimates are used. Data collection methods are consistent across all locations, using weighbridges and waste removal receipts to ensure accuracy and traceability.

5 | Reason for excluding the discharge of water

Our company has separately reported its effluent data in accordance with Taiwan's Water Pollution Prevention and Control Law, and therefore is not included in this waste statistics. Information related to effluent is disclosed through other legal channels to ensure clarity of data classification and compliance with regulatory standards.

6 | Description of the total amount and composition of waste

In 2024, the company generated a total of 104,653 metric tons of waste, including 0 metric tons of hazardous waste and 104,653 metric tons of non-hazardous waste. This waste primarily consisted of metal scraps, plastic packaging, wooden pallets, waste cutting oil, and packaging waste. This waste primarily originated from the manufacturing and product packaging processes within Dongtai Luke Plant 1.

7 | Total amount and description of recycling and disposal

Regarding waste disposal, the Company will recycle 14.14 metric tons and dispose of 90.513 metric tons in fiscal 2024. All waste is outsourced to qualified vendors for disposal. Recycling projects are primarily processed for reuse by resource recovery companies, while the remainder is properly handled by legal disposal companies to ensure compliance with Taiwan's environmental regulations.

8 | Waste Management Ratio and Supplementary Explanation

In fiscal 2024, the Company's waste recovery rate was 13.51%, and its disposal rate was 86.49%. While achieving a 13.51% recovery rate, the final disposal volume remained at zero metric tons, with all waste outsourced to qualified vendors for disposal. Data shows no losses, leaks, or estimated discrepancies. All data is based on actual records, demonstrating the Company's rigorous and transparent approach to waste management.

9 | Information Verification Instructions

All waste data disclosed in this disclosure is sourced from the Dongtai Luke Plant 1's on-site monitoring system, third-party removal records, and contracted contractor receipts. This data has been verified through internal audits and external documentation to ensure its integrity and reliability. This data can be traced back through removal records and system records. Third-party verification has not yet been conducted and will be disclosed in the 2025 Sustainability Report.

10 | Explanation of Disclosure Scope and Restrictions

This waste disclosure only covers data from Dongtai Luke Plant 1 and does not include other locations within the scope of consolidated financial statements, overseas locations, or upstream and downstream supply chains. All data is derived from actual records, without any estimates, to ensure the authenticity and consistency of the disclosed information.

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2024 Waste Management Performance Report

Environmental sustainability, resource recycling, and responsible management

104.653	0	14.14	13.51%
Total waste output mt	Hazardous waste mt	Recycling volume mt	Recovery rate Annual Achievement

Waste management process

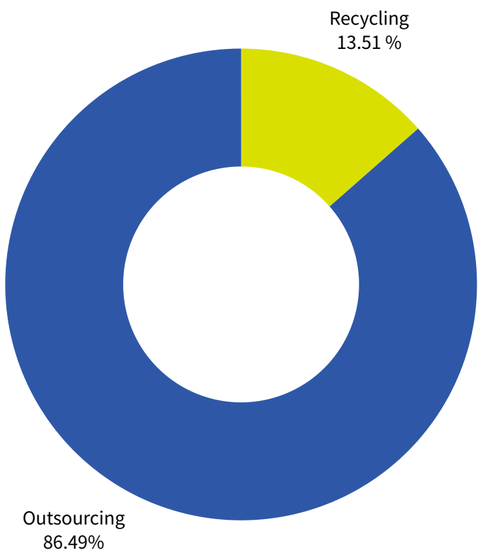
Classified collection
According to the nature, it is divided into three categories: general industrial waste, recyclable materials and non-hazardous waste.

Measurement records
Ensure data accuracy and traceability through weighing and transportation voucher records

Recycling
Metal, plastic, wood and other resources are recycled and reused through qualified businesses

Outsourcing
The remaining waste is entrusted to legal disposal companies for proper disposal

Distribution of waste treatment methods



Recycling
14.14 metric tons
(13.51%)

Outsourcing
90.513 metric tons
(86.49%)

Distribution of waste treatment methods

Metal scraps
The main source of metal waste generated by in-plant processes is the processing and manufacturing process.

Plastic packaging
Plastic materials used in product packaging, including various packaging containers and protective materials

Wooden planks
Wooden pallets used for transport packaging, some of which are reusable or recyclable

Waste cutting oil
Cutting oil used in machining process requires special treatment

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Resource Efficiency Tracking: Annual Waste Composition Analysis

Waste Management Logic for Various Types

Management achievements and characteristics

Zero hazardous waste
No hazardous waste was generated in 2024, demonstrating good process control

Data transparency
All data are from actual records, without estimation, to ensure the reliability of the data

Full traceability
Establish complete removal documents and system records to support data traceability

Regulatory Compliance
Entrust qualified operators to ensure compliance with environmental regulations

Sustainable Commitment

We are committed to building a comprehensive waste management system. Through cross-departmental collaboration and internal audit mechanisms, we regularly review waste generation and treatment results to continuously improve recycling rates and resource utilization efficiency.

Third-Party Management and Contractual Compliance Basis

Deepening of the circular economy model

Metal scrap recycling
Recycling and reuse to reduce the demand for raw materials

Plastic packaging recycling
Classified recycling and recycling

Waste cutting oil recycling
Filtration and purification to extend the service life

Recycling rate improvement target
Setting higher recycling targets

Exploration of Extended Responsibility
Expanding the scope of value chain responsibility

Recyclable categories expanded
Continuously looking for new recycling opportunities

Prevention and Improvement Measures

Optimize packaging design
No hazardous waste was generated in 2024, demonstrating good process control

Data transparency
All data are from actual records, without estimation, to ensure the reliability of the data

Process Optimization
Embed waste reduction principles into the production process to reduce waste from the source waste

Procurement Specifications
Incorporate environmental protection requirements into procurement specifications and choose recyclable Material

Circular Reuse System and Extended Responsibility Actions

Formal contract signing
Sign formal contracts with all waste removal and treatment companies,
Ensure legal responsibility is clear

Legal qualification check
Only entrust manufacturers with legal qualifications and regularly check their licenses and business licenses

Retain the shipping document
Completely retain the removal documents and processing records and establish a traceable document management system

Process review
Regularly review the processing process to ensure compliance with environmental regulations and transparency standards

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Circular Economy in Practice: Recycling Strategies and Reuse

GRI 306-4 Disposal and transfer of waste

In 2024, the company continued to strengthen its waste recycling management, classifying waste by material and process use, including metals, plastic packaging, wooden pallets, and waste cutting oil. Only incoming raw materials and packaging materials are recycled; no product equipment is recycled. All recyclables are recycled as resources, with no downcycling or hazardous waste disposal. Classification is based on physical properties and reuse potential, and we partner with qualified recycling plants to ensure compliance with Taiwan's environmental protection laws and requirements.

Recycling is handled off-site, with 14.14 metric tons of non-hazardous waste recovered. This is handled by contracted vendors and regularly verified for compliance. While the company does not currently implement on-site recycling, it is evaluating the feasibility of introducing it in the future. Data has not yet been third-party verified and will be disclosed in the 2025 Sustainability Report.

The company promotes source reduction measures, such as packaging material optimization and recycling of waste cutting oil, to increase recovery rates and reduce the burden of final disposal, demonstrating the connection between recycling management and resource efficiency.

Recycling data is collected from the Dongtai Luke Plant 1 monitoring system, removal records, and manufacturer receipts, and is cross-verified to ensure accuracy and transparency. Disclosure covers Dongtai Luke Plant 1 and does not include other locations, overseas plants, or supply chains within the scope of consolidated financial statements. The plan is to gradually expand the statistical system coverage over the next two years to strengthen system consistency and management resilience.

1 | Revelation theme and reporting period

The Company's disclosure regarding waste recycling and treatment at Dongtai Luke Plant No. 1 applies to the 2024 reporting period and aims to showcase the Company's specific actions and achievements in waste management and resource recycling.

2 | Classification and composition basis for recycling purposes

Our company systematically categorizes waste for recycling purposes based on material and process use, primarily including metals, plastic packaging, wooden pallets, and waste cutting oil. All recyclables are recycled for resources, with no upcycling or downcycling, and no hazardous waste is recycled. All waste is recycled and reused by qualified external vendors to ensure efficient and compliant resource recycling. Our classification logic is based on the physical properties of waste and its potential for subsequent reuse, aiming to improve the accuracy and efficiency of recycling operations.

3 | Explanation of Source Reduction Measures

To reduce waste generation, the company actively promotes source reduction measures, including packaging material reduction design and the implementation of a classified recycling system. At Dongtai Luke Plant 1, the company is implementing the recycling of waste cutting oil, extending the life of the resource through internal filtration and regeneration processes. Furthermore, the company collaborates with qualified external manufacturers to continuously improve waste recovery rates. Through supplier collaboration and technical support, the company reduces the burden of final waste disposal and maximizes resource recycling.

4 | Off-site Recovery Operation Instructions (Hazardous/Non-Hazardous)

During the reporting period, the company sent all waste to qualified external vendors for off-site recycling. Recycling of non-hazardous waste primarily consisted of wood pallets, plastic packaging, and metal scraps, totaling 14.14 metric tons. The primary source of waste was from machining processes and packaging materials. This waste was sent to specialized recycling plants for processing, ensuring the effective reuse of resources. The company maintains long-term contractual relationships with its partners and regularly reviews their processing procedures and compliance to ensure the reliability and environmental effectiveness of its recycling operations.

5 | Data Source and Verification Method

Our company's waste recycling data comes from monitoring system records at Dongtai Luke Plant 1, third-party removal records, and receipts from contract manufacturers. This information is internally consolidated and cross-referenced to ensure accuracy and consistency. We also require external suppliers to regularly submit removal and processing details, which are then verified against third-party records to enhance data credibility and transparency.

6 | Explanation of Disclosure Scope

The company's waste recycling data disclosure is free of loss, leakage, or discrepancies in estimates. All data is compiled based on actual collection records and detailed information provided by external recycling vendors. This approach ensures data integrity and comparability, avoiding potential errors caused by estimates or delayed returns. The company also regularly reviews its data collection process to ensure the accuracy and consistency of its disclosures.

7 | Disclose the reasons for restrictions and exclusions

This disclosure only covers waste recycling data at Dongtai Luke Plant 1. No hazardous waste is handled, and all recycling operations are outsourced to qualified suppliers. Data related to other locations, overseas plants, and upstream and downstream supply chains within the scope of consolidated financial statements are not included in this disclosure. This is primarily because the management data from these locations and supply chain segments has not yet been fully integrated into the company's statistical system. The company will continue to review the feasibility of data collection and plans to gradually expand the scope of disclosure over the next two years to enhance overall transparency.

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Waste recycling management performance in 2024

Accurate classification, transparent process, recycling

104.653
Total waste output
mt

14.14
Recycled tonnes
(All are plastic packaging materials)

13.51%
Recovery rate
Annual achievement rate

100%
Outsourcing
Qualified manufacturer processing

Transparency guarantee mechanism

Triple data verification
In-factory monitoring + third-party records + external sign-off

Regular compliance reviews
Compliant vendor processing procedures and regular qualification review

Real-time tracking system
No loss, no leakage, no estimation discrepancy

Recycling Operation Flowchart - Transparent Management System

In-factory classified collection
Systematically classified and collected by material and process usage

→

Monitoring system records
In-plant monitoring system
Real-time data tracking

→

Weighing scale
Accurate measurement
Clearance certificate record

Cooperation with qualified manufacturers
Long-term contractual relationship
Regular compliance reviews

→

Third-party verification
Removal record verification
Verify receipt

→

Professional recycling plant
Resource recycling
Environmental benefits ensured

Source reduction and recycling measures

Packaging material reduction design
Optimize packaging design to reduce waste generation from the source

Cutting oil circulation
Internal system circulation and regeneration to extend resource life

Supplier collaboration
Cooperate with external manufacturers for technical support to improve overall recycling efficiency

Continuous Improvement
Regularly review recycling rates and explore innovative recycling solutions

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Full control mechanism for disposal: classified operations and transparency

GRI 306-5 Direct disposal of waste

In fiscal 2024, the company continued to strengthen waste management, establishing a systematic classification and disposal system and incorporating it into its overall sustainability governance framework. Through cross-departmental collaboration and internal audit processes, the Environmental Safety Office and the Plant Affairs Office coordinated data collection and tracking to ensure accuracy and consistency, and to implement environmental responsibilities in conjunction with annual waste reduction targets.

Regarding source identification, our company clearly distinguishes between metal scraps, plastic packaging, wooden pallets, and waste cutting oil from the Dongtai Luke Plant 1 process. We only recycle incoming raw materials and packaging materials, not finished machines. We maintain standardized records based on process characteristics. For difficult-to-measure items, we partner with removal companies to ensure data integrity.

The disclosure scope covers Dongtai Luke Plant No. 1, making it highly representative and consistent with historical statistical coverage. All data is derived from actual removal records and third-party receipts. No estimates or inferences have been made, and third-party verification has not yet been conducted. This data will be disclosed in the 2025 Sustainability Report, and transparency of statistical boundaries will be maintained. The company has implemented packaging material reduction, centralized packaging, and recycling mechanisms, and has incorporated them into production and procurement standards. Looking ahead, the company will continue to expand disclosure points, set challenging targets, and strengthen its recycling strategy to demonstrate its commitment to environmental sustainability.

1 | Revelation theme and reporting period

In accordance with international disclosure standards, the Company has prepared a detailed report on the waste disposal practices of Dongtai Luke Plant 1 in 2024, covering the classification and weight data of various types of waste, and explaining the relevant management mechanisms and data quality.

2 | Waste Composition and Data Sources

Our company's primary waste sources are metal scraps, plastic packaging, wooden pallets, and waste cutting oil from the machining process at our Dongtai Luke Plant 1. All of this is classified as general industrial waste, with no hazardous waste generated. All data is verified against actual removal records, in-plant monitoring systems, and receipts from qualified external removal companies; no estimates or extrapolations are used. All data is backed up with third-party processing records for verification. No losses or discrepancies were observed in 2024, ensuring the reliability and accuracy of the data source.

3 | Disposal Control Boundary and Weight Difference Explanation

All waste disposal at our company is conducted within the corporate control boundaries of Dongtai Luke Plant 1 and is handled entirely by qualified external removal and disposal vendors. No final on-site disposal is performed. On-site and off-site weight data are consistent, with no losses or estimated discrepancies. Data is verified against actual removal records and third-party receipts to ensure completeness and traceability.

4 | On-site disposal operations - hazardous waste

The Company did not dispose of any hazardous waste on-site in 2024, and the relevant data was zero.

5 | On-site disposal operations – non-hazardous waste

The Company had no non-hazardous waste disposed of on-site in 2024, and the relevant data was zero.

6 | Off-site disposal operations - hazardous waste

The Company did not have any hazardous waste disposed of off-site in 2024, and the relevant data was zero.

7 | Off-site disposal operations – non-hazardous waste

In fiscal 2024, the Company recycled 14.14 metric tons of non-hazardous waste that it sent to third parties for disposal, while 90.513 metric tons were disposed of through other methods (such as landfill). This data is compiled based on collection and disposal records to ensure accuracy.

8 | Disclose the reasons for restrictions and exclusions

The company's disclosure only covers waste recycling data for Dongtai Luke Plant 1 and does not include any hazardous waste disposal data. Data related to other consolidated locations, OE overseas locations, and upstream and downstream supply chains are not included in this report. The company will gradually expand disclosure based on management needs.

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Full control mechanism for disposal: classified operations and transparency

2024 Waste Management Report

Detailed analysis of waste disposal methods based on international disclosure standards

Total waste output	Recycling rate	Other disposal methods
104.653 mt	13.51% 14.14 metric tons	86.49% 90.513 metric tons

Data quality and compliance assurance

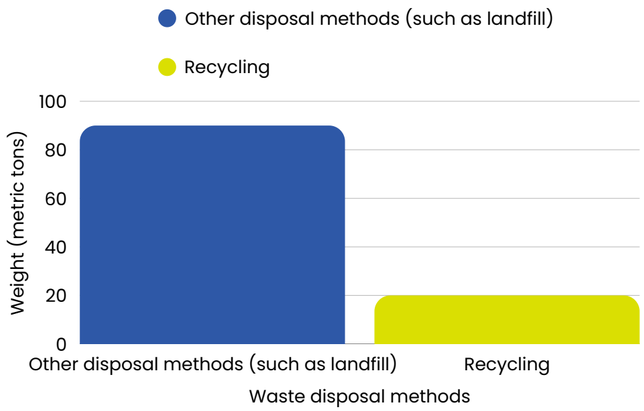
- All data is verified based on actual removal records.
- Third-party processing records are complete for reference.
- No loss or discrepancies occur.
- 100% general industrial waste, no hazardous waste

Report Scope: Major operating locations in Taiwan

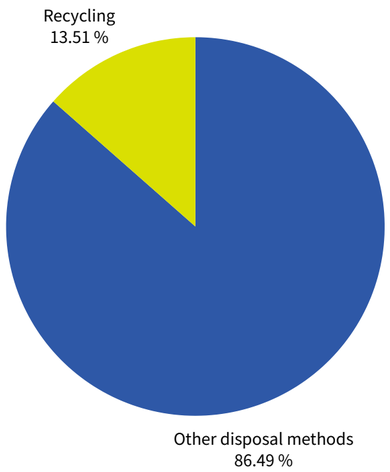
Waste type: machining metal scraps, plastic packaging, wooden pallets, waste cutting oil

Data sources: Actual removal records, factory monitoring system, and receipts from qualified external removal companies

Waste Disposal Methods Gravimetric Analysis



Proportion distribution of disposal methods



Waste disposal process and compliance monitoring

1. **Waste classification**
   Metal scraps, plastic packaging materials, wooden pallets, waste cutting oil
2. **On-site monitoring**
   Factory monitoring system records
3. **Cleaning and transportation operations**
   Qualified external haulers
4. **Third-party verification**
   Receipt verification and confirmation
5. **Final processing**
   Recycling/Other Disposal

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GRI 306 Waste

The Company recognizes that waste management is a key component of environmental responsibility and resource recycling. In 2024, the Company continued to optimize its governance system, fully incorporating waste sorting, reduction, and reuse strategies into its ESG governance framework. This management system, based on compliance with Taiwanese laws and regulations and integrating industry practices with internal goals, encompasses standard operating procedures, site-level autonomy, and internal audit mechanisms, all of which are overseen and implemented by the Environmental Management Team. Metal scraps, waste cutting oil, plastic packaging, and wooden pallets are clearly categorized by source, and only incoming raw materials and packaging materials are recycled, with no product machinery recycled. No hazardous waste was generated in 2024, demonstrating the Company's rigorous approach to pollution prevention. All removal and disposal operations are outsourced to qualified operators, with disposal vouchers and audit records retained. Third-party verification has not yet been conducted, but will be disclosed in the 2025 Sustainability Report to strengthen third-party oversight mechanisms.

Regarding data quality control, the company has established a traceable, non-estimated data management process based on actual weighing records, the Dongtai Luke Plant 1 monitoring system, and external receipts. The total output for 2024 was 104.653 metric tons, of which 14.14 metric tons were recycled (a recycling rate of 13.51%) and 90.513 metric tons were disposed of (all general industrial waste). All data undergoes internal audits and external document verification to ensure accuracy and consistency. Standardized record templates and automated systems are used to enhance data collection efficiency. The company has incorporated recycling rates and disposal volumes into its KPI management, regularly reviewing progress and implementing improvement plans to closely align waste management with its corporate sustainability goals.

The current disclosure covers Dongtai Luke Plant 1, which is highly representative. It does not include data from other locations, overseas plants, or supply chains within the scope of consolidated financial statements. The company plans to expand this coverage over the next two years to enhance information integrity and provide a basis for horizontal comparison. Regarding institutional linkages, the company is promoting preventative strategies such as packaging material reduction, centralized packaging, and the substitution of recyclable materials. These strategies are embedded in procurement and production practices to reduce waste at the source, improving overall resource efficiency and management flexibility. Regarding on-site reuse and upcycling, while there are currently no proven implementation cases, the company has initiated a feasibility assessment with the goal of further extending the resource lifecycle and creating circular benefits.

Looking ahead, the Company will continue to strengthen its systems and enforcement, setting more challenging annual reduction targets, and optimizing waste collection, transportation, and sorting efficiency. Furthermore, the Company will strengthen cross-departmental collaboration and communication with suppliers, develop more innovative waste reduction mechanisms, and achieve long-term sustainability in waste management through technological upgrades and system innovation. Through these efforts, the Company will not only reduce its environmental impact but also create both economic and social value for the company, continuously progressing toward its goals of "zero waste" and "maximizing resource recycling."

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5.4 Water Resources and Released Water Management

GRI 303-1 Mutual impacts on shared water resources

With a strong sense of responsibility, the company has established a systematic water resource management system, incorporating water issues into its ESG strategic framework. The company has designated an environmental management team to oversee data disclosure and risk communication, strengthening transparency and stakeholder engagement. By 2024, total water intake will be 19.453 million liters (19,453 cubic meters), and total discharge will be 10.05289 million liters (10,052.89 cubic meters). Both will be managed through the industrial zone's integrated water treatment system, including the Dongtai Road Science Plant No. 1.

Dongtai Luke Plant 1 is not located in a water-scarce or high-risk area and has no record of water restrictions. While high temperatures may increase cooling water demand, this impact has been mitigated through equipment optimization. Water resource risk assessments are conducted based on announcements from Taiwan's water companies, park regulations, and internal audits to understand water usage status and potential challenges, ensuring stable operations.

Regarding stakeholder engagement, the company regularly communicates with industrial zones, Taiwan's water companies, and other entities. We also collaborate with Taiwan's water conservation projects, implementing water-saving equipment and water control measures to strengthen regional collaboration. Water intensity indicators and reduction targets have been established, resulting in a 12% decrease in total water consumption over the past two years. Going forward, we will continue to promote cooling water recycling, rainwater harvesting, and water reuse. This disclosure focuses on the Dongtai Luke Plant 1. The data source is Taiwan Water Corporation's bills and drainage monitoring records, making it highly representative. The company will continue to optimize data integrity and disclosure quality to fulfill its commitment to water sustainability.

1 | Revelation theme and reporting period

In accordance with relevant international standards, the Company has released a disclosure regarding the 2024 water resource interaction issue at Dongtai Luke Plant No. 1. The reporting period is January 1 to December 31, 2024. This disclosure aims to showcase the Company's actions and achievements in water resource management, covering aspects such as water intake and discharge, and related risk identification, demonstrating its commitment to sustainable operations.

2 | Overview of Water Resources Interaction

In 2024, the company's Dongtai Luke Plant No. 1 will draw a total water intake of 19,453 cubic meters, primarily from the municipal water system and located outside a water-stressed area. Discharge will total 10,052.89 cubic meters, primarily from employee domestic water use, and will be discharged to the park's integrated water treatment system. Compared to 2023, the company's annual water consumption decreased by 12%, primarily due to improved air conditioning cooling tower management and the continued implementation of water-saving measures.

3 | Water intake and discharge locations

Our company's primary water source is the municipal tap water system at Dongtai Luke Plant No. 1. All wastewater is directed to the park's integrated water treatment system, complying with Chinese regulations. We ensure that our water intake and discharge processes comply with Chinese regulations and maintain close coordination with the regional water resources management system.

4 | Stronghold Risk and Water Resource Impact

Our Dongtai Luke Plant No. 1 is not located in a high-water-pressure or low-water area. Its primary water source does not impact the water rights of local residents or production facilities, and all water discharge processes comply with Chinese regulations. In 2024, our Dongtai Luke Plant No. 1 experienced no water shortages or water restrictions, maintaining a stable water supply. The only potential risk is increased cooling water demand due to high temperatures, which we have effectively mitigated through technological improvements.

5 | Situational Risk Assessment Method

Our company conducts water resource risk assessments based on announcements from Taiwan's water companies, industrial park water management regulations, and regular internal water use audits. Through these methods, we continuously monitor the stability of our water supply and potential impacts, ensuring timely responses to potential water challenges.

6 | Stakeholder consultation and cooperative actions

Our company regularly communicates with the industrial park management office, Taiwan's water company, and regional stakeholders, addressing water and drainage issues through annual briefings. We collaborate with park management to promote water resource monitoring, adopt water-saving appliances, adjust watering frequency, and actively cooperate with Taiwan's water conservation projects to jointly promote the sustainable use of regional water resources.

7 | Water resource-related goals and dependence

The company has established a "Water Intensity Index" and annual water reduction targets. Water consumption has continued to decline over the past two years (a 12% decrease from 2023 to 2024). Going forward, the company will further improve water efficiency and strengthen its green manufacturing efforts. Our primary production processes rely heavily on municipal tap water, making a stable water supply crucial to our operations. Fortunately, there is currently no conflict between irrigation or domestic water use and factory water use.

8 | Positive Opportunities and Innovative Applications

Through cooling tower optimization and water recycling measures in production processes, the company has successfully conserved water, improved production efficiency, and reduced operating costs. Looking ahead, the company plans to promote rainwater recycling and water reuse technologies to further reduce its reliance on external water resources and create further environmental and economic benefits.

9 | Disclosure Restrictions and Exclusion of Bases

This disclosure only covers Dongtai Luke Plant 1 and does not include other locations, overseas branches, or offices within the scope of consolidated financial statements. Data is primarily sourced from Taiwan Water Corporation's bills and drainage monitoring records to ensure accuracy and traceability.

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2024 Water Resources Interaction Report

Demonstrating water resource management efforts and achievements | Commitment to sustainable operations and environmental protection

Overview of Water Resources Utilization in 2024

19,453
Total water intake
cubic meters
Mainly taken from municipal tap water system

10,052.89
Total drainage volume
cubic meters
Employee domestic water discharge

-12%
Reduced water consumption
Compared to 2023
Water-saving measures have achieved remarkable results

0
Water stress areas
Water supply at operating locations is stable

Water resource process management

Water source
-12%
Municipal water system

Operational use
19,453
Total cubic meter usage

Drainage treatment
-12%
Park management and processing

Water consumption reduced by 12%

Compared to 2023, water consumption has decreased by 12%, mainly due to improved management of air conditioning cooling towers and continued implementation of water conservation measures.

Technical improvement measures

Through cooling tower optimization and water recycling measures in production processes, we have successfully saved water and improved production efficiency.

Future Innovation Plans

Plan to promote rainwater recycling and water reuse technology to further reduce dependence on external water resources

Stakeholder consultation and cooperation

Industrial Zone Management Office
Regularly communicate and coordinate with the park's water resources monitoring and management policies to ensure drinking water compliance

Taiwan Water Company
Work closely together to maintain a stable water supply, support water conservation projects and promote sustainable resource utilization

Regional stakeholders
Address water use and drainage-related issues through annual briefings to promote transparent communication

Government units
Actively cooperate with the government's water conservation projects, adopt water-saving label appliances, and jointly promote water resource protection

Monitoring cooperation
Collaborate with park management units to promote water resource monitoring and establish a comprehensive water use tracking mechanism

Water-saving action
Adjust watering frequency, optimize water management processes, and practice corporate environmental responsibility

Risk assessment and management

Zero risk
High water pressure area base

Zero incidents
Water shortage and water restriction

No conflict
Water rights issues

100% compliant
Drainage regulations compliance

The only potential risk: High temperatures may lead to an increase in cooling water demand. Response measures: Technical improvements have been implemented to effectively mitigate the impact.

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Release water management: water quality monitoring and environmental capital protection

GRI 303-2 Management of drainage-related impacts

Dongtai Precision Machinery adheres to rigorous water discharge management principles, incorporating internal pretreatment mechanisms based on Taiwan's industrial zone management standards and local regulations to ensure consistent and compliant discharge water quality. Dongtai Luke Plant No. 1 is located in a legally managed area, with no unregulated areas. Discharge management is institutionalized, and internal standards are regularly adjusted based on recommendations from the Taiwan Water Resources Association. Water discharged through the park's management system is regularly tested, taking into account the downstream receiving environment and usage conditions, to ensure no negative impacts on the ecology or the community. Dongtai Luke Plant No. 1 has pretreatment tanks and cooling ponds, and plans to introduce rainwater recycling and buffer tanks to improve water recycling efficiency and reduce overall discharge volumes.

Regarding stakeholder engagement, the company maintains regular communication with the park management unit and local government to stay informed of policy updates and management needs. While environmental restoration projects have not yet been implemented, related collaborative governance is incorporated into future plans. This disclosure covers Dongtai Luke Plant 1 and excludes other locations, offices, and overseas locations within the scope of consolidated financial statements. The company will gradually improve data coverage and disclosure completeness to demonstrate its commitment to sustainable water resource management.

1 | Revelation theme and reporting period

In 2024, the Company disclosed its water discharge management mechanism for Dongtai Luke Plant No. 1, aiming to showcase the effectiveness of the Company's system design and implementation for water resource management and discharged water quality control. This report focuses on the setting of discharged water standards, monitoring measures, and related mitigation actions, covering key management actions and remediation achievements during the reporting period, which runs from January 1 to December 31, 2024.

2 | Principles for Setting Emission Standards

All wastewater from our Dongtai Luke Plant No. 1 is piped to the treatment system within the industrial park where it is located and undergoes internal pretreatment prior to discharge to ensure water quality complies with Chinese regulations. Our company strictly monitors and manages wastewater in accordance with the emission standards set by local governments and industrial park management agencies in China, ensuring that all emissions meet legal standards. Dongtai Luke Plant No. 1 is located within the legally mandated management area, with no areas without established emission limits. This ensures that wastewater is managed uniformly and in accordance with Chinese regulations.

3 | Standard Basis and Water Quality Reference

During the company's internal pre-treatment process, we establish monitoring benchmarks for key water quality indicators for discharged water to ensure consistent and compliant water quality. These internal standards reference China's industrial zone management standards and incorporate the recommendations of the China Water Resources Association to form specific guidelines for water discharge management, aiming to minimize potential environmental impacts.

4 | Consideration of receiving water conditions

Our company's wastewater is treated and discharged through the park's pipelines, taking into full consideration the downstream water's destination and relevant environmental protection regulations. The park management incorporates the environmental characteristics and usage conditions of the receiving water bodies when setting discharge standards, and our company adheres to these regulations to ensure that the discharged water quality does not adversely impact the ecology or use of downstream water bodies.

5 | Mitigation Actions and Restoration Collaboration

To effectively manage water discharge, our company has installed pretreatment tanks and cooling ponds at Dongtai Luke Plant 1. Employees regularly inspect the operation of drainage equipment to ensure that discharge water meets quality standards. Furthermore, our company regularly coordinates with the park management and local governments in Taiwan on drainage-related issues, complying with all policy updates and requirements. Currently, Dongtai Luke Plant 1 is collaborating with the park management and local governments in Taiwan on water resource management and environmental protection. While no specific restoration projects have been implemented at this stage, our company plans to introduce rainwater recycling and buffer ponds in the future to further improve water recycling efficiency and reduce the environmental impact of discharge.

6 | Explanation of Disclosure Scope Limitation

This disclosure only covers Dongtai Luke Plant 1 and excludes other locations, offices, and overseas locations within the scope of consolidated financial statements. These locations were excluded primarily because their business nature does not involve significant water discharges or because data collection limitations prevented complete presentation of relevant data. The Company will continue to review the completeness of this information and plans to gradually include disclosures from more locations in the future to enhance the comprehensiveness of this report.

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2024 Water Discharge Management Mechanism Report

Demonstrating the effectiveness of water resource management and discharged water quality control | Ensuring environmental protection and regulatory compliance

Water Discharge Management Overview

Centralized Management Treatment System
All drainage from bases is piped into the industrial park treatment system to ensure unified management

Internal preprocessing
Internal pre-treatment before discharge to ensure water quality meets regulatory requirements

Compliance with regulatory standards
Strictly manage according to local government and industrial zone emission standards

100% compliant
All emission items meet the legal standards and no items exceed the standards

Emission standards and monitoring benchmarks

Internal Control Benchmarks
Strict monitoring benchmarks are set for conductivity and key water quality indicators to ensure the stability of discharged water quality.

Taiwan Industrial Zone Standards
Refer to Taiwan's industrial zone management standards and establish internal management guidelines that comply with regulatory requirements

Professional association recommendations
Incorporate recommendations from local water resource associations to develop specific guidelines for corporate water discharge management

Environmental impact considerations
Further reduce potential environmental impact and exceed regulatory minimum requirements

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Water discharge treatment process

1

Source control
Source classification and preliminary treatment of wastewater generated at each base

2

Internal preprocessing
Set up pretreatment tanks and cooling pools to ensure that water quality meets discharge standards

3

Quality Monitoring
Regularly test key indicators such as conductivity to ensure compliance with emissions

4

Managed emissions
After being uniformly treated by the park's management system, it is discharged into designated water bodies

Current mitigation measures
A comprehensive water discharge management facility and monitoring mechanism has been established to ensure that the discharged water quality continues to meet standards.

- ☑ Set up pre-treatment tanks and cooling ponds.
- ☑ Employees regularly check the operation of drainage equipment.
- ☑ Establish water quality monitoring benchmarks such as conductivity.
- ☑ Internal pre-treatment ensures compliance with discharge regulations.

Coordination and cooperation mechanism
Establish close cooperation with park management units and local governments to jointly maintain the quality of the water environment

- ☑ Regular coordination with park management units
- ☑ Compliance with local government policy updates
- ☑ Participation in water resource management related meetings
- ☑ Cooperation with environmental protection regulatory requirements

Future improvement plans
Plan to introduce innovative technologies and facilities to further improve water recycling efficiency

- ☑ Implementing a Rainwater Harvesting System
- ☑ Constructing Buffer Pool Facilities
- ☑ Enhancing Water Resource Recycling and Utilization
- ☑ Reducing Environmental Impact from Emissions

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Water Withdrawal Information Disclosure: Quantity and Source Classification

GRI 303-3 Water withdrawal

The company prioritizes the sustainability of water resources as a key natural capital asset. In 2024, it will continue to optimize its water resource management system, incorporating water withdrawal classification and monitoring mechanisms into its ESG governance framework. Cross-departmental collaboration will be used to promote data audits and water conservation targets. All water withdrawals are sourced from a third-party water supply system, primarily for process, cooling, and domestic use at Dongtai Luke Plant 1. Data sources include bills from Taiwan's water companies and park management records, eliminating the need for estimates and ensuring high traceability and accuracy.

Disclosures cover Dongtai Luke Plant 1 and exclude other locations within the scope of consolidated financial statements, offices with extremely low water consumption, and overseas locations. The data scope aligns with internal management boundaries and is regularly reviewed for expansion. All water consumption data is measured, and consistency and comparability are ensured through internal audit procedures.

To identify water source risks, the company used the WRI Aqueduct tool to conduct a water stress analysis, confirming that the Dongtai Luke Plant 1 is not located in a high-risk area. This analysis serves as a reference for water resource risk management and strategic planning. To identify future improvements, the company has initiated water-saving equipment upgrades and water recycling programs. The company will gradually expand information disclosure and strengthen transparent dialogue with stakeholders to jointly achieve sustainable water use goals.

1 | Revelation theme and reporting period

In 2024, the Company will fully disclose water withdrawal activities at Dongtai Luke Plant No. 1, focusing on withdrawal data, classification standards, and related management mechanisms for various water sources. This section aims to demonstrate the Company's transparency in water use and demonstrate its commitment to and actions towards sustainable water resource management. The reporting period is from January 1 to December 31, 2024.

2 | Total water withdrawal (all sources)

In 2024, the total water intake from all sources at the Company's Dongtai Luke Plant No. 1 was 19.453 million liters (19,453 cubic meters). This figure is based on the actual water usage records of the Dongtai Luke Plant No. 1, calculated through annual water bills and internal statistical compilation to ensure data accuracy and traceability.

3 | Source Type

Regarding water sources, the Company's water withdrawals during the reporting period primarily came from third-party water suppliers, totaling 19.453 million liters (19,453 cubic meters), representing 100% of total water withdrawals. Other sources, including surface water, groundwater, seawater, and produced water, recorded no withdrawals during the year (each amounting to 0 million liters). This structure reflects the Company's high reliance on third-party water supply systems and is consistent with previous water withdrawal trends, with no significant change.

4 | Sources of Water Stress Areas

The Company did not withdraw any water from water-stressed areas in fiscal 2024. The total water withdrawal from water-stressed areas for all source categories (surface water, groundwater, seawater, produced water, and third-party water supply) was zero million liters. To confirm this finding, the Company conducted a water stress assessment using the World Resources Institute (WRI)'s Aqueduct tool, analyzing the geographic and water resource characteristics of the Dongtai Luke Plant No. 1 to ensure the scientific and objective nature of the assessment.

5 | Freshwater and other water classification

Regarding water quality, our company's total water intake of 19.453 million liters (19,453 cubic meters) is classified as fresh water, with no record of non-fresh water withdrawal (0 million liters). This classification is based on the total dissolved solids (TDS) value standard, with TDS ≤ 1,000 mg/L being considered fresh water. All water is sourced from a third-party water supply system that complies with Taiwan's water quality standards and is primarily used for process, cooling, and domestic purposes at Dongtai Luke Plant 1.

6 | Classification standards and estimation methods

Our company uses the standards of Taiwan's water companies, classifying freshwater as TDS ≤ 1,000 mg/L, to ensure consistency with national regulations. Water withdrawal data is sourced from Taiwan's water companies' annual water bills and park management records, obtained directly without any estimates or assumptions. Our company also uses the WRI Aqueduct tool to identify water-stressed areas, ensuring a scientifically sound and rational assessment process.

7 | Exclusions and Limitations

This disclosure only covers Dongtai Luke Plant 1 and excludes other locations, overseas branches, and offices within the scope of consolidated financial statements. This exclusion is due to the relatively small water consumption of these locations and offices, and data access limitations in some areas make it difficult to ensure consistency and completeness. The Company will continue to review the feasibility of data collection and gradually expand the scope of disclosure.

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2024 Water Resources Management Report

Disclosure of water withdrawal activity data and analysis of management effectiveness

Total water intake	Third-party water supply	Freshwater ratio	Water-stressed areas
19,453 cubic meter (m3)	100% 19,453 m3	100% All fresh water	0 Water intake m3

Table 1: Statistics of water withdrawal from various sources in 2024

Water Sources	Water intake m3	Percentage (%)	Water quality classification	Water intake in water-stressed areas m3
Surface Water	0.00	0%	-	0
Groundwater	0	0%	-	0
Seawater	0	0%	-	0
Water Discharge	0	0%	-	0
Third-Party Water Supply	19,453.00	100%	freshwater	0
Total	19,453.00	100%	freshwater	0

Table 2: Water quality classification statistics for 2024

Water Sources	Classification criteria	Water intake m3	Percentage (%)	Main Purposes
freshwater	TDS ≤ 1,000 mg/L	19,453.00	100%	Process Water, Cooling Water, Domestic Water, Utility Water
Non-freshwater	TDS ≤ 1,000 mg/L	0	0%	—

Figure 1: Water source structure circular diagram

Distribution of water sources in 2024 (total volume: 19,453 m3)

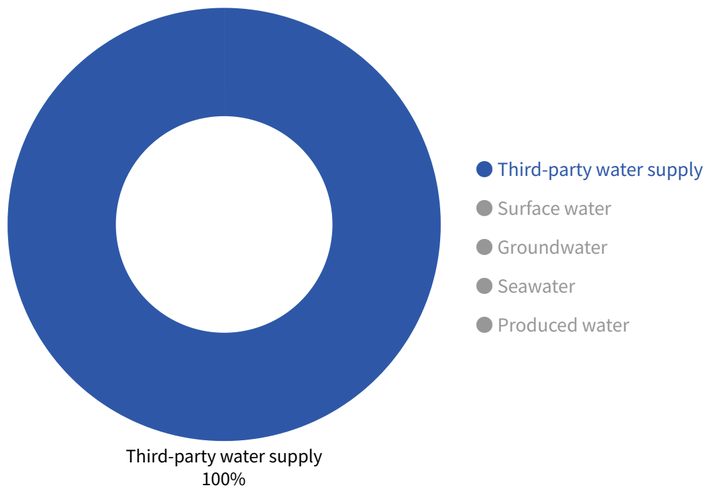

Figure 2: Comparison of water quality classifications

Water quality classification statistics for 2024

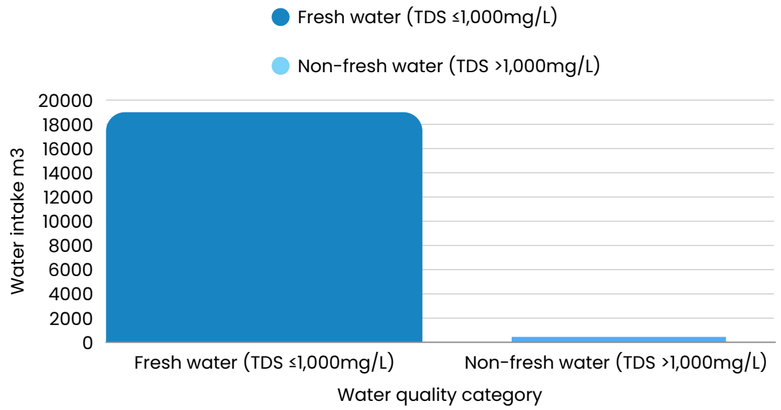

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Figure 3: Water Stress Region Assessment Diagram

Operational location and WRI Aqueduct water stress assessment results

Assessment Results: All operations are located in non-water-stressed areas. Assessment Tool: World Resources Institute (WRI) Aqueduct
Assessment scope: Geographical location analysis of major operating locations

surface water	groundwater	seawater	Produced water	Third-party water supply
0 m3	0 m3	0 m3	0 m3	0 m3
Water-stressed areas	Water-stressed areas	Water-stressed areas	Water-stressed areas	Water-stressed areas

Figure 4: Data Verification and Validation Process

Taiwan Water Bill Verification
Taiwan Water Corporation's annual water bill is used as the primary data source to ensure the accuracy and traceability of water withdrawal records.

Park management records
Combined with the park's water management records, a double verification mechanism was established to ensure data integrity.

Water quality standard certification
According to Taiwan Water Corporation standards, TDS ≤ 1,000mg/L is used as the basis for fresh water classification

WRI Aqueduct Evaluation
Use the World Resources Institute's Aqueduct tool to identify water-stressed areas and ensure scientifically sound assessments

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Compliance performance: monitoring records and no exceeding of standards

GRI 303-4 Discharge

The Company continued to strengthen its water discharge management system in 2024, incorporating water management into its ESG governance framework. A dedicated unit monitors discharge activities and regularly reports to senior management to ensure compliance with Chinese regulations. Regarding discharge activity identification, the total annual water discharge was 10.053 million liters (10,053 cubic meters), classified as "other water." All water was treated through a third-party on-site system, with no record of discharge to freshwater or high-pressure areas.

The data is sourced from Taiwan Water Corporation bills and industrial park monitoring records, ensuring authenticity and traceability. While some smaller locations have data gaps due to equipment limitations, the company has initiated a plan to address these gaps. The disclosure covers Dongtai Luke Plant 1 and excludes other locations, offices, and overseas units included in the consolidated financial statements. Future efforts will gradually expand data coverage to enhance representativeness and completeness.

Regarding risk management, the company has established an internal emissions management system and an out-of-standard response process in accordance with Chinese environmental protection laws and regulations. The company aims to have no out-of-standard incidents by 2024 and regularly reviews monitoring results to prevent future issues. Looking ahead, the company will strengthen its monitoring equipment, improve data quality, and collaborate with its supply chain to promote water resource management, jointly addressing climate and water challenges.

1 | Revelation theme and reporting period

In accordance with the relevant guidelines of GRI 303: Water and Discharged Water 2018, the Company discloses the water discharge status of Dongtai Luke No. 1 Plant in 2024. This section focuses on the total discharge volume, destination classification, water quality classification, treatment level, and related management measures and standards during the reporting period. This ensures that the disclosure content is consistent with the reporting year and reflects the Company's actual actions and achievements in water resources management. The reporting period is from January 1 to December 31, 2024.

2 | Total water discharge and destination classification

In fiscal 2024, the total water discharge from our Dongtai Luke Plant No. 1 was 10.053 million liters (10,053 cubic meters). Based on the water flow classification, all wastewater, totaling 10.053 million liters (10,053 cubic meters), was discharged into a third-party treatment system. No wastewater was discharged directly into surface water, groundwater, or seawater. This classification reflects our approach to wastewater management, which involves collaboration with third parties to ensure compliance with Chinese regulations.

3 | Drainage water quality classification (fresh water/other water)

The company categorizes its wastewater into freshwater and other water based on a total dissolved solids (TDS) standard of 1,000 mg/L. In fiscal 2024, of the total wastewater volume of 10.053 million liters (10,053 cubic meters), 0 million liters of freshwater were discharged, and 10.053 million liters (10,053 cubic meters) of other water were discharged. All other water, representing 100% of the total wastewater volume, is discharged to a third-party treatment system. This categorization ensures accurate monitoring and management of wastewater quality.

4 | Emission Information in Pressured Areas

In 2024, the Company's total discharge to water-stressed areas was zero million liters, with no discharge of fresh or other water to surface water, groundwater, seawater, or third-party treatment systems. The determination of stressed areas is based on internationally recognized tools, such as the WRI Aqueduct, to ensure objectivity and accuracy. The Company continues to prioritize resource management in water-stressed areas and incorporates this into its long-term water strategy.

5 | Emission treatment methods and levels

In 2024, the Company's wastewater treatment levels prior to discharge were: 0 million liters untreated, 0 million liters primary treated, 0 million liters secondary treated, and 0 million liters tertiary (deep) treated. All wastewater is treated by a third-party treatment system. The Company adheres to Taiwan's operating standards to ensure necessary internal controls and monitoring are completed prior to discharge to comply with Taiwan's regulatory requirements.

6 | Prioritize substances and emission basis

The Company defines pollutants and hazardous substances in discharged water and manages them in accordance with Taiwan's environmental protection laws and industrial park emission standards. These emission standards are formulated with reference to Taiwan's environmental protection laws and industrial park emission standards to ensure that all wastewater meets statutory requirements and local regulations. Through regular monitoring and internal audits, the Company continuously reviews whether discharged water quality meets standards and implements preventative management measures for potential risks.

7 | Exceeding standard events and estimation methods

In fiscal year 2024, the company had no record of any discharge violations, with the total number of such violations being zero. Discharge volume data is based on Taiwan Water Corporation billing statements and industrial park management records, with no estimates included; it is based solely on actual monitoring data. The company maintains a rigorous monitoring mechanism to ensure the accuracy and compliance of discharge data and regularly reviews management processes to mitigate risks.

8 | Explanation of Disclosure Scope and Restrictions

The drainage data disclosed by the Company this time only covers the Dongtai Luke Plant No. 1 and does not include other locations, overseas locations, or office areas within the scope of consolidated financial statements. The primary reason for excluding certain locations is to ensure the completeness and representativeness of data collection. The Company will continue to optimize data coverage to enhance the comprehensiveness and consistency of future disclosures.

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Compliance performance: monitoring records and no exceeding of standards

Table 1: Statistics of drainage destination classification in 2024

Wastewater Discharge Destinations	Displacement m3	Percentage (%)	freshwater	Water Stress Regions m3
Surface Water	0	0%	0	0
Groundwater	0	0%	0	0
Seawater	0	0%	0	0
Third-Party Processing Systems	10,053	**100%**	10,053	0
Total	**10,053**	**100%**	**10,053**	0

Table 2: Statistics of pre-emission treatment levels in 2024

Processing Level	Processing Description	Drainage Volume m3	Percentage (%)	Subsequent Processing Methods
Untreated	No processing procedure	0	0	—
Primary Processing	Physical precipitation and filtration	0	0	—
Secondary Processing	Biological treatment	0	0	—
Level 3 (In-Depth) Processing	Chemical treatment and disinfection	0	0	—
Third-Party Processing	**Entrust a professional processing agency**	**10,053**	**100%**	Comply with the park management standards

2024 Water Discharge Management Report

GRI 303: Water and Discharge Management Disclosure | Discharge Statistics and Compliance Monitoring

Total displacement
10,053
cubic meter (m3)

Third-party processing system
100%
10,053 （m3）

Other water discharges
100%
10,053 （m3）

Discharges in water-stressed areas
19,453
m3 emissions

🏆 Zero exceeding standards in 2024

Our company strictly complies with Taiwan's environmental protection laws and industrial park emission standards, and has no record of any emission exceeding the standard throughout the year.

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Figure 1: Drainage destination structure donut diagram

Distribution of drainage destinations in fiscal 2024 (total volume: 10,053 m3)

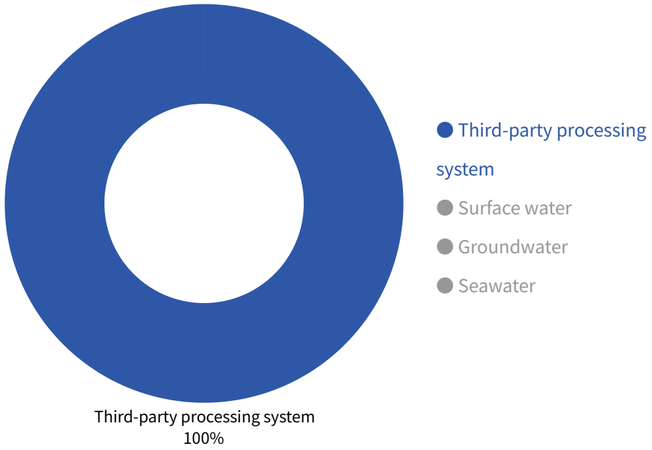

Figure 2: Drainage water quality classification

2024 drainage water quality classification statistics

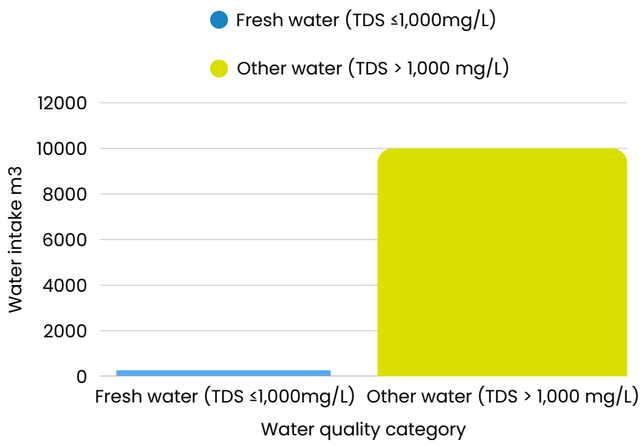

Figure 3: Analysis of pre-emission treatment levels

Unprocessed	Primary processing	Secondary processing	Tertiary treatment	Third-party processing
0 m3	0 m3	0 m3	0 m3	10,053 m3
0%	0%	0%	0%	100%

Figure 4: Drainage management process diagram

1 Drainage generation
Operation sites generate wastewater, including process wastewater, cooling water and domestic sewage

2 Internal Control
Conduct internal monitoring and control in accordance with operating standards to ensure compliance with pre-discharge testing requirements

3 Third-party processing
All are discharged into the third-party processing system and then processed by professional institutions

4 Compliance emissions
Ensure that final emissions comply with Taiwan's environmental regulations and industrial park management standards

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Water Consumption Information Disclosure: Location Distribution and Trend Analysis

GRI 303-5 Water consumption

Adhering to the principles of transparency and accountability, the company has incorporated water resource management into its ESG governance framework and established an inventory and monitoring system to track water usage at Dongtai Luke Plant No. 1, enhancing management transparency and decision-making. Total water consumption in 2024 was 1.983 million liters (1,983 cubic meters), all of which came from Dongtai Luke Plant No. 1. Water storage capacity was 0 million liters (0 cubic meters), indicating that water use is primarily immediate and that no large-scale water storage facilities have been established.

The company currently has no specific water reduction or recycling targets, but has implemented water-saving equipment and daily management measures. We also plan to incorporate climate risk into mid- to long-term goal setting. Regarding water stress risk, neither Dongtai Luke Plant 1 nor its suppliers are located in high-risk areas, but the company continues to conduct regular assessments and respond to any emergencies.

Data is calculated using the formula "water consumption = water intake - discharge" and is sourced from Taiwan Water Corporation bills and park records. Accuracy is ensured through internal audits, and sensors will be introduced to enhance accuracy. Disclosure focuses on Dongtai Luke Plant 1 and excludes other locations, overseas branches, offices, and suppliers included in the consolidated financial statements. Data not included is difficult to collect. The company will continue to optimize its data processes to enhance the representativeness and quality of its disclosures.

1 | Revelation theme and reporting period

In accordance with the relevant guidelines of GRI 303: Water and Discharged Water 2018, our company discloses the water consumption of Dongtai Luke Plant No. 1 in 2024. This section aims to present our performance in water resource management, including overall water consumption, distribution of water pressure areas, changes in water storage, calculation methods, and relevant site information. This ensures that the reporting content is consistent with the standard requirements and demonstrates our commitment and transparency in sustainable water resource management. The reporting period is from January 1 to December 31, 2024.

2 | Total water consumption and water consumption in stressed areas

The Company's total water consumption in 2024 was 1.983 million liters (1,983 cubic meters). After investigation and analysis, the Company has confirmed that none of its facilities at Dongtai Luke Plant 1 are located in water-stressed areas. The Company continues to monitor the potential impacts of water resource risks, particularly regional water shortages caused by climate change, and incorporates these into its long-term risk assessments to ensure the sustainability of its operations and water use.

3 | Changes in water storage

The Company's water storage capacity remained unchanged in 2024, remaining at 0 million liters (0 cubic meters) at both the beginning and end of the year. This is primarily due to the Company's operating model. Currently, the Company does not have large-scale water storage facilities, but instead utilizes and manages water resources based on actual demand, ensuring efficient use.

4 | Water Consumption Calculation Method and Assumptions

Our company calculates water consumption primarily based on billing data provided by Taiwan's water companies and park management records, using the formula "water consumption = water intake - water discharge." Our company regularly compiles this data through an internal monitoring mechanism and compares it with external billing to ensure accuracy and consistency. If any data anomalies are detected, we will further review the source and recording methods to improve disclosure quality.

5 | Facility Water Consumption Information

Our company's primary operating site, Dongtai Luke Plant 1 in Luzhu District, Kaohsiung City, Taiwan, consumed 1.983 million liters (1,983 cubic meters) of water in fiscal 2024. An assessment indicates that the plant is not located in a water-stressed area. The company continues to monitor water usage at the site and is implementing water-saving measures and equipment optimization to reduce the risk of unnecessary water consumption.

6 | Supplier Water Consumption Information

The Company has not identified any major suppliers with a significant water footprint, nor are any suppliers located in water-stressed areas, resulting in a water consumption of 0 million liters (0 cubic meters). The Company continues to incorporate supply chain water resource risks into its long-term management considerations and will further assess the water footprint impact of its suppliers in the future.

7 | Explanation of Disclosure Scope and Restrictions

The Company's disclosure only covers Dongtai Luke Plant No. 1 and does not include other locations, overseas branches, offices, or supplier locations within the scope of consolidated financial statements. The relevant information primarily focuses on water usage for direct operations. Some indirect water consumption data may not be included in this report due to difficulties in obtaining it. The Company will continue to refine its data collection mechanisms to enhance the completeness of future disclosures.

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2024 Water Consumption Management Report

GRI 303: Water and Discharge Management Disclosure | Discharge Statistics and Compliance Monitoring

Total water consumption
1,983
cubic meter (m^3)

Water consumption in water-stressed areas
0
m3 (no base located in water pressure area)

Changes in water storage
0
m3 (0 at the beginning and end of the year)

Supplier water consumption
0
m3 (supplier with no significant water footprint)

Figure 1: Water balance calculation method

Water consumption calculation formula

Water Intake 19,453 m^3 − **Displacement** 10,053 m^3 = **Water consumption** 10,053 m^3

Table 1: Statistics of water consumption in 2024

Projects	Volume m^3	Data Sources	Water Stress Regions m^3	Notes and Explanations
Total Water Intake	19,453	Water Bill, Park Records	0	100% Third-Party Water Supply
Total Water Discharge	10,053	Water Bill, Park Records	0	100% Third-Party Processing
Total Water Consumption	**1,983**	Calculated	0	**Water Intake and Discharge Volume**
Water Storage Volume Changes	0	Internal Monitoring	0	At the beginning and end of the year, both are 0
Supplier Water Consumption	0	Supplier Survey	0	Suppliers with No Significant Water Footprint

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Figure 2: Analysis of water resource use structure

Water use and recycling distribution (total water withdrawal: 19,453 m3)

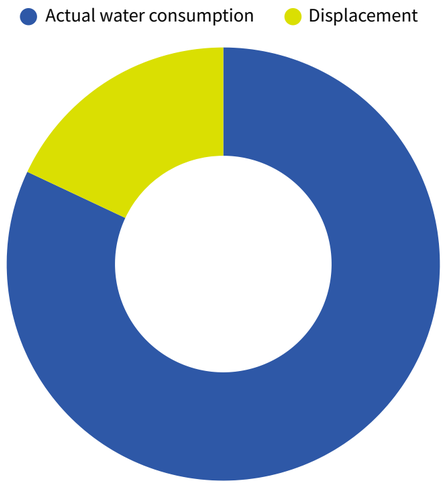

Figure 3: Water resources balance analysis diagram

Water Resources Balance Analysis for 2024

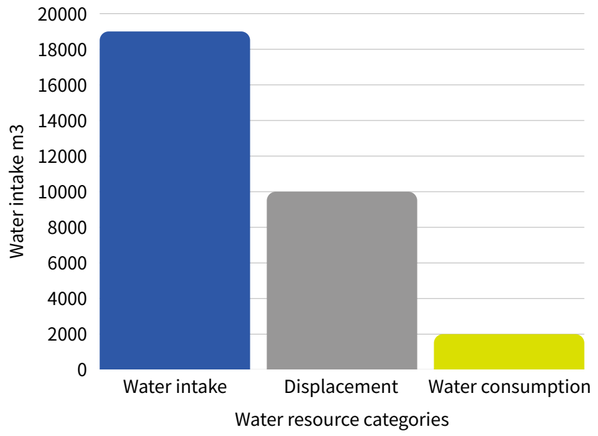

Figure 4: Water consumption calculation method and data verification process

Data Collection

Collect Taiwan Water Company billing data and park management records

Water consumption data = Taiwan Water bill + park records

Data comparison

Internal monitoring mechanism regularly summarizes and verifies with external bills

Verification Mechanism = Internal Records ↔ External Billing

Water consumption calculation

Adopt international standard calculation methods to ensure data accuracy and consistency

Water consumption = water withdrawal - discharge ± change in water storage

Quality assurance

Check data anomalies and trace the source to improve disclosure quality

Quality control = abnormality inspection + source tracing

Figure 5: Water consumption information of major operating locations

Luke Plant 1 - Luzhu District, Kaohsiung City

Water consumption in 2024	Water Stress Area Assessment	Monitoring Status	Water-saving measures
1,983 m3	**Non-water-stressed areas**	**Continuously monitoring**	**Equipment optimization in progress**

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GRI 303 Water and Discharge Water

In fiscal 2024, Tongtai Precision Machinery demonstrated effective water resource management, with total water intake reaching 19.453 million liters (19,453 cubic meters), all from municipal tap water, with no groundwater or surface water withdrawal. Total water discharge was 10.053 million liters (10,053 cubic meters), all treated by the park's integrated water management system. Total water consumption was 1.983 million liters (1,983 cubic meters), concentrated at the Tongtai Luke Plant 1 in Luzhu District, Kaohsiung City, Taiwan. Compared to 2023, annual water consumption decreased by 12%, primarily due to improved cooling tower efficiency and the implementation of a water recycling strategy.

The company has established water intensity indicators and annual reduction targets, confirming that the Dongtai Luke Plant No. 1 is not located in a water-stressed area. No water shortages, water restrictions, or excessive discharge levels occurred in 2024, demonstrating low operational risk and stable management. This disclosure only covers the Dongtai Luke Plant No. 1 and does not include other consolidated locations or overseas locations. The company has developed a data integrity improvement plan to gradually expand the scope of disclosure.

Data is primarily sourced from Taiwan's water company bills and park management statistics, without any estimates, to ensure accuracy and comparability. Water consumption is calculated based on "water withdrawal minus discharge." Water storage was 0 million liters at the beginning and end of the year, reflecting a predominantly on-demand water use pattern. The company ensures data consistency through internal audits and utilizes the World Resources Institute (WRI) Aqueduct tool to assess water pressure risk, confirming that Dongtai Luke Plant 1 and its major suppliers are not located in high-risk areas.

Regarding drainage water quality management, the company adhered to China's industrial zone management standards, ensuring 100% compliance throughout the year with no violations. This data informs management team decision-making and serves as a basis for resource allocation and target setting.

Looking ahead, the company will refine water intensity indicators, incorporate climate risk scenario analysis, set medium- and long-term water conservation targets, and explore rainwater recycling and reuse solutions to reduce reliance on external water sources. The company will continue to collaborate with industrial zone management units and local governments, participate in regional water conservation projects, and engage with stakeholders through briefings.

In terms of supply chain management, although no high-risk manufacturers with significant water footprints have been identified, the company has incorporated them into the long-term monitoring and performance evaluation framework. In the future, it will encourage suppliers to participate in water conservation activities through collaborative platforms and rating systems.

The company will continue to strengthen its water resource performance monitoring and disclosure mechanisms, enhance information transparency and representativeness, ensure management leadership and competitive advantages in the face of future water resource challenges, and contribute to environmental and industrial sustainability.

Ch6

AiSmartGuard | Cognitive and Secure Manufacturing

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6.1 Safety and Health System and Governance

GRI 403-1 Occupational Safety and Health Management System

Our company is committed to establishing a comprehensive occupational safety and health management system to safeguard the health and safety of all workers and incorporating it into the overall corporate governance structure. This system is designed in accordance with the ISO 45001:2018 international standard and is implemented through cross-departmental collaboration and dedicated task forces. Senior management oversight and regular reviews ensure alignment between the system and operational strategies. We have a formally appointed Assistant OHS Manager responsible for promoting safety policies and cross-departmental coordination. We also incorporate safety performance into management assessment mechanisms to enhance execution and governance maturity. By 2024, the system had achieved significant results, with no major workplace safety incidents and a health check coverage rate of 99.68%, demonstrating our strong commitment to workplace safety.

The system covers all full-time employees and temporary personnel at our Taiwan operations (parent company and Taiwanese subsidiaries). Essential safety training is also provided to outsourced personnel performing high-risk tasks (such as machine tool operation and equipment maintenance) or working in long-term contracts. However, due to supply chain characteristics and resource allocation, not all external workers and overseas locations are currently covered. To address this limitation, we have initiated a plan to expand coverage and are planning a gradual implementation process to enhance overall workplace safety. We will continue to refine our safety governance system through system optimization, risk alerts, internal audits, and employee engagement mechanisms, fostering a healthy workplace environment that is both preventative and responsive.

1 | Revelation theme and reporting period

In 2024, the company will fully disclose information on the development and operation of its occupational health and safety management system, aiming to showcase its efforts and achievements in protecting the safety and health of employees and related workers. This report covers aspects such as system design, scope of application, division of responsibilities, and continuous improvement mechanisms. The timeframe is January 1 to December 31, 2024, and the disclosure covers operations in Taiwan (parent company and Taiwan subsidiaries).

2 | Establish Occupational Safety and Health System in Accordance with the Law

Our company has established a comprehensive occupational safety and health management system in accordance with relevant domestic regulations to ensure that all operations comply with legal regulations. We regularly review regulatory updates and integrate them into internal management processes to ensure that the system has a legal basis and can be effectively implemented.

3 | Adoption of standards and certification status

Our occupational safety and health management system is designed and operated in accordance with the ISO 45001:2018 international standard. It received third-party certification from the Metal Industry Research and Development Center in 2024, ensuring that the system architecture adheres to international best practices. We continuously enhance the credibility and governance of our system through annual external validation and internal audits.

4 | Scope of management system

Our company's occupational safety and health management system covers all regular employees and dispatched workers at our Taiwan operations (parent company and subsidiaries), ensuring a safe and healthy workplace. For some outsourced and contracted personnel, limited to specific high-risk or long-term partners, basic safety training and management practices are also implemented.

5 | Coverage of internal employees

Our company's occupational safety and health management system comprehensively covers all full-time employees and dispatched personnel at our Taiwan operations (parent company and Taiwan subsidiaries). Regardless of their work location or job type, all are protected by the system and relevant safety measures to ensure that every internal worker can perform their duties in a safe environment.

6 | Inclusion of third parties and contractors

Regarding third-party and contractor personnel, the company currently only includes those working in high-risk operations or long-term contracts at its Taiwan operations (parent company and its subsidiaries). Safety training and related regulations are implemented for personnel working on major construction projects. We are continuously evaluating the feasibility of expanding this coverage to enhance overall workplace safety.

7 | Occupational Safety and Health Responsible Person Type

Occupational safety and health at the Company is managed by an internally appointed Assistant OHS Manager, who is a regular employee and reports directly to senior management. This structure ensures that the implementation of systems and decision-making can promptly respond to internal needs and be effectively coordinated with other departments. The Assistant OHS Manager also works closely with the Occupational Safety and Health Committee to incorporate employee feedback and foster participatory safety governance.

8 | Whether there is a continuous improvement system

The company has established a continuous improvement mechanism. Improvement suggestions are made annually through management meetings. We also conduct internal audits and feedback processes to review the effectiveness and implementation of the system. We adjust policies and measures based on audit results to ensure the management system is continuously optimized and meets actual needs.

9 | Scope and Limitations of Disclosure

This disclosure primarily covers our Taiwan operations (parent company and subsidiaries), where we have fully implemented occupational safety and health management systems. Overseas locations, temporary workers, and some outsourced personnel are not currently included in this system, primarily due to geographical differences and resource constraints. We will continue to evaluate the possibility of expanding coverage to achieve more comprehensive safety protection.

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Occupational safety and health management system

2024 Management Structure and Implementation Status Report

Occupational Safety and Health Responsible Person Information

OHS

Internal recruitment of OHS assistant manager

Position nature: Regular employee Organizational level: Directly under management Main responsibilities: System implementation and decision response
Scope of coordination: Effective cross-departmental coordination

Statistics on the scope of management system

1 Internal OHS Assistant Manager (Regular employee)	**100%** Taiwan main factory Full import
year Sustained improvement Mechanism frequency	**Multiple bases** Future expansion Under evaluation

Occupational Safety and Health Management Organizational Structure

Company Management
Highest decision-making and policy formulation

↓

OHS Assistant Manager (Internally hired full-time employee)
System implementation, decision response, and cross-departmental coordination

↓

Execution units of various departments
Specific Measures Implementation and Feedback

Continuous improvement mechanism process

Annual Improvement Cycle Mechanism

1. **Supervisor and Examination Meeting**
It is held regularly every year to review the implementation of the current system and make suggestions for improvement

2. **Internal Audit Execution**
Systematically review system effectiveness to identify potential problems and improvement opportunities

3. **Establishing feedback process**
Collect feedback from various departments and establish a two-way communication mechanism

4. **Adjustments to policy measures**
Adjust policies based on audit results to ensure continuous optimization of the management system

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Analysis of the scope of the system

☑ Current coverage

- ☑ All employees of the Taiwan main factory
- ☑ Full protection for regular employees
- ☑ Internal OHS assistant manager system
- ☑ Annual continuous improvement mechanism
- ☑ Supervisor-examination meeting system
- ☑ Internal audit feedback process

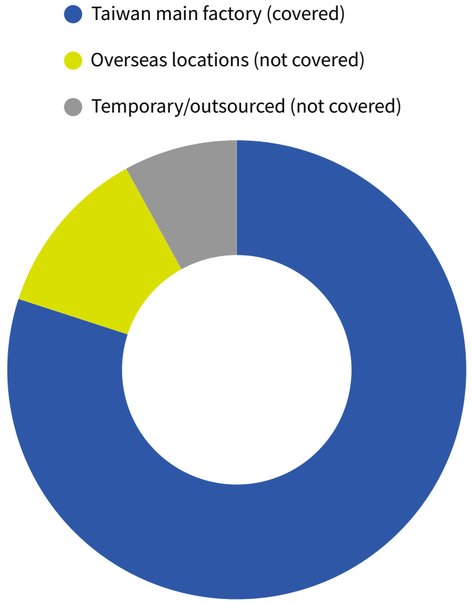
✕ Current coverage

- ✕ Overseas operations
- ✕ Temporary staff
- ✕ Partially outsourced staff
- ✕ Non-Taiwanese factory employees
- ✕ Short-term dispatched staff
- ✕ Contractor workers

🎯 Future expansion plans and goals

- Overseas Location Integration: Assessing the Feasibility of Introducing Occupational Safety and Health Management Systems at Each Overseas Location
- Expanding personnel coverage: Gradually include temporary workers and outsourced personnel in the management scope
- Resource allocation optimization: Overcoming regional differences and resource limitations, and establishing unified standards
- System standardization: Establish standardized management processes applicable to different locations
- Strengthening the supervision mechanism: Establishing a unified supervision and auditing mechanism across locations
- Continuous improvement: Extending the improvement mechanism to all operating locations

Analysis of system coverage ratio



Institutional Characteristics: Our company adopts an internal OHS Deputy Manager system, ensuring that occupational safety and health management is closely integrated with corporate operations. Through an organizational design that directly reports to management, we can quickly respond to internal needs and effectively coordinate across departments, establishing a comprehensive continuous improvement mechanism.

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Certification and audit mechanism: internal and external verification and correction

GRI 403-8 Workers covered by occupational safety and health management systems

The Company recognizes that occupational health and safety is the cornerstone of sustainable operations. In 2024, the Company continued to strengthen its relevant systems and governance mechanisms, embedding them within its ESG framework. Overseen by senior management, the Company collaborates with the Environmental and Safety Office, Human Resources Department, and site managers to develop action plans and improvement targets based on risk assessments and regulatory requirements. The system covers 96% of workers at its Taiwan operations (parent company and subsidiaries), including both employees and contractors, and provides specialized safety management for machine tool manufacturing operations (such as machine operation and equipment maintenance). In 2024, there were no major occupational health accidents, while only nine minor injuries (two occupational injuries and seven commuting accidents) were recorded. Health screening coverage reached 99.68%, and 1,496 participants received training, demonstrating the effectiveness of the system. While overseas locations have not yet been fully included, management data for Taiwan operations (parent company and subsidiaries) is consistent with the base year, and the scope will continue to expand. To ensure data accuracy and transparency, the Company utilizes a dual-track system of systematic calculations and on-site audits, disclosing the calculation methods and constraints for external understanding. The exclusion targets are 4% of low-risk individuals, such as visitors and non-operational third parties. The classification principles have been internally institutionalized and updated with operational adjustments.

Taiwan operations (parent company and Taiwan subsidiaries) have achieved ISO 45001 certification, with a coverage rate of 96%. Annual external audits and quarterly internal audits are implemented, coordinated by the Environmental and Safety Office and reported to management, forming a closed-loop governance system. Data is based on year-end headcount, including part-time employees. Going forward, we will strengthen overseas site integration and global consistency, continuously striving towards a zero-incident workplace through institutional innovation and risk control.

1 | Revelation theme and reporting period

In fiscal 2024, the company will fully disclose its occupational health and safety management system, aiming to showcase the system's design, scope, and governance effectiveness in workplace safety and health protection. The reporting period, from January 1 to December 31, 2024, will focus on the system's applicable entities, certification status, and audit mechanisms. The disclosure will cover operations in Taiwan (the parent company and its subsidiaries) to ensure transparency and credibility.

2 | Management System Coverage

By fiscal 2024, our occupational health and safety management system will reach 96% coverage, applying to all employees and contractors at our Taiwan operations (parent company and subsidiaries), specifically targeting risk management in machine tool manufacturing operations (such as machine operation and equipment maintenance). We are committed to expanding the system to key workplaces to ensure comprehensive implementation of workplace safety and health measures in daily operations.

3 | Internal Recognition System Coverage and Basis

Our internally recognized occupational health and safety management system has a 96% coverage rate and applies to all employees at our Taiwan operations (parent company and subsidiaries) and related facilities. This system is based on international standards and domestic regulations, and incorporates internal risk assessments and control measures to ensure it closely aligns with actual operational needs.

4 | External Certification and Standards

Our Taiwan operations (parent company and subsidiaries) have been certified by the Metal Industry Research and Development Center to the ISO 45001 Occupational Health and Safety Management System standard. This certification demonstrates our international standards in workplace safety and health management and provides professional guidance for continuous improvement.

5 | External certification system coverage

The externally certified ISO 45001 management system has a 96% coverage rate, applicable to all employees and factory contractors at our Taiwan operations (parent company and Taiwanese subsidiaries), consistent with the overall management system coverage. This high rate reflects our commitment to occupational health and safety management and our emphasis on third-party verification.

6 | Audit System Types and Basis

The company employs a concurrent internal and external audit system, consisting of annual external certification and quarterly internal audits. Internal audits are conducted in accordance with ISO 45001 standards and cover all areas of operation. The Environmental and Safety Office is responsible for overall planning and implementation to ensure the effectiveness and continuous improvement of the management system.

7 | Ratio and explanation of excluded personnel

Our occupational health and safety management system does not cover 4% of our workers. These workers primarily consist of temporary visitors to our Taiwan operations (parent company and subsidiaries) and off-site contractors. These individuals are considered low-risk and have no direct connection to our core operations, so they are not included in the system's management.

8 | Worker Classification Basis

The company categorizes workers based on its human resources system and contractual agreements, clearly distinguishing between regular employees and outsourced or contracted personnel. This classification ensures a clear definition of the applicable personnel of the management system and lays the foundation for subsequent ratio calculations and policy implementation.

9 | Proportion Calculation Method and Statistical Benchmark

The company uses the total headcount at the end of December as the statistical basis for calculating the coverage ratio of the occupational health and safety management system, and includes part-time employees in the statistical scope. This method ensures the timeliness and consistency of the data and reflects the final annual personnel structure.

10 | Disclosure Restrictions and Supplementary Explanations

This disclosure only covers data and management practices related to our Taiwan operations (parent company and Taiwanese subsidiaries). Overseas locations are not included due to differences in systems and regulations. We will continue to review and expand the scope of disclosure to enhance the integrity of this information.

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Occupational Health and Safety Management Framework

2024 Annual Performance Report | Reporting Period: January 1 - December 31, 2024

96%
Comprehensive system coverage

96%
ISO 45001 certification scope

4%
Proportion of individuals not covered

4 times
Annual frequency of internal audits

Management system scope

Covering 96 percent of employees

Not included: Temporary visitors and off-site contractors Reason: Low-risk categories, not directly associated with core operations

Management system operational procedure

1. **risk evaluation**
   Annual risk evaluation
   Integrate with global standards
2. **objective formulation**
   Establish enhancement objectives
   Formulate an action plan
3. **System Implementation**
   Interdepartmental collaboration
   Thorough execution oversight
4. **Audit and Evaluation**
   Internal and external evaluations
   Continuous improvement framework

External certifications and standards

ISO 45001 | **Certification of the Metal Industry Research and Development Center**

The Taiwan headquarters has successfully obtained international standard certification, reflecting its commitment to professional standards in workplace safety management.

Key Milestones for 2024

Quarterly
Internal Audit
The Environmental and Safety Office organizes and performs regional audits to guarantee the efficient functioning of the system.

Year
External Authentication
Achieved certification for the ISO 45001 standard to uphold international management standards.

End of December
Statistics
Calculate system coverage and performance metrics based on the total employee count at the year's conclusion.

Our company recognizes that occupational health and safety are fundamental to sustainable business operations. We will maintain our commitment to prioritizing worker well-being and, through innovative systems and comprehensive employee engagement, collaborate to establish an accident-free workplace environment.

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6.2 Hazard Identification and Risk Management

GRI 403-2 Identification of Hazards, Risk Assessment, and Incident Investigation

The company has integrated its occupational safety and health management system into its ESG governance framework. Upholding the principles of systematization and continuous improvement, a cross-departmental Occupational Safety and Health Committee supervises hazard identification, risk assessment, and corrective measures. Daily inspections, monthly self-assessments, and annual audits are performed across manufacturing, warehousing, R&D, and other work sites to ensure adherence to the system and practices. In 2024, there were no significant occupational safety incidents, with only nine minor injuries reported (two occupational injuries and seven commuting accidents). Health screening coverage reached 99.68%, and 1,496 participants underwent training, reflecting effective risk management.

Our operations in Taiwan, encompassing the parent company and its subsidiaries, are primarily managed to oversee all permanent and temporary personnel. Additionally, we offer supplemental protection for high-risk outsourced contractors and specific demographics, including foreign nationals, the elderly, and pregnant women. In response to unusual incidents, we have implemented an anonymous reporting mechanism and a non-routine investigation process to promptly identify potential risks and monitor improvement efforts to avert recurrence.

Employee participation is fundamental to this system. The committee convenes quarterly to collect feedback via a grassroots representation framework, thereby enhancing transparency and trust in safety management while preserving anonymity and protection against retaliation. In the aftermath of an incident, supervisors conduct investigations to identify the root cause and formulate corrective actions, supported by a tracking and timeline management system. Moving forward, we will further extend this system to encompass international locations, refine cross-departmental governance and resource allocation, and ensure accountability at the senior management level to promote a safe, healthy, and resilient work environment.

1 | Theme of Revelation and Reporting Period

In fiscal year 2024, the company will issue a detailed disclosure concerning its occupational safety and health management and risk identification frameworks. This disclosure seeks to illustrate the efficacy of our system design and execution in areas including hazard identification, incident response, and employee involvement. It encompasses the implementation of pertinent policies, procedures, and enhancement measures throughout the reporting period, reflecting our steadfast commitment to workplace safety. The reporting period spans from January 1 to December 31, 2024, and pertains to our operations in Taiwan (parent company and Taiwan subsidiaries).

2 | Hazard Identification and Frequency Analysis

Our company has implemented a robust hazard identification system. Through daily inspections, monthly departmental self-assessments, and annual supervisory evaluations, we ensure that potential workplace risks are swiftly identified and addressed, particularly in machine tool manufacturing operations, such as machine operation and equipment maintenance. Daily inspections are carried out by on-site personnel, who perform a fundamental assessment of the work environment; monthly departmental self-assessments require each department to independently scrutinize safety hazards within its operational processes; and annual supervisory evaluations are conducted by senior management to perform thorough audits, ensuring the effective implementation of the system. This monthly system encompasses all major operational areas, including manufacturing, warehousing, and R&D, thereby guaranteeing consistent safety measures across all units.

3 | Non-routine trigger notification system

To manage emergencies, the company has implemented a thorough reporting process. Employees may report incidents and unusual occurrences via anonymous email or on-site reporting. Upon the occurrence of an incident, the appropriate investigation procedures will be promptly initiated to ensure swift handling and documentation. This system is intended to motivate employees to proactively report potential risks while ensuring the transparency and efficiency of the reporting process.

4 | Risk Assessment and Enhancement Application

Our company employs a risk matrix as a tool for risk assessment. Occupational safety specialists conduct a tiered review biannually, prioritizing and managing identified hazards. The outcomes of this assessment serve not only to pinpoint high-risk areas but also to inform annual revisions of our occupational safety strategy and adjustments to training, ensuring that resource allocation and preventive measures are effectively directed to enhance safety management. Through this process, we consistently optimize workplace safety and translate risk assessment findings into actionable steps.

5 | Protective measures for at-risk populations

Our company prioritizes the needs of vulnerable groups by offering language assistance and essential support measures for individuals with disabilities and pregnant women. For instance, we provide multilingual safety guidelines and illustrated operating instructions to eliminate language barriers that may hinder safety awareness. Additionally, we modify work arrangements to accommodate specific needs and reduce potential risks. This initiative is designed to ensure that every employee can operate in a safe and welcoming environment.

6 | Right to Report and Anti-Retaliation Safeguards

To promote proactive reporting of safety hazards among employees, the company has implemented an anonymous mailbox and an on-site anonymous questionnaire system, allowing employees to express concerns without fear of repercussions. We have instituted clear management regulations that prohibit any form of punishment or retaliation against those who report issues, and we enhance employee awareness of this right through internal communications. This policy is designed to cultivate a culture of trust and ensure that every employee feels at ease in exercising their right to report.

7 | The right to decline hazardous work

Our company unequivocally guarantees employees the right to decline hazardous work. Should an employee identify a work environment or task that presents a safety risk, they are entitled to report it immediately and refuse to undertake the work. This right is safeguarded by company policy and will not negatively impact employees' positions or compensation. We are committed to ensuring that employees comprehend and can effectively exercise this right through internal training and communication.

8 | Employee involvement in risk assessment and enhancement

Our organization has formed an Occupational Safety and Health Committee that convenes quarterly to address safety concerns and enhancement strategies. By implementing a representative participation system, we guarantee that employee perspectives are thoroughly integrated into the decision-making process. The lack of labor disputes in 2024 underscores the efficacy of this participation framework. This system encompasses all employees, including those engaged in high-risk activities, such as machine tool operation and equipment maintenance, as well as regular external contractors. This approach ensures that all pertinent workers are involved in risk assessments and accident investigations, thereby fostering improvements in workplace safety.

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9 | Accident Investigation and Remediation System

The company has instituted a comprehensive investigation protocol for all incidents. The designated supervisor performs a written inquiry and documents the specifics of the event, including an analysis of its causes and consequences. In 2024, nine minor injuries were reported (two associated with machinery operation and seven related to commuting). A total of 28 corrective measures were initiated, resulting in a 100% completion rate for improvements. Department heads are tasked with executing subsequent corrective actions, with progress monitored through monthly reports to guarantee thorough resolution. This system is designed to prevent recurrence and to perpetually enhance safety management processes.

10 | Scope and Limitations of Disclosure

The statistical data and system descriptions presented herein pertain solely to our operations in Taiwan (including the parent company and subsidiaries) and do not encompass information regarding our international locations or subsidiaries. We will persist in evaluating our data collection and integration processes, gradually broadening the scope of disclosure to facilitate more comprehensive reporting in the future.

① Systematic governance and ESG incorporation

Integration of ESG governance frameworks
Integrate safety systems within the comprehensive ESG governance framework.

Interdepartmental Occupational Safety Committee
Coordinate the identification of hazards, assessment of risks, and implementation of enhancement measures.

Internal audit framework
Ensure the implementation of policies and their effective execution.

Thorough coverage of the operational area
Comprehensive coverage of manufacturing, warehousing, research and development, and other operational domains.

Multi-tiered inspection frequency
Daily inspections, monthly self-assessments, and annual evaluations

② Abnormal event response protocol

Non-standard reporting procedure
Promptly commence investigations when accidents or unusual situations arise.

Diverse feedback channels
Anonymous mailbox and on-site reporting instant feedback system

Hazard Identification Integration
Enhances the daily hazard identification system.

Holistic risk management
Ensure that potential risks are thoroughly identified and managed.

Monitoring and enhancement system
Monthly reporting and monitoring of improvements to prevent the recurrence of issues.

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Hazard identification system: inventory, classification, and frequency management.

③ Scope and representativeness of disclosure

Extremely representative
Encompasses all primary operational domains and employee categories at the Taiwan headquarters.

Support for at-risk populations
Language assistance is offered to foreigners, the elderly, pregnant women, and various other groups.

Consistency and inclusivity
Guarantee equitable protection for all employees.

Data continuity
Comparison with data from previous years to ensure consistency.

Outsourcing integration
High-risk operations and management of fixed-term outsourcing

④ Employee engagement and rights safeguarding

Occupational Safety and Health Advisory Committee
Conduct quarterly meetings to gather feedback via the representative system.

Transparency in decision-making
Ensure transparency in decision-making and the quality of processes.

Protection for anonymous reporting
Anonymous reporting system and anti-retaliation safeguards

Denial of perilous rights
Empower employees to decline hazardous work.

Ongoing enhancement
Consistently assess participation outcomes and enhance communication channels.

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Hazard identification system: inventory, classification, and frequency management.

Frequency of hazard identification and implementation mechanism

day

Daily evaluations

Perform fundamental assessments of the work environment to promptly identify potential hazards.

Responsible personnel: On-site operators

moon

Monthly departmental self-assessment

Each department conducts an independent review of safety hazards within its operational procedures.

Responsible unit: Department Heads

Year

Annual Supervisor Evaluation

Senior management performs thorough audits to guarantee that no detail is overlooked.

Responsible level: Senior Management

Health safeguards for vulnerable populations

100%
Plant-wide
Monthly coverage

3
Primary divisions
Manufacturing/Warehousing/R&D

Six months
risk evaluation
Review frequency

24/7
Notification System
Ready for use

Non-Routine Event Reporting and Handling Procedure

Accident Occurrence

Emergency or Abnormal Event

↓

Employee Reporting

Anonymous Mailbox or On-Site Reporting

↓

Real-time Review

Investigation Procedure Immediately Initiated

↓

Rapid Processing

Event Handling and Logging

↓

Improvement Measures

Prevention Measures Formulation and Implementation

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Hazard identification system: inventory, classification, and frequency management.

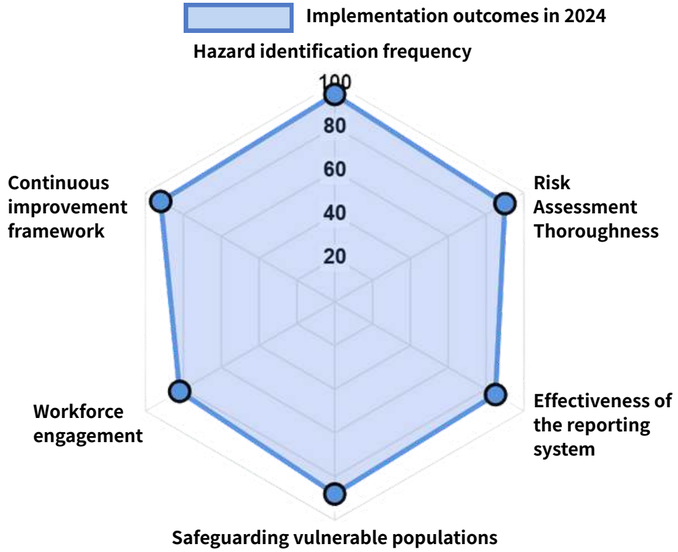
Risk Assessment Matrix Tool

Minimal risk	Minimal risk	Moderate risk	Moderate risk	Elevated risk
Minimal risk	Moderate risk	Moderate risk	Elevated risk	Elevated risk
Moderate risk	Moderate risk	Elevated risk	Elevated risk	Elevated risk

Assessment frequency
Occupational safety specialists conduct a comprehensive review biannually.

Application
Annual revision of occupational safety strategy and modifications to education and training.

Effectiveness of the implementation of risk management mechanisms



Special protective measures for at-risk populations

Senior employees

- Adaptable work schedules
- Physical fitness evaluation
- Auxiliary equipment supplied
- Enhanced health monitoring

Expectant employees

- Workplace modification
- Mitigating hazardous procedures
- Rest area provided
- Specialized care for individuals with disabilities

System features: The organization has implemented a three-tiered risk management system. We employ a daily, monthly, and annual risk identification mechanism, complemented by a risk matrix assessment tool, facilitating a tiered review every six months. Additionally, we offer tailored safeguards for vulnerable groups, ensuring that every employee can operate in a secure and supportive environment.

Continuous Improvement: We urge employees to actively submit feedback via an anonymous reporting system, converting risk assessment outcomes into tangible actions to perpetually enhance workplace safety.

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Supply Chain Risk Assessment: Contract Management and External Site Oversight

GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly associated with business relationships

In 2024, the company further enhanced its occupational health and safety management by integrating risk identification and control systems into its comprehensive ESG governance framework. A collaborative mechanism involving the Environmental and Safety Office, Human Resources Department, and operational units facilitated joint participation in risk assessments and improvement initiatives. Annual objectives were set, and internal audits were performed to ensure that management effectiveness aligned with regulatory and practical standards.

To mitigate operational risks, we concentrate on equipment functionality, process modifications, and the work environment. By conducting regular inspections and risk assessments, we formulate prioritized improvement plans and progressively enhance the identification process. This system encompasses all employees, including certain outsourced and contracted personnel, necessitating adherence to factory safety regulations.

To mitigate health risks, we consistently refine operational processes, enhance protective equipment and emergency facilities, and implement support measures for high-risk and vulnerable populations, including pregnant women and individuals with disabilities. In terms of mental health, we provide seminars and counseling resources to assist individuals in managing stress and burnout. Presently, the implementation of this policy is primarily concentrated at our Taiwan headquarters, while management integration is in progress at our international locations and with suppliers. We will persist in broadening our disclosure scope and fortifying our supply chain management initiatives to improve the consistency and practical impact of this policy.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will undertake a thorough disclosure concerning the prevention and management of occupational health and safety risks, with the objective of demonstrating our initiatives and efficacy in recognizing and addressing occupational health risks throughout our operations, products, business relationships, and supply chain. The subsequent information encompasses the Company's system design, risk assessments, and control measures during the reporting period.

2 | Assessing risks to the health of business relationships

The company has undertaken an initial assessment of occupational health risks linked to its business relationships, particularly with key suppliers and select third-party vendors. We mandate that key suppliers execute occupational health and safety agreements to guarantee adherence to fundamental safety management standards. Additionally, certain third-party vendors have participated in safety and health education and training to improve their risk awareness and response capabilities. At present, we have not completely integrated our management practices with our second-tier suppliers and smaller vendors; however, we intend to enhance these mechanisms in the future.

3 | Internal Operations and Product Risk Evaluation

We routinely perform on-site risk assessments, executing thorough inspections of our internal operations, work environment, and equipment to identify potential occupational health hazards. Our assessment process includes evaluating work methods, equipment utilization, and environmental conditions, ensuring the prompt identification of potential health risks to employees and establishing a foundation for subsequent corrective actions.

4 | Health Risk Mitigation Strategies

Informed by the findings of our risk assessment, the company has instituted several preventative measures to alleviate occupational health risks. These include supplying employees with suitable personal protective equipment (PPE), enhancing workplace ventilation, organizing regular health evaluations, and executing continuous occupational safety and health awareness initiatives. The objective of these measures is to address health risks at their origin and to elevate employee awareness regarding safe operational practices.

5 | Health Risk Management and Mitigation

To enhance employee health protection, the company monitors and addresses any irregularities detected during health screenings, ensuring that employees obtain suitable medical support or work modifications. Additionally, we offer on-site first aid facilities to deliver immediate assistance in emergencies. When required, we modify employee assignments according to their health status to reduce risk.

6 | Contractor protection arrangements

We offer contractors the same health protection measures as our internal employees. All contractors are required to complete safety and hygiene training prior to entering the factory to ensure they comprehend the associated risks and protection requirements. Furthermore, we have on-site supervisors to ensure that contractors properly comply with personal protective equipment (PPE) and other safety regulations.

7 | Health considerations for at-risk populations

The company considers the health risks and protective needs of vulnerable groups, implementing supportive measures for pregnant women and employees with disabilities to alleviate potential health impacts of the work environment and ensure their safety and well-being. The company does not operate a night shift system, and vulnerable groups (pregnant women and employees with disabilities) may request exemptions from high-load work or adjustments to their workstations (such as barrier-free access and ergonomic equipment) to further safeguard their health and comfort.

8 | Psychosocial Risk Management Strategies

The company places a high priority on the mental health of its employees and actively addresses psychosocial risks, including burnout, stress, and workplace harassment. We routinely conduct mental health seminars to equip employees with pertinent knowledge and resources, and have implemented consultation channels along with a stress management support system to guarantee that employees receive prompt assistance when confronted with psychological challenges.

9 | Management of Occupational Safety Impacts in the Supply Chain

The Company has categorized certain cooperators under occupational health and safety management, mandating their adherence to relevant regulations and participation in safety audits to guarantee that their operational environments satisfy fundamental safety standards. A thorough assessment of all supply chain locations has yet to be performed, and the management scope will be further broadened in the future to enhance the overall health and safety performance of the supply chain.

10 | Clarification of Disclosure Parameters and Limitations

The statistical data and system descriptions presented herein pertain exclusively to our operations in Taiwan, encompassing both the parent company and its subsidiaries. Information regarding our international operations or subsidiaries is not included. Additionally, certain third parties are excluded from our statistics and management. We will persist in evaluating our data collection and integration processes, progressively broadening the scope of disclosure to improve data integrity and transparency.

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Occupational Health and Safety Risk Management

2024 Risk Mitigation and Management Framework

Risk Management Framework

operational hazards

Thorough risk evaluation and management of internal operational sites, work environment, and equipment.

Product Risk

Identification of occupational health risks associated with products and the implementation of preventive measures.

Risks in business relationships

Management of occupational health risks for suppliers and outsourced factories

Supply chain vulnerabilities

Comprehensive management and auditing of health and safety performance within the supply chain.

Risk management strategies

Business Relationship Management

- Mandate that primary suppliers endorse occupational health and safety provisions.
- Certain outsourced factories are incorporated into safety and health education and training programs.
- Ensure that partners adhere to fundamental security management standards.
- Continuously enhance mechanisms for managing business relationships.

Internal risk evaluation

- Conduct regular on-site risk evaluations.
- Thorough evaluation of operational locations and work environment
- Assess work methodologies and equipment utilization.
- Prompt identification of concealed hazards impacting employee well-being.

Preventive strategies

- Distribute suitable personal protective equipment (PPE).
- Enhance ventilation conditions within the workplace.
- Arrange routine health assessments.
- Continue to advocate for occupational safety and health.

Control and Mitigation

- Monitor and address health check irregularities.
- Establish first aid facilities on the premises.
- Modify job placement according to health status.
- Ensure the provision of suitable medical assistance.

Health safeguards for vulnerable populations

at-risk populations

Offering supportive measures for pregnant women and employees with disabilities.

Contractor

Implement health protection measures aligned with internal employees and ensure comprehensive safety and hygiene education and training.

Mental Well-Being

Mitigate the risks associated with burnout, stress, and workplace harassment, while offering consulting avenues and support systems.

Current State of Supply Chain Management

Already incorporated into management

Certain subcontractors have been incorporated into the framework of occupational health and safety management and are obligated to adhere to applicable terms and conditions, as well as to accept safety audits.

Scope to be broadened

A thorough audit of all supply chain locations has yet to be performed, and the scope of management will be further broadened in the future.

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6.3 Health Services and Promotion

GRI 403-3 Occupational Health Services

1 | Theme of Revelation and Reporting Period

In alignment with international standards, the Company will disclose information regarding occupational health services offered by its Taiwan operations (parent company and subsidiaries) in fiscal 2024. This disclosure seeks to highlight the efficacy of our employee health and safety management system's design and implementation. This section emphasizes the delivery of health services, quality assurance, accessibility, and associated rights protection measures, ensuring transparency and underscoring our commitment to employee well-being.

2 | Categories and management systems of health services

Our company operates a medical clinic that employs a hybrid model, integrating both in-house and outsourced facilities to deliver health services for our operations in Taiwan, encompassing the parent company and its subsidiaries. The Environmental and Safety Office manages the daily operations and coordination of the in-house clinic, which is staffed by committed occupational safety and health nurses. These professionals provide immediate assistance for basic health assessments, emergency situations, and health management. Health check results are classified into three categories: mild, moderate, and severe, with priority given to follow-up for employees classified as severe. We also partner with external medical institutions to facilitate referrals and arrange services for specialized consultations and comprehensive health assessments. A dedicated occupational medicine specialist conducts three hours of on-site consultations each month, offering individual assessments for high-risk groups (e.g., specialized health checks, overwork, and maternity protection) and health awareness seminars (e.g., addressing noise hazards, hypertension, and diabetes prevention). Additionally, one first aid technician is designated for every 50 employees on-site, and an automated external defibrillator (AED) is readily available for emergency situations. This model guarantees professional and adaptable health services while ensuring service quality and resource allocation through a centralized management system.

3 | Qualifications of Healthcare Service Providers

All nurses in our company's medical office possess nationally certified licenses, guaranteeing that service providers fulfill professional standards in occupational medicine and healthcare. Internal medical personnel engage in regular professional development, and their qualifications and continuing education records are evaluated by the Environmental Safety Office. Specialized occupational medicine experts maintain pertinent licenses and deliver monthly on-site services while contributing to health management plans. Additionally, outsourced medical institutions undergo thorough vetting to ensure their medical teams comply with regulatory standards and meet our company's service quality expectations.

4 | Accessibility of healthcare services

To enhance access to health services at our Taiwan operations, encompassing both the parent company and its subsidiaries, our on-site medical clinic offers services during working hours, enabling employees to seek medical consultations and emergency treatment directly. Regular employees with one year of service are entitled to an annual health checkup, while those with ten years or more of service, as well as employees at the managerial level and above, benefit from comprehensive health checkup plans. Employees engaged in specialized tasks, such as those exposed to noise, dust, manganese, and nickel, undergo tailored health assessments and regular follow-ups in compliance with regulations. In 2024, our Luke Plant No. 1 introduced a Pap smear vehicle and facilitated free cancer screenings (including oral mucosa screening for 8, fecal occult blood screening for 29, and HIV/AIDS screening for 230) and participated in Kaohsiung City's "Job GO Health" cancer screening initiative (54 screenings). Pregnant women and employees with disabilities receive customized health consultations and work adjustments, including exemptions from high-intensity tasks, access to barrier-free facilities, and breastfeeding (collection) rooms, which earned a Kaohsiung City Special Award. Additionally, visually impaired masseuses are employed to provide stress relief services, promoting employee well-being. Vaccination initiatives (140 for influenza and 92 for Moderna COVID-19) and dengue fever prevention activities (including inspections of breeding sources and distribution of anti-mosquito powder) were conducted concurrently on weekdays, ensuring no time off was necessary. For senior employees, supplementary dedicated health management programs were introduced, such as regular cardiovascular screenings and joint health plans. Multilingual support was available throughout the service to ensure that employees from diverse backgrounds could fully comprehend and utilize the relevant resources.

5 | Health service coverage and exclusions

Our health services encompass all permanent employees within our Taiwan operations, including both the parent company and its subsidiaries. We also extend this coverage to temporary employees, ensuring they have equal access to health screenings and medical consultations as their permanent counterparts. Currently, contract workers and temporary staff are not included in our health services, and their health management remains the responsibility of their original employers. Nevertheless, we provide certain support measures to improve overall accessibility. Given the contractual and short-term nature of these positions, these services are not included. We encourage these individuals to pursue necessary support through their employers or external resources.

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6 | Safeguarding the confidentiality of health information
To protect the confidentiality of employee health information within our Taiwan operations (parent company and subsidiaries), we utilize anonymized storage. All health records are overseen by designated personnel with strictly limited access permissions. The use of health information for employee evaluations, promotions, or any other personnel decisions is explicitly prohibited. We comply with our internal health information confidentiality policy to ensure that data usage aligns with regulatory requirements and ethical standards. Our data management processes are regularly reviewed to mitigate unauthorized access and the risk of data leakage.

7 | Protection of Health Services Against Discrimination
The company clearly states that participation in health services will not influence employee evaluations, compensation, or hiring decisions within its Taiwan operations (parent company and subsidiaries), and this principle has been integrated into internal policies and employee handbooks. For pregnant employees and those with disabilities, we offer support such as breastfeeding rooms and accessible facilities to ensure equitable treatment. We are dedicated to fostering a fair work environment and ensuring that employees are protected from any form of discrimination or negative repercussions resulting from their participation in health screenings or medical services. These safeguards are consistently monitored and enforced through internal audits and complaint mechanisms.

8 | Informed Consent and Confidentiality
Prior to delivering health services to our operations in Taiwan (including the parent company and subsidiaries), we require employees to sign an informed consent form to confirm their comprehensive understanding of the service content and the extent of data utilization. All health information is strictly for medical purposes, and any unauthorized disclosure is strictly prohibited. Employees retain the right to decline specific examinations without any impact on their employment rights. All associated processes are designed with transparency and respect as fundamental principles.

9 | Evaluating the efficacy and utilization of health services
This section outlines our company's evaluation of health service effectiveness and the mechanism for tracking usage to ensure that services align with the needs of employees at our Taiwan operations, including both the parent company and subsidiaries. We conduct an annual satisfaction survey to gather employee feedback regarding service quality, convenience, and overall satisfaction. In 2024, our health checkup completion rate reached 99.68% (620 employees), with 54 cancer screenings conducted and 23 smoking cessation referrals made to outpatient clinics, along with 24 referrals to hotlines. This service received the "Excellent Workplace Smoking Cessation Service Award" from the Kaohsiung City Government. Health service usage statistics monitor employee participation rates and the frequency of various services, providing a foundation for system adjustments and resource allocation. This data enables us to further refine our service offerings and ensure that resource distribution effectively meets employee needs.

10 | Clarification of Disclosure Parameters and Limitations
The statistical data and system descriptions presented herein pertain exclusively to our operations in Taiwan, encompassing both the parent company and its subsidiaries. Information from international locations or subsidiaries is not included. Additionally, certain contractors and temporary staff are excluded from health services. We will conduct a thorough review of our data collection and integration processes, progressively broadening the scope of disclosure to improve data integrity and transparency.

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2024 Occupational Health Services Framework

Comprehensive employee health and safety management system | Professional, convenient, confidential

Health service delivery framework

Hybrid model of external recruitment and outsourcing.

Infirmary

Internal recruitment framework
- Integrated operation of health management departments
- Fundamental health assessment services
- Prompt assistance for urgent requirements
- Daily health advisory

External professional entities

Outsourcing framework
- Referral for specialist medical consultation
- Comprehensive health assessment arrangements
- Collaboration with accredited medical institutions
- Coordinated oversight of service quality

Key indicators of healthcare services

100%
National Certification Licensee

During business hours
Manufacturing service time

year
Satisfaction Survey Frequency

Multilingual
Service Assistance supply

Health service delivery framework

⏰ Availability during business hours

Employees may directly access health checks, medical consultations, or first aid during working hours without the need to take additional leave.

👴 Senior Employee Initiative

Additional exclusive health management initiatives, encompassing chronic disease monitoring and tailored health strategies.

💉 Vaccination services

The majority of sessions occur on weekdays and concurrently at key locations to facilitate convenient employee participation.

🌍 Multilingual support

Offer multilingual service support to guarantee that employees from diverse backgrounds can comprehensively understand and utilize pertinent resources.

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Analysis of healthcare service coverage

Covered

- ☑ All permanent employees
- ☑ Temporary staff (same service)
- ☑ Health examination services
- ☑ Medical consultation options
- ☑ First aid assistance
- ☑ Vaccination initiatives
- ☑ Chronic illness monitoring (senior employees)
- ☑ Customized health plans

Exclusions

- ✕ Contracted workers
- ✕ Seasonal workers
- ✕ Casual workers
- ✕ Fixed-term contract workers

Reasons for exclusion:
Health management remains the responsibility of the original employer or the labor contract arrangement.

Anti-discrimination safeguards for healthcare services

- Clear policy assurances: Participation in health services does not influence employee evaluations, salaries, or hiring decisions.
- Internal policy incorporation: pertinent principles are explicitly outlined in the employee handbook and internal policies.
- Supervision mechanism: Ongoing oversight and execution via internal audit and grievance procedures.
- Equitable environment: guaranteeing that employees are protected from all forms of discrimination or negative impacts.

Health information confidentiality protection framework

- 🔒 Confidential storage method
- 🔒 Specialized custody system
- 🔒 Rigorous access control
- 🔒 Personnel decision-making activities are prohibited.
- 🔒 Adherence to internal confidentiality policy
- 🔒 Routine evaluation of management processes

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Health service governance: institutionalized administration and resource integration

Informed Consent and Confidentiality Principle Process

Service Overview
Comprehensively grasp the service offerings.

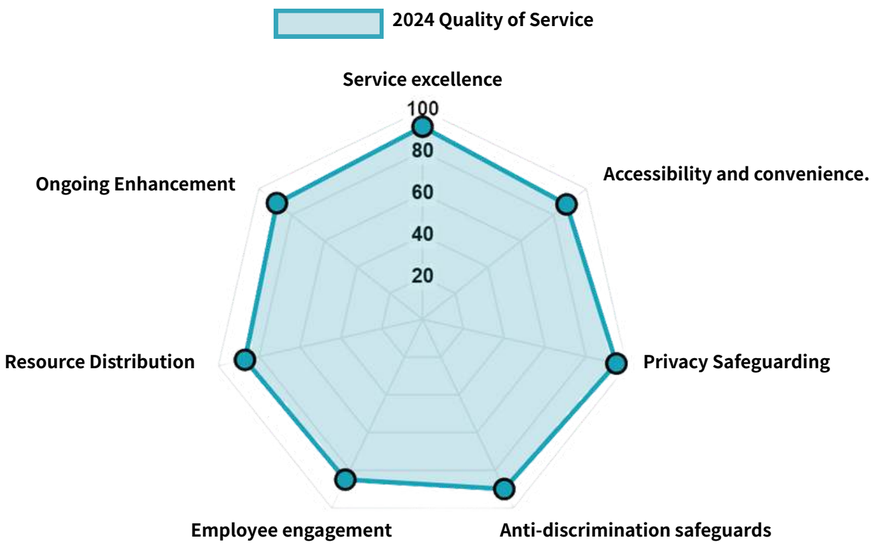
Rights and Responsibilities
Data Utilization Scope

Sign Agreement
Informed consent has been signed and verified.

Confidentiality Agreement
Implementation of the principle of medical confidentiality

Self-selection
The right to refuse does not impact employment.

Health Service Quality Assessment



Health service effectiveness monitoring system

Satisfaction Assessment
Annual survey to gather feedback

Usage Statistics
Monitor engagement and usage frequency

Institutional Adaptation
Regarding the data damage service content

Resource Distribution
Allocation based on employees' actual needs

Service Features:
The company employs a hybrid model of internal and external staffing to deliver professional and flexible healthcare services. The infirmary operates during working hours, enabling employees to access health checks and medical consultations without the need for additional time off.

Rights protection:
We have implemented a robust privacy protection framework and a transparent anti-discrimination policy to guarantee that engagement in health services does not affect employee assessments and recruitment decisions. We will consistently enhance service quality through the principles of informed consent and annual satisfaction surveys.

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Health Promotion Program: Multi-Theme Design and Effectiveness of Participation

GRI 403-6 Employee Health Promotion

In 2024, the Company enhanced its employee health promotion and disease prevention system, integrating it into its ESG governance framework to underscore its enduring commitment to employee well-being. We established a cross-departmental health management team, uniting human resources, environmental safety, and external resources to formulate an annual action plan. Additionally, we ensure transparency and adherence to this policy through internal audits.
Wellness initiatives encompass areas such as physical activity, nutrition, health assessments, smoking cessation, and health seminars. These initiatives are accessible to all permanent and temporary employees, with certain activities also available to contractors and temporary staff. The program is customized to align with departmental characteristics and operational requirements, including specialized health counseling for employees engaged in specific tasks (such as those exposed to noise and dust). The program prioritizes voluntary participation and confidentiality, ensuring that involvement will not influence salary or performance evaluations. Health information is handled anonymously, with access limited to authorized personnel. Most activities are scheduled during working hours and provide flexibility. Selected programs, such as walking and family days, are open to family members to enhance health benefits. Currently, the program primarily serves permanent employees at our Taiwan operations (parent company and subsidiaries), with some contractors and international locations not yet fully integrated. We will systematically review the policy to broaden the range of services and locations, ensuring equity and inclusivity in health promotion initiatives and reinforcing the foundation for sustainable corporate development.

1 | Theme of Revelation and Reporting Period
In alignment with international standards, our company is providing information concerning employee health promotion and disease prevention at our Taiwan operations (parent company and subsidiaries) for the fiscal year 2024. This disclosure seeks to highlight our initiatives and accomplishments in health management and system design to ensure employee well-being and a secure work environment.

2 | Overview of Health Promotion Initiatives and Service Providers
In 2024, the company will advance a diverse array of health promotion initiatives, encompassing sports competitions, health seminars, smoking cessation programs, and vaccination campaigns, while safeguarding the confidentiality of health data. These initiatives are primarily executed internally, supported by dedicated occupational safety and health nurses who work in conjunction with external occupational medicine specialists and health managers to develop and implement targeted health promotion strategies. By collaborating with external professional organizations, we deliver scientific and professional health services to our employees, ensuring that activities align with actual needs and enhancing the quality and credibility of program execution.

3 | Categories of health topics addressed and extent of services offered
The company's health services encompass a broad spectrum of topics, including annual, special work, and cancer screening checkups, smoking cessation programs, vaccinations, dengue fever prevention, exercise initiatives (such as carbon reduction walks, weight loss competitions, and softball club activities), dietary guidance, and health seminars (focused on noise hazards, hypertension, and diabetes prevention) designed to holistically enhance employee well-being. These initiatives primarily target both regular and temporary employees at our Taiwan operations (parent company and subsidiaries), with certain activities also available to contractors and temporary staff to ensure inclusive participation. Additionally, each facility is staffed with one first aid technician for every 50 employees, who undergoes regular CPR and AED training and is equipped with automated external defibrillators (AEDs) to bolster emergency health response capabilities. These activities are conducted on-site, with participants and details clearly communicated through internal company announcements. The format of these initiatives is tailored to improve accessibility based on the unique characteristics of each location.

4 | Working Hours and Family Accessibility
To encourage employee engagement, the company predominantly organizes health promotion activities during working hours, with certain events providing flexible scheduling to accommodate both work and personal commitments. The 2024 "Dongtai 55 Carbon Reduction GO LOVE" walking event and Family Day will welcome employees' families, thereby extending the advantages of health promotion to the family unit. Additional health resources and services are primarily directed at employees, ensuring precise and effective allocation of resources.

5 | Principle of voluntary participation and safeguarding against adverse treatment
Our company upholds the principle of voluntary participation. All health promotion activities are optional and not compulsory. Simultaneously, we explicitly safeguard employee rights and interests, ensuring that those who choose not to participate will not have their work evaluations, salaries, or promotion opportunities impacted. This policy, integrated into our internal management regulations, seeks to cultivate a fair and non-discriminatory work environment that honors individual preferences.

Future Development Strategy

Short-term objectives (within 6 months)
Enhance avenues for informal employee engagement and augment health service accessibility for dispatched and outsourced workers.

Medium-term strategy (within 1 year)
Establish a more comprehensive incentive mechanism and design varied reward plans to enhance employee engagement and enthusiasm.

Long-term vision (2-3 years)
Assess the viability of integrating international locations and progressively establish a global health management system.

Ultimate Objective
Establish a holistic health promotion ecosystem to ensure comprehensive protection of employees' health and well-being.

Continual Dedication
We are dedicated to consistently allocating resources to enhance our health promotion programs and, through data-driven decision-making, to perpetually elevate service quality and employee satisfaction. Concurrently, we will adhere to the principle of inclusivity, guaranteeing that every employee has equitable access to health promotion opportunities, and collaborating to foster a healthier and more harmonious workplace.

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Health Promotion Program: Multi-Theme Design and Effectiveness of Participation

6 | Confidentiality of Health Information and Selection of Subject Participation
The company rigorously follows a policy of anonymous health information management. All pertinent information is accessible solely to authorized personnel and is not utilized for evaluation or decision-making purposes, thereby fully protecting employee privacy. The themes for health promotion activities are developed based on employee surveys, management recommendations, and insights from external experts to ensure they align with employee needs. Employee involvement in the design and selection of themes is encouraged to enhance the relevance and attractiveness of these activities.

7 | Strategies for Demonstrating Effectiveness and Enhancing Participation
This section outlines the effectiveness and implementation of health promotion activities at our operations in Taiwan, encompassing both the parent company and its subsidiaries. In 2024, 121 participants attended health lectures, resulting in a 99.68% completion rate for annual health checkups, which involved 620 participants. Cancer screenings were also conducted, including 7 Pap smears, 8 oral mucosa examinations, 29 fecal occult blood tests, 230 HIV tests, and 54 screenings as part of Kaohsiung City's "Workplace GO Health" program. Smoking cessation services were offered, comprising 23 referrals to outpatient clinics and 24 to hotlines, which earned the Kaohsiung City "Outstanding Workplace Smoking Cessation Service Award." Vaccinations included 140 for influenza and 92 for Moderna COVID-19. Additionally, the "Dongtai 55 Carbon Reduction GO LOVE" campaign engaged 167 participants, achieving a compliance rate of 72.5% and a carbon reduction of 16,771.2 kg. The "Dongtai 5 Leap 5 Slim" weight loss competition saw 234 participants collectively lose 535 kg. The company routinely conducts feedback surveys to gauge employee satisfaction and identify areas for enhancement. Through consistent outreach, dissemination of activity information, and the establishment of incentive mechanisms, such as the Carbon Reduction Master Award, we actively promote employee participation and ensure that health promotion programs yield measurable outcomes.

8 | Incorporation of third-party personnel (such as contracted staff)
At present, only specific health promotion activities are accessible to contractors and temporary employees. Our main target audience continues to be permanent employees within our Taiwan operations, including both the parent company and its subsidiaries. We will systematically evaluate resource allocation and policy design, making necessary adjustments to enhance participation opportunities for temporary employees and to ensure a more comprehensive approach to health and well-being coverage.

9 | Accessibility initiatives for individuals with disabilities/language and cultural diversity
Our company has implemented targeted initiatives designed to meet the needs of our employees. For instance, we offer a designated breastfeeding room for nursing mothers, which has been recognized with a Kaohsiung City Award for Excellence. Additionally, we provide personalized healthcare and counseling for employees with specific requirements, such as those exposed to noise and dust, and we engage visually impaired massage therapists to deliver stress relief services, ensuring that every employee receives the necessary support. We are dedicated to fostering an inclusive, health-promoting environment that acknowledges diverse backgrounds and unique needs, and we will continue to refine these initiatives to improve accessibility.

10 | Revealing Exclusion Criteria and System Constraints
The statistics and system descriptions presented herein pertain exclusively to our operations in Taiwan, encompassing both the parent company and its subsidiaries. Information regarding overseas locations or subsidiaries is not included. Additionally, certain contractors and temporary staff are excluded from the comprehensive health promotion scope. This exclusion is primarily attributable to factors such as resource allocation, local regulations, and third-party management. We will progressively assess the feasibility of broadening the system's coverage to attain more comprehensive health management objectives.

Effectiveness assessment and future strategizing

Data-driven strategy for continuous improvement and development

🎯 Significant accomplishments for 2024

121

Number of attendees in health lectures

Effectiveness Assessment Techniques

Participation Monitoring
Consistently monitor the number of participants in activities and quantitatively assess the reach and engagement of these events.

Satisfaction Assessment
Conduct a post-event questionnaire survey to assess employee satisfaction and identify areas for improvement.

Field observation
Assess the practical implementation of training outcomes in the workplace via on-site observation.

Employee Evaluations
Gather employee feedback and recommendations to inform adjustments to course content and implementation strategies.

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6.4 Engagement, Communication, and Training

GRI 403-4 Employee involvement, consultation, and communication concerning occupational safety and health

In fiscal year 2024, the company enhanced its governance of occupational health and safety, with a particular focus on the establishment and institutionalization of mechanisms for employee participation, aiming to foster a safe, healthy, and inclusive work environment. In accordance with regulations, we established an Occupational Safety and Health Committee at each of our operations in Taiwan (parent company and subsidiaries). This committee encompasses all plant areas and convenes quarterly to address issues such as accident investigations, risk identification, and management of protective equipment. Members are elected from each department to ensure representation and transparency.

To foster employee engagement at all levels, the company has implemented a dual-track communication framework, which includes regular meetings, on-site proposals, and a feedback mailbox, thereby encouraging participation from both grassroots employees and management in safety management decisions. For dispatched personnel and those involved in specialized operations (such as those exposed to noise and dust), we have established dedicated meetings and offer tailored support to improve the system's inclusivity. Additionally, we enhance employee voice safety through anonymous suggestion channels and anti-retaliation measures. Although this initiative currently encompasses only operations in Taiwan (including the parent company and Taiwanese subsidiaries) and does not extend to all international locations, we are actively working on a unified mechanism to broaden and deepen global participation in occupational safety.

1 | Theme of Revelation and Reporting Period

In fiscal year 2024, the Company focused on the development and execution of an employee participation system for occupational health and safety management within its Taiwan operations (parent company and Taiwan subsidiaries). This initiative aims to ensure that every employee can actively engage in the formulation and enhancement of pertinent policies and measures, thereby collaboratively advancing workplace safety and health.

2 | Establishment of the system

In compliance with legal requirements, our company has formed an Occupational Safety and Health Committee across its operations in Taiwan, including both the parent company and its subsidiaries. Quarterly meetings are conducted to ensure that occupational health and safety matters are consistently addressed and managed.

3 | Duties and Framework

This section delineates the responsibilities and structure of the Occupational Safety and Health Committee. The committee's functions encompass critical areas such as accident investigation, risk assessment, and the provision and utilization of personal protective equipment (PPE). A dedicated occupational safety and health nurse supports accident investigation and risk management efforts. One first aid worker is designated for every 50 employees on the factory floor, receiving regular CPR and AED training while actively participating in emergency response initiatives. The committee's membership is accessible to all employees, promoting transparency. Committee members consist of management and employee representatives, elected from each department, ensuring that a variety of perspectives and levels of experience are incorporated into discussions and decision-making processes.

4 | Engagement Channel

The company offers various avenues for employee engagement in occupational health and safety management, including regular meetings of the Occupational Safety and Health Committee, a suggestion mailbox, and the option for employees to submit safety-related proposals directly on-site. These channels encompass all employees, ensuring that everyone has the opportunity to voice opinions or raise concerns, thereby enhancing the accessibility and efficacy of the system.

5 | Participation Forms and Levels

Employees may engage in Occupational Safety and Health Committee meetings via their departmental representatives, who are tasked with summarizing departmental viewpoints and presenting them for discussion. Additionally, employees can communicate safety and health-related concerns directly to their supervisors or through alternative channels. This dual-track participation mechanism, which includes both grassroots and management levels, guarantees that the perspectives of employees at all levels are acknowledged and incorporated into decision-making.

6 | High-risk employee engagement frameworks

For high-risk groups, including dispatched and shift workers, the company has established specialized safety meetings to ensure that their unique working environments and associated risks are addressed and enhanced in a focused manner. These employees are also encouraged to actively engage in voicing their perspectives on relevant matters.

7 | Policy Consultation and Feedback Mechanism

Before formulating or revising occupational health and safety policies, the company consistently engages with employees through the Occupational Safety and Health Committee and department heads. Monthly on-site consultations (totaling 105 consultations in 2024) and health seminars (such as those addressing noise hazards and hypertension prevention) are conducted by contracted occupational medicine specialists to serve as a feedback mechanism, ensuring that the policies align with practical workplace requirements. Additionally, department meetings and various communication channels are utilized to gather employee feedback for assessing the effectiveness and implementation of policies.

8 | Right to express opinions and protective measures

Our company has implemented an anonymous comment box, allowing employees to freely share their opinions or suggestions regarding occupational health and safety. We mandate that relevant supervisors address these comments, safeguarding employees' rights to express their views without fear of retribution for voicing concerns. Additionally, our labor union appoints employee representatives to the Occupational Safety and Health Committee, ensuring that employees' perspectives are thoroughly represented and acknowledged.

9 | Security of third-party workforce involvement

The Company currently does not extend voting rights to third-party workers, including outsourced personnel. However, it guarantees their participation in fundamental safety training to familiarize them with workplace safety regulations and response protocols, thereby safeguarding their essential rights and interests.

10 | Accessibility, Diversity, and Inclusion

To improve the accessibility of our system, we offer multilingual educational materials, including simplified Chinese, and illustrated guides to ensure that employees from diverse language backgrounds can comprehend the safety regulations and participation mechanisms. Additionally, we implement special arrangements for pregnant women, employees with disabilities, and those from different cultural backgrounds, such as providing tailored communication assistance or modifying meeting formats, to guarantee equitable participation.

11 | Disclosure of Limitations and Exclusions

Currently, our occupational health and safety participation system predominantly encompasses our Taiwan headquarters. International locations have only established fundamental communication channels and have not yet fully integrated into a cohesive participation framework. We intend to progressively extend the reach of this system in the future to improve the quality and consistency of participation across our global sites.

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Communication feedback mechanism: multi-channel perspectives and enhancement cycles

2024 Occupational Health and Safety Employee Engagement Framework

Diverse engagement channels | Robust assurance framework | Ongoing enhancement of outcomes

Occupational Safety and Health Committee Organizational Framework

Organizational Settings

- Established throughout the factory in compliance with legal regulations.
- Quarterly meetings
- The membership roster is accessible to all employees.
- Ensuring transparency within the system

Membership

- Management delegates
- Each department selects employee representatives.
- Employee representatives appointed by the trade union
- Addressing various job types and levels

Primary Responsibilities

- Accident Investigation and Analysis
- Risk identification and evaluation
- Management of PPE Issuance and Utilization
- Development and revision of security policy

quarterly
Committee
Meeting frequency

100%
All manufacturing personnel
Participation scope

3
Primary involvement
Number of pipes

Multilingual
Instructional material assistance supply

System coverage and prospective expansion

Currently covering: Comprehensive participation in institutional framework at Taiwan headquarters
Scope limitation: Overseas locations have only basic communication channels
Third-party workers: Outsourced personnel participate in basic safety training, but without voting rights
Future plans: Gradually expand institutional coverage and improve participation quality and consistency across global locations

System Features: The company has implemented a dual-track participation mechanism, enabling employees to engage in safety and health management via departmental representatives or directly. An anonymous feedback mailbox has been established to safeguard the right to voice opinions, and specialized safety meetings are conducted for high-risk employees.
Diversity and Inclusion: Multilingual teaching materials and visual aids are available, and tailored participation conditions are established for employees from diverse backgrounds to guarantee that all employees have equitable access to the occupational health and safety management system.

Participating channel reach and usage frequency

Statistical Usage

85%
Committee meeting attendance rate

72%
Utilization rate of the suggestion mailbox

68%
On-site proposal frequency

100%
Opinion response processing rate

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Communication feedback mechanism: multi-channel perspectives and enhancement cycles

Exclusive engagement protocols for high-risk employees

Assigned personnel
Focused safety meetings for specific discussions and enhancements

High-risk operations
Engage proactively in articulating viewpoints and enhancing safety protocols.

The right to express opinions and protective measures

Anonymous feedback system
Establish an anonymous feedback mailbox for employees to openly share their opinions or suggestions regarding occupational health and safety, ensuring that their freedom of expression remains intact.

Supervisor's duty to respond
Require appropriate supervisors to acknowledge employee feedback and ensure that each suggestion is adequately addressed and responded to.

Protection against punishment
Ensure unequivocal protection for employees against any form of punishment or adverse treatment for expressing safety-related concerns.

union representation framework
The trade union advocates for employee representatives to engage in the occupational safety and health committee to guarantee that employees' perspectives are thoroughly represented and communicated.

Initiatives to promote diversity, inclusion, and accessibility

- Multilingual instructional materials available (including simplified Chinese)
- Visual representation design
- Tailored communication support for expectant mothers
- Modification of meeting format for individuals with disabilities
- Unique participation conditions for employees with cultural diversity
- Assistance in comprehending diverse linguistic backgrounds

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Training Needs Management: Matrix Inventory and Effectiveness Assessment

GRI 403-5 Employee Training on Occupational Safety and Health

In 2024, the company enhanced its occupational health and safety training system by integrating it into its comprehensive governance framework, emphasizing institutionalized and risk-based management. The Occupational Safety and Health Department spearheads training planning, which incorporates legal requirements and operational risk assessments to develop tailored courses for various job categories and high-risk areas. Regular implementation is monitored through an audit mechanism to ensure that training remains closely aligned with practical needs.

Our training program is designed for new employees, operators, supervisors, and both dispatched and outsourced personnel at our Taiwan operations, including the parent company and its subsidiaries. Completion of the requisite training is mandatory prior to site entry. The instructional materials are primarily in Chinese, supplemented with illustrations and oral explanations to enhance cultural and linguistic accessibility. Tailored support is available for specific groups, including night shift workers, women, and individuals with visual impairments, reflecting the system's commitment to inclusivity. Regarding the evaluation of training effectiveness, the company assesses outcomes through tests, questionnaires, and on-site observations, with a goal of achieving a 100% pass rate and a 92.3% satisfaction rate by 2024. These results will be integrated into the management cycle to inform future optimizations. Moving forward, we will continue to broaden the training scope and refine instructional materials to reinforce workplace safety culture and ensure a sustained commitment to employee health.

1 | Theme of Revelation and Reporting Period

In fiscal year 2024, the company will deliver a thorough disclosure of its occupational health and safety training system. This disclosure seeks to illustrate how, through methodical training design and execution, we guarantee that employees and associated personnel at our Taiwan operations (parent company and Taiwanese subsidiaries) possess the requisite safety awareness and response capabilities, thereby mitigating operational risks and fostering a culture of workplace safety. The reporting period spans from January 1 to December 31, 2024.

2 | Training Needs Assessment Framework

Our Occupational Safety and Health Department is tasked with the compilation and planning of training content informed by annual departmental needs assessments and regulatory requirements. We perform risk analyses across various job types and work environments to pinpoint potential health and safety hazards. Consequently, we develop courses tailored to specific needs, ensuring that training remains highly pertinent to workplace practices.

3 | Design of Training Course Content

The training encompassed a range of practical subjects, including occupational safety regulations, fire evacuation procedures, emergency response protocols, the appropriate use of personal protective equipment (PPE), and disaster reporting processes. These subjects aimed to elevate employees' awareness of prevalent risks and bolster their capacity to respond effectively to emergencies.

4 | Training Objectives and Hierarchical Strategy

Our company has developed tiered training programs specifically designed for the roles and risk levels associated with our operations in Taiwan, encompassing both the parent company and its subsidiaries. These programs address the needs of new employees, high-risk units, field operators, and department heads. This structured approach guarantees that all personnel receive safety education pertinent to their positions, with those in high-risk roles undergoing more comprehensive, hands-on training.

5. Training timetable and frequency

Training is organized at critical intervals, including onboarding, annual training, and retraining following job changes. This cyclical and phased methodology guarantees that employees at various career stages consistently refresh their safety knowledge and skills, adapting to new work environments and risk scenarios.

6 | Qualifications of lecturers and their pedagogical effectiveness

Our lecturers are committed to occupational safety and health, with several possessing professional certifications and qualifications as instructors. Their considerable practical experience and professional backgrounds equip them to offer comprehensive and practical guidance tailored to various work environments and types of risks.

7 | Arrangement of working hours and compensation mechanism

All occupational health and safety training at our Taiwan operations, including both the parent company and subsidiaries, is conducted during working hours. Participation is compensated and provided at no cost. We are dedicated to ensuring that employees receive essential safety education without any added burden, while simultaneously improving participation and the effectiveness of training.

8 | Language Instruction Resources and Cultural Accessibility

Training materials are predominantly in Chinese, featuring illustrated resources and verbal explanations tailored for high-risk positions and new employees to mitigate language barriers and improve understanding. By utilizing visual and accessible materials, we guarantee that employees from diverse backgrounds can effectively comprehend the training content.

9 | Incorporation of high-risk subjects

For high-risk operations, the company provides specialized courses that encompass topics such as working at heights, operating hazardous equipment, and annual regulatory updates. These training sessions concentrate on particular risk scenarios and seek to improve employees' awareness and capacity to respond effectively to high-risk operations.

10 | Coverage for third-party training

The Company integrates dispatched and outsourced personnel into its training framework, mandating that they complete pertinent safety and health training prior to engaging in field operations. This guarantees that non-owned employees possess the essential safety knowledge to collaboratively uphold workplace safety.

11 | Training provisions for at-risk populations

We provide tailored safety education for vulnerable groups, offering customized training resources and support to ensure they can comprehensively understand and apply safety knowledge, thereby mitigating risks associated with personal limitations.

12 | Methods for Evaluating Training Effectiveness

Following each training session, we administer quizzes and questionnaires to monitor pass rates and participant satisfaction. The 2024 training session achieved a 100% pass rate and a 92.3% satisfaction rate. This information enables us to evaluate the effectiveness of the training and guides future course modifications.

13 | Clarification of Disclosure Parameters and Limitations

This disclosure pertains exclusively to regular employees at our Taiwan headquarters. Certain locations where outsourced and temporary personnel are employed are not entirely encompassed. We will persist in reviewing and broadening training coverage to enhance data integrity and system consistency.

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Training Needs Management: Matrix Inventory and Effectiveness Assessment

📊 2024 Training Outcomes

100%	92.3%	100%
Training pass rate	Satisfaction Assessment	Post-assessment follow-up

🔄 Training Management Cycle

1. **Needs Assessment**
   Annual risk assessment and evaluation of legal obligations
2. **Curriculum Development**
   Tailored internal customer engagement and varied educational material development
3. **Execution training**
   Systematic implementation encompasses all categories of objects.
4. **Effectiveness Assessment**
   Test Questionnaire Survey Site Visit Evaluation

🎯 Future Development Goals

📈 Broaden coverage
Incorporate additional outsourcing and dispatch locations to attain comprehensive coverage.

🔧 Enhance the design of educational materials.
Continuously enhance pedagogical approaches and evaluation systems.

📋 Internal monitoring system
Establish annual objectives and a systematic review process.

🤝 Enhancing safety culture
Enhance the emphasis on health, respect, and care within workplace culture.

Occupational Health and Safety Training Program

Systematically develop and enhance the training system in 2024.

Governance Framework

- ☑ Interdepartmental collaboration framework
- ☑ Assessment led by the occupational safety department
- ☑ Evaluation in accordance with legal standards
- ☑ Review of internal audit mechanisms
- ☑ Methodical system design

Specialized courses for high-risk assignments

- ☑ Height safety training
- ☑ Hazardous equipment operation training
- ☑ Chemical risk management
- ☑ Tailored scenario simulation
- ☑ Practical operation enhancement

Training topics encompass

- ☑ Fundamental training for new employees
- ☑ Specialized training for field operators
- ☑ Leadership courses for department heads
- ☑ Integration of outsourced personnel
- ☑ Growth of primary operating locations

Cultural adaptability

- ☑ Chinese-origin educational resources
- ☑ Visual aids
- ☑ Varied communication strategies
- ☑ Tailored assistance for specific groups
- ☑ Mitigating linguistic and cultural obstacles

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6.5 Safety Performance and Ongoing Enhancement

GRI 403-9 Workplace Injuries

Our company recognizes the critical importance of occupational safety and health management for employee well-being and sustainable operations. In 2024, we continued to strengthen our injury recordkeeping and governance system, integrating it into our ESG framework and senior management decision-making processes. We also advanced goal setting and internal audits through cross-departmental collaboration among the Human Resources Department, Occupational Safety, and Field Units to ensure the integrity of reporting processes and data quality.

Within our classification system, we have established clear injury definitions and grading standards, and we designed our reporting logic in line with international standards. Although we have not yet disaggregated injury data by gender, age, or occupation, we have begun upgrading our data systems to facilitate more detailed risk identification in the future. In 2024, our injury rate was 0.21 and our disabling injury rate was 0, both calculated per million work hours. Data is sourced from our work time system records and is fully traceable.

To mitigate risks, we adopt a layered management approach: prioritizing engineering improvements, supplemented by administrative measures and personal protective equipment (PPE) training, to reduce accident risks. Improvement initiatives are aligned with occupational safety objectives and integrated into annual audits and performance evaluations, thereby establishing a closed-loop management system.

Currently, disclosures focus primarily on on-site personnel at our Taiwan headquarters, while data from overseas sites and contractors is still being integrated. Looking ahead, we will promote the standardization of reporting mechanisms and the development of digital platforms to continuously expand management coverage, adhering to the principles of zero exclusion and comprehensive documentation.

1 | Theme of Revelation and Reporting Period

In 2024, the company will comprehensively disclose its performance regarding occupational injuries and health and safety, encompassing elements such as the number of work-related fatalities, injury rates, disability loss rates, and associated injury types and management strategies. This reporting period, spanning from January 1 to December 31, 2024, seeks to highlight our initiatives and accomplishments in the management of occupational safety and health.

2 | Count of work-related fatalities (employees and non-employees)

During the 2024 reporting period, the Company documented and analyzed statistics on work-related fatalities involving both employees and non-employees. The findings indicated zero work-related fatalities for both groups. This data was sourced from the internal accident reporting system and cross-referenced with the medical registration system to ensure integrity and accuracy.

3 | Injury Rate (IR)

In fiscal year 2024, the company reported an employee injury rate of 0.21 (per million hours worked), while the injury rate for non-employed personnel was zero. This rate is determined by multiplying the number of recordable injuries by 1,000,000 and then dividing by the total hours worked. The calculation encompasses all actual hours worked and adheres to internationally recognized occupational safety and health management standards to ensure data comparability and consistency.

4 | Disability Loss Ratio (DLR)

In fiscal year 2024, the Company gathered statistics on disability days lost due to work-related injuries for both employees and non-employed personnel. The findings indicated that the disability loss rate for both groups was zero. The disability loss rate is calculated by multiplying the number of disability days resulting from work-related injuries by 1,000,000 and dividing by the total number of hours worked. This data considers variations across different types of work and regions to ensure thoroughness.

5. Absenteeism Rate (AR)

The Company will evaluate absences resulting from work-related injuries or health concerns for both employees and non-employed personnel in fiscal 2024. However, we are presently unable to gather comprehensive data and, as such, cannot furnish specific absence rate statistics. We will persist in refining our absence recording and definitions, including the potential inclusion of sick leave, to improve data transparency.

6 | Types of Recordable Injuries and Classification Criteria

Our company distinctly defines and categorizes recordable injury types, primarily encompassing cuts, lacerations, abrasions, and pinching. The principles of injury classification and severity assessment criteria are aligned with internationally recognized standards for occupational safety and health management systems, ensuring systematic and consistent injury documentation. Additionally, we employ a tiered management system based on severity, facilitating the formulation of suitable preventive measures for various injury types.

7 | Preventive and responsive strategies for severe occupational injuries

To effectively mitigate the incidence of serious workplace injuries, the company instituted several preventative and enhancement measures in 2024, including the installation of safety guards on equipment, the optimization of workplace warning signs, and the provision of specialized education and training for high-risk operations. Additionally, we conduct regular reviews of operational processes and equipment safety to ensure that potential risks are promptly managed, while also enhancing employee safety awareness and response capabilities through training.

8 | Work Injury Documentation System/Standard Framework

The company gathers and analyzes injury data through its internal accident reporting system and medical registration system to ensure comprehensive recording and tracking of every injury. This system, which aligns internal company policies with pertinent regulatory requirements, seeks to deliver precise and traceable injury data, forming a basis for future improvement initiatives.

9 | Analysis of ratios and working hours

The Company employs 1,000,000 working hours as a standard for calculating injury rates, disability loss rates, and other related metrics. This standard is chosen in accordance with international practices to guarantee data comparability and consistency. The total working hours calculation encompasses actual working hours for all employees and non-employed personnel, and is consolidated and verified through our internal time management system.

10 | The decision to implement the risk classification control principle

In the realm of occupational safety and health management, our company employs a risk-based control strategy to devise and execute risk mitigation and enhancement initiatives. We specifically prioritize engineering controls, followed by administrative measures, and ultimately reinforce safety through education, training, and the provision of personal protective equipment, thereby ensuring the efficacy and hierarchy of our risk control measures.

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Disclosure of Work Injury Information: Metrics, Extent, and Clarity

11 | The decision to disclose information by category (gender/age/job type)
The Company's disclosure of work-related injury data for 2024 currently lacks breakdowns by gender, age, or type of work. Moving forward, we will persist in refining our data collection and analysis methods, progressively integrating additional categorization dimensions to offer a more comprehensive overview of the distribution of work-related injury data and improve management precision.

12 | Foundation for injury documentation and exclusion criteria
Our organization’ s documentation and reporting of work-related injuries adhere to our internal accident reporting system, which is seamlessly integrated with our medical registration system for data verification and validation. All work-related injuries are encompassed within the reporting process, with no exclusions, to uphold data integrity and transparency. Additionally, we conduct regular reviews of our reporting process to guarantee that every incident is recorded and addressed in a timely manner.

13 | Scope and Limitations of Disclosure
The company's disclosure of occupational injury data for 2024 pertains solely to field workers at its Taiwan headquarters and currently excludes information from third parties or international sites. This limitation arises from the incomplete integration of data collection and management systems across various regions, which affects data integrity. Moving forward, we are committed to broadening the scope of our disclosures, progressively including data from additional operational locations and enhancing the overall quality of our reporting.

Occupational Injury and Health Safety Performance

2024 Annual Performance Report | Reporting Period: January 1 - December 31, 2024

2024 Zero Occupational Fatality Achievement

The total number of fatalities resulting from work-related injuries to both employees and non-employees was zero.

0
Number of occupational fatalities
Employees and non-employed personnel comprise all components.

0.21
Employee Injury Rate (IR)
Incidence rate per million hours worked

0
Injury rate among non-employed personnel
Incidence rate per million hours worked

0
Disability Loss Ratio (DLR)
Zero employees and unemployed individuals

Classification of Recordable Injury Types

- **cut** — Cut
- **split** — Experiencing a severance
- **wipe** — abrasions
- **folder** — Experiencing a pinch

Classification and grading management in accordance with international standards for occupational safety and health management systems.

Risk Level Control

1. **Engineering protective measures**
2. **Administrative resources**
3. **Education and Training**
4. **personal protective gear**

Implement hierarchical risk control measures to guarantee the efficacy of security protection.

Prevention and response strategies for severe occupational injuries

Equipment safety measures
Enhance the implementation of safety protection devices for equipment to elevate the safety of the working environment.

Warning sign enhancement
Enhance workplace warning signs to improve safety reminders.

Committed education and training
Deliver specialized education and training for high-risk operations to improve safety awareness.

Routine safety evaluations
Consistently evaluate operational procedures and equipment safety to swiftly mitigate potential risks.

Sources of Information and Limitations on Disclosure

Sources
Compare and verify the internal accident reporting system against the medical registration records.

Calculation foundation
Utilizing 1,000,000 man-hours as a standard, in accordance with international practices.

Scope of Disclosure
At present, only field personnel at the Taiwan headquarters are included, while overseas locations are excluded.

Future Enhancements
The scope of disclosure will be progressively broadened to encompass classified statistics and absenteeism data.

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Risk Factor Management: Mitigation Strategies and Project-Specific Enhancements

GRI 403-10 Occupational Illnesses

The Company acknowledges the significance of preventing and controlling occupational diseases for both employee health and corporate sustainability. In 2024, the Company will further enhance its management of occupational disease performance by integrating reporting, classification, and prevention systems into its comprehensive occupational health governance framework. Through interdepartmental collaboration and routine audits, we assess health data and risk control measures. Annual management objectives are established in alignment with regulations and international standards to ensure the system's effectiveness and compliance.

In the realm of risk identification, we are equipped to recognize prevalent occupational health risk factors, including noise, volatile substances, and ergonomic hazards. Additionally, we monitor and address chronic health conditions, such as hypertension. Our data is predominantly derived from internal health assessments; however, certain outsourced and third-party personnel may not be comprehensively included due to restricted management authority. We have established a risk early warning system to consistently evaluate the work environment and identify data anomalies.

This disclosure pertains exclusively to full-time employees at our Taiwan headquarters and currently excludes overseas and outsourced locations. We intend to broaden this coverage in the future to improve the comprehensiveness and comparability of this data. All statistics are derived from actual data rather than estimates and have been reviewed by occupational health and safety authorities to ensure accuracy and traceability.

Furthermore, we employ multi-tiered preventive strategies, including health assessments, education and training, and essential job modifications. Additionally, we maintain a tracking system and annual performance metrics to illustrate our accountability and dedication to the prevention and control of occupational diseases.

1 | Theme of Revelation and Reporting Period

The company will reveal its occupational disease performance in 2024, detailing the number of occupational disease fatalities, cases, disease types, and associated risk management strategies. This report seeks to highlight our accomplishments and challenges in occupational health and safety management while underscoring our dedication to the health and well-being of our employees.

2 | Statistics on fatalities and cases of occupational diseases

During the 2024 reporting period, there were no fatalities and no diagnosed cases of occupational diseases among our employees and non-employees. We consistently monitor pertinent data to ensure the prompt identification of any potential health risks, utilizing these results as a crucial indicator of our health management effectiveness.

3 | Classification of Diseases and Description of Risk Factors

During the reporting period, the Company reported no new instances of occupational illness. Health examinations indicated frequent abnormalities, including elevated blood pressure and high lipid levels. However, these conditions are predominantly chronic health risks and are not recognized as occupational diseases by the relevant authorities. Considering the work characteristics of our primary production and management units, we have identified ergonomic risks such as prolonged sitting, repetitive movements, and improper work postures as potential health impacts. Additionally, occasional exposure to noise and volatile substances further informs the Company's assessment and management of these risk factors to mitigate potential effects on employee health.

4 | Implementation of the risk control hierarchy system

Our company has adopted a risk control hierarchy principle to mitigate occupational disease risks through engineering, administrative, and personal protective measures. Specifically, we have instituted an ergonomics review mechanism to enhance the work environment and posture. Additionally, we conduct regular health assessments and educational training to improve employee awareness of health risks. When warranted, we also facilitate job adjustments to minimize the impact of specific risk exposures on individuals.

5 | Overview of the Occupational Disease Diagnosis and Recognition System

Our company's procedures for diagnosing and certifying occupational diseases are conducted in compliance with the Occupational Safety and Health Act and the Labor Health Protection Rules. Contracted physicians perform regular health assessments. Should any abnormalities be identified, care and referral protocols are promptly activated to guarantee that employees receive the necessary medical assistance and follow-up. Relevant information is meticulously documented for management and enhancement purposes.

6 | Implemented a framework and guidelines for reporting injuries and illnesses

Our company adheres to the Ministry of Labor's list of occupational diseases and the ISO 45001 management procedures for the statistics and reporting of occupational diseases. In the 2024 reporting period, there were no fatalities or reported cases of occupational diseases. We will maintain our commitment to relevant guidelines to ensure the accuracy of our data and compliance with our management processes.

7 | Data Estimation Methodology and Source Foundation

Our company's occupational disease data is derived from annual health examination records. All abnormal cases are verified and monitored by the company's occupational health department. Extrapolation is unnecessary; actual records serve as the definitive source. We are dedicated to ensuring the authenticity and reliability of this data as the foundation for health management decisions.

8 | Categories of Excluded Personnel and Justifications

During this reporting period, the health examination data for dispatched and temporary workers was managed by their original employers and is not included in our statistics. Additionally, data pertaining to outsourced workers falls outside our jurisdiction and is therefore excluded from this disclosure. We will continue to assess the feasibility of data coverage to improve the comprehensiveness of this report.

9 | External Information Sources and Cancer Risk Overview

In 2024, our company received no reports of occupational illnesses from hospitals or external insurance platforms, nor were there any new cases of occupational illnesses associated with carcinogens identified by the International Agency for Research on Cancer (IARC). Additionally, our production processes do not utilize known high-exposure carcinogens. We will persist in monitoring these risks to maintain a safe workplace.

10 | Are third-party employees included in the disclosure?

The Company presently excludes the health records of outsourced or dispatched personnel from its statistical and health management systems. We will persist in assessing the feasibility of incorporating third-party workers and investigating pertinent management strategies to enhance our overall health management framework.

11 | Clarification of Disclosure Parameters and Limitations

This disclosure encompasses only health checkup and internal management data for full-time employees at our Taiwan headquarters. Data from international locations, third-party employees, or temporary workers is excluded. This limitation may impact the report's comprehensiveness. The company will persist in evaluating the feasibility and scope of data collection to improve the thoroughness of future disclosures.

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Occupational Disease Evaluation Report

2024 Health Management Outcomes | Reporting Period: January 1 - December 31, 2024

Attain zero occupational diseases by 2024.

The count of fatalities and diagnosed instances of occupational diseases among both employees and non-employees stands at zero.

0	0	0	0
Number of fatalities due to occupational diseases	Cases of occupational disease diagnosis	Recently reported cases	External notification logs

Identification of potential health risk factors.

Ergonomic hazards
Ergonomic risks, including prolonged sitting, repetitive movements, and inadequate working postures, pose significant health implications for key production management units.

Noise exposure
Intermittent noise exposure in the workplace has been incorporated into the framework of routine monitoring and control management.

Chemical exposure
Risks associated with exposure to volatile substances are mitigated through engineering controls and personal protective measures.

Common atypical findings during health examinations

hypertension
Chronic health hazards, non-work-related illnesses

Elevated blood lipids
Chronic health hazards, non-work-related illnesses

Risk Control Hierarchy Framework

project → **admini-strative** → **educate** → **Protection**

Engineering controls
Ergonomic assessment and environmental enhancement and refinement

Curriculum Development
Job modification strategies and workflow enhancement

Execution training
Health risk awareness and safety awareness improvement

Effectiveness Assessment
Distribution of personal protective equipment and training on usage protocols.

Diagnostic recognition system and regulatory compliance

Occupational Safety and Health Legislation
Implement diagnostic and identification procedures in compliance with legal standards.

Labor Health Protection Regulations
Routine health examinations conducted by contracted physicians

ISO 45001 standard
Management protocols and analytical reports

List of Occupational Illnesses
Ministry of Labor Announcement: Standards to Adhere To

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GRI 403 Occupational Health and Safety

The company has developed a systematic and proactive occupational health and safety governance framework, seamlessly integrating occupational health and safety management into its corporate sustainability strategy and ESG governance. This system is designed in accordance with ISO 45001 international standards and relevant domestic regulations. Designated managers oversee implementation and provide regular reports to senior management. A cross-departmental team establishes objectives, monitors performance, and enforces a closed-loop improvement mechanism. We utilize a hierarchical management approach for workplace risks, employing a risk matrix for routine evaluations. This system incorporates daily inspections, monthly self-assessments, and annual audits to enhance hazard identification and prevention initiatives.

Employee participation mechanisms, including the Occupational Safety and Health Committee, anonymous reporting systems, and feedback mailboxes, have been formalized. The right of employees to refuse hazardous work is safeguarded, fostering inclusive governance and transparency. Specialized meetings and accommodations are established for temporary employees and vulnerable groups, such as pregnant women and individuals with disabilities, to ensure their rights and health are prioritized. By 2024, the training program aims to achieve a 100% pass rate and a 92.3% satisfaction rate. Training will occur during working hours and will incorporate multilingual materials and illustrations to improve readability and inclusivity.

To enhance occupational health, our organization has implemented an on-site health center manned by qualified medical professionals, offering health assessments, first aid, and vaccinations. Data is anonymized to safeguard against any impact on hiring or promotions, thereby protecting employee privacy and ensuring informed consent. Health initiatives are frequently conducted outside of work hours and are accessible to family members. Tailored follow-up and resources are available for chronic conditions and high-risk populations, including ongoing care for employees with hypertension and elevated blood lipid levels.

In terms of performance, the injury rate for 2024 was 0.21 (per million work hours), while both the disability loss rate and cases of occupational disease were recorded as zero, indicating robust prevention effectiveness. All data regarding injuries and occupational diseases are derived from actual records rather than estimates, encompassing 96% of the workforce. The exclusion criteria are restricted to temporary visitors or off-site outsourced personnel, who pose minimal risk. Risk control principles are prioritized in the following order: engineering controls, administrative management, and education and training, which also includes specialized training for high-risk operations.

Supply chain governance is advancing steadily. We have mandated that key suppliers sign occupational safety clauses and have initiated audits and on-site inspections at select subcontractors. While this approach is not yet exhaustive, it represents a foundational step toward enhancing governance. We will subsequently broaden the scope of audits to progressively elevate overall occupational safety maturity and consistency.

Our occupational health and safety system is characterized by high transparency, systematic processes, and responsiveness, effectively balancing grassroots participation with senior-level decision-making. It is progressively expanding to encompass diverse groups and supply chain partners, reflecting our enduring commitment to the health and well-being of all workers. Moving forward, we will persist in enhancing cross-site data integration and international system integration to improve the consistency and resilience of our global operations, ultimately fostering a sustainable workplace with zero accidents and zero occupational illnesses.

Ch7

SustainChain | Governance of Sustainable Supply Chains

7.1 Supplier Environmental Stewardship
7.2 Management of Supplier Social Assessments
7.3 Anti-Corruption and Business Ethics
7.4 Local Procurement and Collaborations

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7.1 Supplier Environmental Stewardship

GRI 308-1 Employing environmental criteria to evaluate prospective suppliers

The company is dedicated to developing a systematic new supplier screening system and incorporating it into its comprehensive ESG governance framework. A supply chain management team, consisting of procurement, sustainability, and audit departments, is tasked with defining screening criteria and executing the process. Annual objectives and internal audits guarantee the system's effectiveness and consistency. Screening commences prior to contract signing or at the initial phase of a partnership and encompasses document reviews, questionnaires, and on-site evaluations. Key suppliers must hold international environmental management certifications and demonstrate energy-saving and carbon-reduction capabilities.

The existing system emphasizes Tier-1 and strategic partner suppliers, prioritizing coverage of Taiwan and essential partner regions to guarantee representation within the core supply chain. Certain areas and non-core suppliers will be incorporated in phases, contingent upon risk and resource requirements. Data is predominantly derived from certification documents submitted by suppliers and self-assessment questionnaires. Some estimates are computed and disclosed based on consistent assumptions to maintain transparency and quality control.

For temporary or overseas suppliers not yet included, the company will persist in reviewing and broadening the scope of application, progressively enhancing the overall screening rate and depth. We will also reinforce collaboration and communication with suppliers, jointly striving to elevate the environmental performance of the supply chain and affirm our enduring commitment to sustainable governance.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will comprehensively disclose its environmental screening procedures for new suppliers. This initiative aims to highlight our efforts and accomplishments in supply chain environmental management, ensure that our partners adhere to pertinent environmental responsibility standards, and consistently enhance the sustainability performance of our supply chain.

2 | Basis for Environmental Screening Standards

The Company's environmental screening standards for new suppliers primarily necessitate compliance with ISO 14001 or an equivalent environmental management system certification to ensure that suppliers possess systematic governance capabilities in environmental management. Furthermore, for certain key suppliers, including strategic partners or those categorized as high-risk, we impose additional requirements to adhere to management regulations concerning energy utilization, water resource management, and emission control. These regulations reference the metrics associated with energy, water resources, and emissions management outlined in the International Sustainability Reporting Standards to guarantee the specific implementation of environmental performance.

3 | Screening Techniques and Implementation Timing

To ensure that new suppliers adhere to environmental standards, the company employs a comprehensive screening process that includes document reviews, supplier questionnaires, and, when necessary, on-site audits. During the document review phase, suppliers must submit relevant environmental certification documents to validate their environmental management capabilities. Additionally, we administer questionnaires to gain insight into suppliers' environmental policies and practices. For specific high-risk or strategic suppliers, we conduct on-site audits to verify the effectiveness of their policy implementation. These screening procedures are carried out prior to contract signing. Suppliers are required to complete a self-assessment and document review, or fill out a questionnaire before the initial collaboration, ensuring that environmental assessments are finalized before any partnership commences.

4 | Filter Coverage (Tier and Geography)

Our environmental screening initiatives presently concentrate on Tier-1 manufacturers, strategic partners, and high-risk suppliers, especially those providing essential materials and components. Geographically, we emphasize suppliers in Taiwan and critical partner regions to guarantee that environmental management within our core supply chain adheres to established standards. For suppliers located in other areas, we progressively broaden our coverage in accordance with partnership requirements and risk evaluations to ensure the thoroughness and representativeness of our screening efforts.

5 | New Supplier Evaluation Ratio and Assessment

By 2024, the company will attain 100% compliance with environmental standard screening for all new Tier-1 and strategic partner suppliers. Specifically, all new suppliers are required to submit valid environmental certification documents or complete a self-assessment questionnaire. Suppliers who do not provide the necessary information or do not pass the assessment will be excluded from the company's qualified supplier list. This percentage underscores our rigorous standards and thorough implementation of supply chain environmental management.

6 | Limitations and Explanations of Disclosure Scope

At present, our environmental screening process encompasses only Tier-1 suppliers and key strategic partners. It does not yet account for one-time suppliers, temporary logistics service providers, or indirect supply chains. Additionally, the screening of overseas suppliers is being gradually implemented, contingent upon the scale and specific circumstances of the collaboration, and does not yet comprehensively cover all regions. We will persist in evaluating the potential expansion of our screening scope and formulating follow-up management plans for those not currently included.

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Risk governance framework: environmental evaluation, categorization, and accountability

2024 Environmental Screening Report for New Suppliers

Comprehensive disclosure of environmental management actions and outcomes within the supply chain.

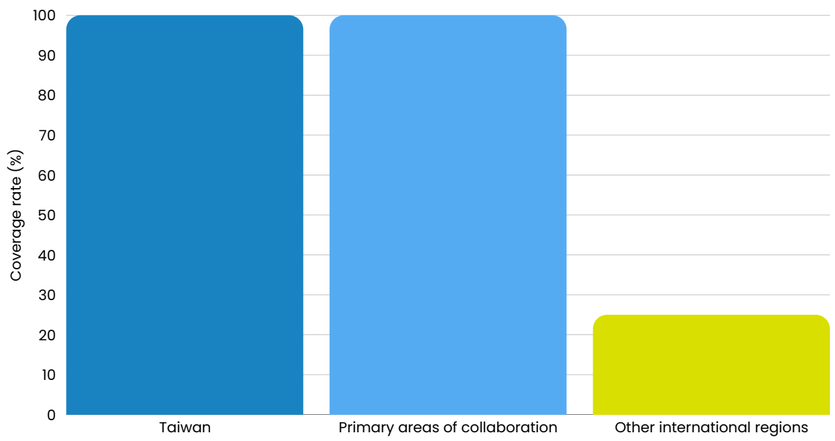
Screening completion ratio
100%
Thorough evaluation of primary suppliers

Execution schedule
Prior to the execution of the contract
Ensure that an assessment is conducted prior to engaging with the company.

Screening criteria
ISO 14001
Environmental Management System Accreditation

Coverage Level
Tier-1
+Strategic +Significant Risk

Geographical coverage assessment



New Supplier Environmental Assessment Procedure

Prior to the execution of the contract
When to initiate the screening process

Document Evaluation
ISO 14001 Certification: Verification of Environmental Compliance Documents

Questionnaire
Assessment of environmental policy and practical comprehension

On-site evaluation
High-risk or strategic suppliers
Confirmation of the results of practical implementation

Assess Choices
When to initiate the screening process

Document Evaluation 100%
Verification of environmental certification documents

Questionnaire 100%
Environmental Policy and Practice Evaluation

On-site evaluation 30%
High-risk or strategic suppliers

Supplier Tier Coverage

Tier-1 Producers	core	100%
Strategic supplier collaboration	core	100%
High-risk vendors	Key Insights	100%
One-time external party	Not included	0%
Temporary logistics service provider	Not included	0%
Indirect supply chain	Not included	0%

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Environmental Screening Criteria Hierarchy

Basic Environmental Standards

ISO 14001 certification criteria
Or equivalent environmental management system
Certification scope: All new suppliers.
100%

Systematic governance competencies
Ensure that environmental management encompasses a comprehensive system.

Strengthening Supplier Standards

Energy consumption management regulations
Strategic and High-Risk Suppliers
100%

Water Resources Management Standards
Strategic and High-Risk Suppliers
100%

Emission control regulations
Strategic and High-Risk Suppliers
100%

International Standards Reference
Enhance standards and reference indicators pertaining to energy, water resources, and emissions management within international sustainability reporting standards to ensure the precise execution of environmental performance.

2024 evaluation outcomes

☑ All newly designated Tier-1 suppliers have undergone complete screening.
☑ Strategic cooperation suppliers fully adhere to environmental standards.
☑ Finalize the implementation of an environmental assessment mechanism prior to contract signing.
☑ Standardization of fundamental supply chain environmental management

Limitations of disclosure scope

⚠ One-time external suppliers are excluded from the screening scope.
⚠ Temporary logistics service providers will be incorporated at a later date.
⚠ Information pertaining to the indirect supply chain is not comprehensively addressed.
⚠ International suppliers will be incorporated gradually based on the extent of collaboration.

Continuous improvement and growth strategy

Short-term objectives
- Explore filter extension options
- Formulate a management strategy for individuals not encompassed within the project.
- Enhancing the overseas supplier evaluation process

Long-term perspective
- Uniformity of environmental standards throughout the entire supply chain
- Establishment of an indirect supply chain management system
- Harmonized global screening standards

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Tier-1 Control Strategy: Emphasizing Control and International Expansion

GRI 308-2 Adverse environmental effects within the supply chain and measures implemented

In fiscal year 2024, the company diligently advanced environmental impact assessments of its supply chain, executing systematic audits of Tier-1 suppliers at its Taiwan headquarters. The assessment methodology encompassed document reviews, self-assessment questionnaires, on-site audits, and evaluations of contract documents. A total of 150 suppliers underwent evaluation. Primary areas of emphasis included waste disposal, water consumption, and recycling rates. Suppliers identified with deficiencies were mandated to implement improvements within a designated timeframe and submit corroborating evidence. Counseling resources were made available as needed. The improvement rate achieved was 1%, reflecting robust overall cooperation from suppliers.

The company retains the authority to terminate contracts in cases of serious violations or for those who do not amend their behavior despite multiple warnings. Nevertheless, there have been no recorded terminations in the past three years, indicating an increased awareness of environmental management. All assessment data is compiled and validated by the internal audit department to ensure both accuracy and reliability, and is integrated into the supply chain risk assessment framework. Currently, disclosures are concentrated on Tier-1 and key material suppliers, excluding Tier-2 and overseas manufacturers. In the future, the scope of assessment will be gradually broadened based on resource allocation and risk priorities, while early warning and project monitoring mechanisms for high-risk categories will be reinforced to improve the depth and effectiveness of supply chain sustainability management.

1 | Theme of Revelation and Reporting Period

In 2024, the Company undertook a thorough evaluation and management of environmental impacts within its supply chain, with the objective of identifying and mitigating potential adverse environmental effects from suppliers. This disclosure encompasses the monitoring of supplier environmental performance, enhancement initiatives, and associated accomplishments during the reporting period, ensuring that supply chain operations align with environmental sustainability objectives.

2 | Impact Description and Area of Occurrence

Within the supply chain, the company has identified actual or potential negative environmental impacts associated with certain suppliers, primarily stemming from inadequate management of metal scraps, packaging waste, and cutting oil. Additionally, some suppliers occasionally do not meet standards for waste sorting or resource recycling. Specific impacts include improper waste disposal, low resource recovery rates, and insufficient water management. These issues predominantly arise among direct Tier-1 suppliers in Taiwan and are currently the primary focus of management efforts. The company is also progressively integrating suppliers from other regions into its management framework, having established partnerships with them, to ensure comprehensive oversight of environmental risks.

3 | Assessment or review methodologies and enhancement systems

To accurately identify environmental impacts within our supply chain, we utilize a range of assessment methods, including document reviews, supplier self-assessment questionnaires, on-site interviews, and audits of contract documents, thereby ensuring a thorough and objective evaluation process. Upon identifying issues, we mandate that suppliers implement improvements within a designated timeframe and submit supporting evidence to confirm effectiveness. When necessary, we also offer coaching or training to assist suppliers in enhancing their environmental management capabilities and ensuring compliance with relevant regulations and our sustainability standards.

4 | Dissolution of collaboration and regional classifications

The company will terminate its partnership with suppliers who significantly violate environmental regulations or consistently fail to make improvements, in accordance with contractual provisions. However, no terminations have taken place in the past three years. Assessment and management primarily concentrate on suppliers at our Taiwan headquarters, with some overseas suppliers (such as those in China and Southeast Asia) being gradually incorporated. Currently, management primarily focuses on Tier-1 direct suppliers, while Tier-2 indirect suppliers are not yet included.

5 | Remedial Enhancement Framework and Executed Measures

The Company has implemented a robust remedial improvement system. Suppliers with environmental impacts are mandated by the audit department to present specific improvement plans, with subsequent tracking of the results to ensure effectiveness. When necessary, we also provide suppliers with environmental compliance training to enhance their management capabilities and compliance awareness. This system encompasses processes such as contract requirements, ongoing audits, and improvement tracking to ensure that issues are systematically addressed and environmental risks are mitigated.

6 | Number of evaluated and affected suppliers

In 2024, the Company performed environmental impact assessments on 150 suppliers, none of whom were identified as having actual or potential environmental impacts. This outcome suggests that the overall environmental performance of the supply chain met expectations.

7 | Statistics on Improvement and Termination Ratios

Among suppliers identified as having environmental impacts, 1% implemented corrective measures, illustrating the efficacy of our improvement mechanisms. Moreover, the percentage of suppliers whose relationships were terminated due to a lack of improvement was 0%, indicating the current level of supplier cooperation in environmental management and their readiness to enhance their practices.

8 | Supplementary Clarification on Disclosing Limitations and Boundaries

This disclosure presently encompasses only Tier-1 direct suppliers and essential material manufacturers, excluding all Tier-2 indirect suppliers and logistics partners. Concerning overseas suppliers, the company is progressively broadening its management scope each year to improve the comprehensiveness of its supply chain environmental management. This limitation is primarily attributed to resource allocation and management priorities, and we will persist in expanding the assessment scope to mitigate potential risks.

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2024 Report on Environmental Impact Management in Supply Chains

Comprehensive Disclosure of Supplier Environmental Performance Monitoring, Improvement Measures, and Management Effectiveness

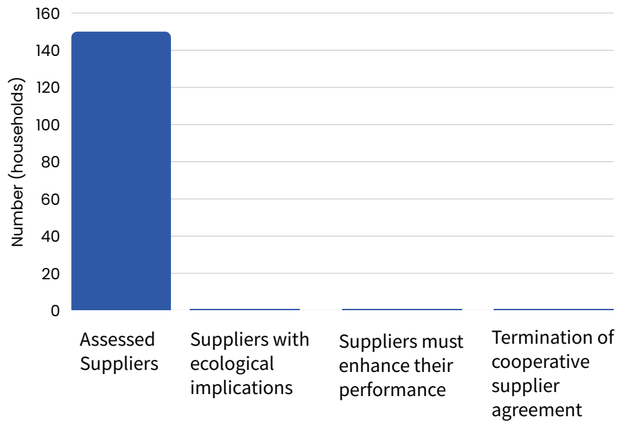
Total number of assessed suppliers
150
Suppliers have finalized the assessment.

Enhance execution rate
100%
1% of suppliers are making progress.

Environmental performance adherence rate
100%
No significant environmental impact

Cooperation dissolution rate
0%
No termination cases have occurred in the past three years.

2024 Annual Evaluation Results Statistics



Identification of potential types of environmental impacts

Inadequate waste management — Moderate
Frequency: Infrequently
Main region: Taiwan

Inadequate resource recovery rate — Moderate
Frequency: Infrequently
Main region: Taiwan

Insufficient water consumption management — Mild
Frequency: Infrequent
Main region: Taiwan

Metal scrap processing — Mild
Frequency: Infrequent
Main region: Taiwan

Assessment results: In 2024, no suppliers with significant environmental impacts were identified, and the overall environmental performance met expectations.

Environmental impact assessment and enhancement mechanism

Application of multivariate evaluation techniques

Document Evaluation
Coverage 100%
Effectiveness 85%

Supplier Self-Assessment Survey
Coverage 100%
Effectiveness 90%

In-person interviews
Coverage 30%
Effectiveness 95%

Contract document review
Coverage 100%
Effectiveness 88%

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Tier-1 Control Strategy: Emphasizing Control and International Expansion

New Supplier Environmental Assessment Procedure

Remediation and Improvement System Processes
Diverse assessment methodologies for thorough risk identification

Problem verification
On-site validation and impact area assessment

Enhancement Proposal
Notice of enhancement within a designated timeframe Specific actions required

Counseling assistance
Education and training offerings, technical assistance support

Results monitoring
Enhanced evidence review and ongoing monitoring mechanism

Supplier management scope assessment

Tier-1 Direct Vendor
Already included: 150
Core Management 100%
Total: 150

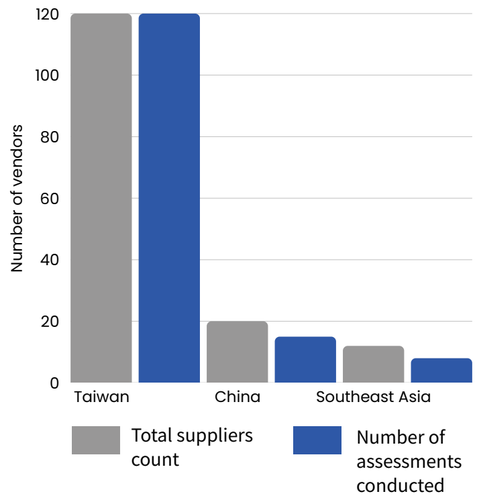
Key material producers
Already included: 25
Key Management 100%
Total: 25

Original Equipment Manufacturers
Already included: 15
Incremental integration 33%
Total: 45

Tier-2 Indirect Suppliers
Included: 0
Future Objectives 0%
Total: 200

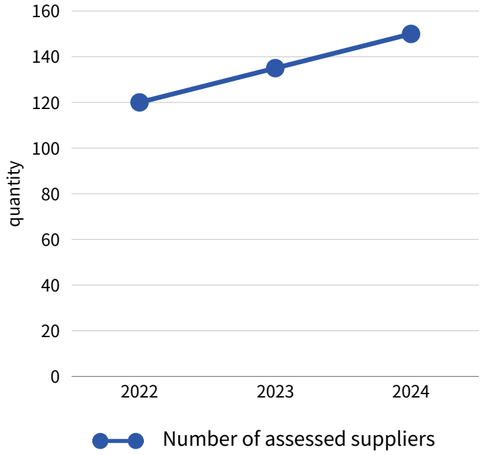
Logistics collaborators
Included: 0
Future Objectives 0%
Total: 80

Regional management allocation



Taiwan	China	Southeast Asia
Evaluation rate: 100%	Evaluation rate: 75%	Evaluation rate: 50%

Trends in management effectiveness over the past three years



Highlights of managerial accomplishments

- ☑ A total of 150 suppliers have completed environmental impact assessments, resulting in a 100% assessment rate.
- ☑ No suppliers with significant environmental impacts were identified, reflecting strong overall performance.
- ☑ No supplier has ceased cooperation due to environmental concerns in the past three years.
- ☑ A thorough remediation and improvement system, along with a tracking mechanism, has been established.

Future expansion strategies

- Gradually broadening the scope of overseas suppliers under management each year.
- Incorporate Tier-2 indirect suppliers within the assessment scope.
- Enhance the environmental management practices of logistics and other third-party suppliers.
- Continuously refine evaluation techniques and enhancement processes.

Disclosing boundaries and constraints

Existing coverage
- Tier-1 direct collaboration suppliers (150)
- Key material manufacturers (25)
- Some original equipment manufacturers (15)
- Taiwanese local suppliers (120)

Integrate into forthcoming strategies.
- Tier-2 indirect suppliers (200 firms)
- Logistics partners (eighty companies)
- Other international OEM manufacturers (30)
- Suppliers located in China and Southeast Asia

Limitations: Given resource allocation and management priorities, the current assessment scope primarily targets core suppliers. We will persist in broadening the assessment scope to alleviate potential environmental risks.

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Impact Management System: Audit-Enhance-Terminate Decision-Making Process

GRI 308 Supplier Environmental Evaluation

In 2024, the Company will further enhance its supply chain environmental management system, integrating it into its comprehensive ESG governance framework. This initiative will facilitate systematic management of new supplier evaluations and environmental risk mitigation for current suppliers. The design of the system emphasizes traceability and effective implementation. By fostering collaboration among cross-departmental teams—namely Procurement, Sustainability, and Audit—environmental screening standards, implementation processes, and improvement mechanisms will be established. These elements will be consistently monitored alongside annual objectives and performance metrics.

For new suppliers, the company mandates the acquisition of international certifications (such as ISO 14001) or the completion of an environmental self-assessment questionnaire. For high-risk and strategic partners, supplementary management measures are implemented concerning energy, water resources, and emissions. The screening process initiates prior to contract signing and is carried out through document reviews, questionnaires, and on-site audits. By 2024, the environmental screening rate for new suppliers is projected to achieve 100%. Screening data is evaluated and validated by the internal audit unit to ensure adherence to policy and accuracy of records.

In relation to the management of environmental impact among existing suppliers, a total of 150 key suppliers will undergo assessment by 2024, encompassing Tier-1 partners at the Taiwan headquarters as well as select overseas and contract manufacturers. This evaluation employs a comprehensive methodology, including document reviews, self-assessments, on-site audits, and contract audits. The assessments concentrate on waste disposal, water consumption management, and recycling rates. Any issues identified will necessitate improvements within a designated timeframe, accompanied by supporting evidence. Environmental compliance training will also be provided as needed. The current improvement rate stands at 1%, indicating that the majority of suppliers exhibit environmental awareness and demonstrate overall effective collaboration.

The company stipulates that suppliers who commit serious violations or fail to make improvements will be terminated in accordance with their contracts. While there have been no termination cases in the past three years, this mechanism has been integrated into management systems and audit processes, functioning as the final line of defense for risk control and ensuring transparent and equitable decision-making.

The current system encompasses Taiwanese Tier-1 suppliers and key material suppliers; however, it does not yet fully incorporate one-time third parties, indirect suppliers, and certain overseas suppliers. This exclusion is grounded in the principles of resource allocation and risk prioritization. We have formulated a phased oversight strategy, establishing expansion pathways and data integration mechanisms for those not included, thereby enhancing the system's comprehensiveness and depth of disclosure.

In terms of data quality control, we meticulously screen and assess data sources, which encompass supplier certification documents, self-assessment questionnaires, audit reports, and internal system records. This data is subsequently consolidated and verified by the audit department prior to its integration into the statistics. For specific data estimates, the company formulates consistent boundary assumptions and calculation methodologies, disclosing the relevant principles in the report to uphold transparency and credibility of information.

Looking forward, the company will annually augment the percentage of supplier environmental screening and assessment coverage, while implementing early warning and project monitoring mechanisms for high-risk suppliers to enhance risk management agility and resilience. Additionally, we will persist in refining contract design, introducing environmental performance requirements, and establishing reward and penalty conditions to foster supplier self-improvement and cultivate a positive cycle.

To enhance governance effectiveness, we have integrated supply chain environmental management into our sustainability strategy and annual action plan. Audit findings are consistently reported to management and serve as a foundation for sustainability performance evaluations. Additionally, we continuously refine internal and external communication channels and forge partnerships with suppliers to collaboratively advance resource recycling and pollution mitigation, ultimately fostering environmental resilience and sustainable value throughout our supply chain.

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7.2 Management of Supplier Social Assessments

GRI 414-1 Use of Social Criteria in Selecting New Suppliers

In 2024, the Company strengthened its social criteria screening system for new suppliers, demonstrating its commitment to social responsibility within the supply chain. A structured screening process has been established, covering human rights, integrity, and occupational safety, and is jointly implemented by the Procurement and Legal departments. Internal audits ensure the consistency and transparency of the process. The screening criteria are integrated into the ESG governance framework, with coverage ratios set according to annual targets, gradually enhancing the effectiveness of supply chain risk management.

For different sites and regions, we identify potential social risks in raw material sourcing, processing, and logistics, while paying close attention to differences in labor conditions and occupational safety and health risks between suppliers in Southeast Asia and those in Taiwan. At present, screening primarily covers suppliers in Taiwan (Kaohsiung and Taichung), as well as select suppliers in China and Vietnam. Although the process has not yet included all outsourced and indirect suppliers, data collection and estimation methods have been developed, with boundaries and data sources publicly disclosed to enhance the credibility of reporting.

Looking ahead, we will increase the screening ratio and develop expansion plans for regions not yet included. We will continue to evaluate performance through internal indicators and work with suppliers to jointly build a responsible and sustainable value chain.

1 | Theme of Revelation and Reporting Period

The Company will reveal its social standards screening measures for new suppliers in 2024 to illustrate its commitment to and implementation of social responsibility in supply chain management, ensuring that suppliers fulfill the criteria of pertinent social impact assessments.

2 | Percentage of new suppliers evaluated according to social standards

In fiscal year 2024, the Company will evaluate 31% of all new suppliers for compliance with social standards. We have sent letters to 190 new suppliers inviting them to participate in the screening process, of which 59 completed the necessary procedures and consented to receive the data, indicating initial success in our screening efforts.

3 | Social criteria for evaluation

The company has integrated human rights and integrity policies into its supplier evaluation criteria. These policies encompass a code of conduct and address critical issues such as child labor, forced labor, and occupational health and safety. All suppliers are required to commit to these standards throughout the collaboration process to guarantee the enforcement of social responsibility within the supply chain.

4 | Screening Techniques and Implementation Protocols

To guarantee the efficacy of our screening process, we utilize the Supplier Agreement 2.0 as a screening instrument, which is evaluated by our Legal Office. Suppliers are also mandated to sign a declaration and complete a self-assessment questionnaire. Additionally, we employ the ISO F-17 environmental report as a supplementary assessment criterion. For suppliers that fail to meet our standards, we will offer guidance or remove them to enhance the social responsibility performance of our overall supply chain.

5 | Filter supplier type spectrum

Our social standards screening encompasses a diverse array of suppliers, including those providing raw materials, processing facilities, and second-tier suppliers. These suppliers are predominantly situated in Taiwan, China, and Southeast Asia, addressing critical components of our supply chain.

6 | Regions where suppliers engaged in screening are situated

Suppliers engaged in the social standards screening are predominantly situated in Taiwan, specifically in Kaohsiung and Taichung, as well as in select Southeast Asian nations, including China and Vietnam. Suppliers in these areas, owing to their operational contexts or industry traits, may encounter elevated social risks and are consequently prioritized in the screening process.

7 | Guidelines for the Timing of Screening Implementation

Our social standards screening process is primarily implemented when establishing new supplier relationships and during annual contract renewals. This process specifically occurs prior to the procurement phase, ensuring that pertinent assessments are finalized before formal collaboration.

8 | Sources and Foundations of Screening Data

During the screening process, our company assesses suppliers utilizing statistical data from our procurement department. The principal data sources encompass supplier contracts, declarations, and questionnaires. This information offers direct evidence of suppliers' social responsibility performance, thereby ensuring the accuracy and traceability of our evaluations.

9 | Scope and Limitations of Disclosure

Currently, our social standards screening encompasses only those suppliers who have signed or agreed to the declaration. Certain regions, as well as outsourced or indirect suppliers, are excluded from this screening. This limitation primarily arises from the complexities associated with data collection and the gradual evolution of supply chain management. We will persist in our efforts to review and enhance coverage.

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Responsible Screening Blueprint: A Sustainable Screening Framework for Social Issues

In 2024, the Company enhanced its social standards screening system for new suppliers, underscoring its dedication to social responsibility within the supply chain. A structured screening process has been established, encompassing considerations of human rights, integrity, and occupational safety. This process is collaboratively executed by the Procurement and Legal departments, with internal audits guaranteeing consistency and transparency. The screening criteria are embedded within the ESG governance framework, with coverage percentages aligned to annual targets, aimed at progressively improving the effectiveness of supply chain risk management.

We identify potential social risks associated with raw materials, processing, and logistics across various sites and regions, emphasizing disparities in labor conditions and occupational safety and health risks among suppliers in Southeast Asia and Taiwan. Currently, our screening primarily includes suppliers in Taiwan (Kaohsiung and Taichung) as well as select suppliers in China and Vietnam. Although it does not yet encompass all outsourced and indirect suppliers, we have developed data acquisition and estimation methods, and have made the boundaries and sources public to enhance the credibility of our disclosures.

In the future, we will enhance the screening rate and formulate expansion strategies for underserved regions. We will persist in evaluating implementation effectiveness through internal metrics and collaborate with suppliers to establish a responsible and sustainable value chain.

Social Standards Assessment Initiative

- **Child labor is forbidden.**
- **Forced Labor Mitigation**
- **Occupational Safety and Health Administration**
- **Code of Integrity Management**
- **Human Rights Policy Adherence**
- **Implementation of integrity policies.**

1. **Letter evaluation**
   Issuing letters regarding social standards requirements to new suppliers.
2. **Contract Evaluation**
   Legal Office Evaluation of Supplier Agreement 2.0
3. **Questionnaire assessment**
   Suppliers finalize the self-assessment questionnaire.
4. **Outcome assessment**
   Guidance for improvement or elimination measures

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Shock Prevention Plan: Proactive Strategies for High-Risk Suppliers

GRI 414-2 Adverse social impacts within the supply chain and measures implemented

We acknowledge the significance of managing social risks within the supply chain as it pertains to corporate sustainability. In 2024, we will further enhance our supplier screening and management systems by integrating human rights, labor conditions, and integrity responsibilities into our ESG governance framework, with collaborative execution by our procurement, audit, and sustainability teams. Through a code of conduct, risk identification, and internal audits, we guarantee a fair and transparent assessment process, underscoring our dedication to social responsibility within the supply chain.

We have identified sources of risk by region and industry, encompassing key suppliers in Kaohsiung and Taichung, Taiwan, along with specific higher-risk areas in Southeast Asia, including China and Vietnam. We are reinforcing on-site audits and third-party collaboration mechanisms to mitigate language barriers and regulatory constraints, thereby improving data accuracy and risk identification.

The current scope of disclosure encompasses essential operational processes, including raw materials, processing, and logistics, and is highly representative and consistent with prior data. However, data gaps persist for secondary suppliers and outsourced entities. We intend to broaden this coverage and enhance the information acquisition process. Data quality relies on on-site supplier evaluations, declarations, and system statistics. The estimation logic and boundary assumptions are substantiated by internal documentation.

Moving forward, we will persist in enhancing screening rates, establishing improvement metrics, and integrating the outcomes into supplier contracts and collaboration agreements to foster a fair, transparent, and resilient responsible value chain.

1 | Theme of Revelation and Reporting Period

In 2024, the Company undertook a thorough evaluation and management of social impact risks within its supply chain, emphasizing the performance of its suppliers in areas including human rights, labor rights, integrity, and anti-corruption. This report, which spans from January 1 to December 31, 2024, seeks to highlight the Company's systems, initiatives, and accomplishments in the management of social risks within the supply chain.

2 | Supplier Assessment for Social Impact

In fiscal year 2024, the Company conducted social impact assessments for 59 suppliers, concentrating primarily on risks associated with human rights, integrity, and violations of environmental declarations. Through systematic screening and on-site audits, no suppliers with significant social impacts were identified during the reporting period, and no related violations were reported. This outcome underscores the Company's continuous efforts and effectiveness in supplier screening and risk management.

3 | Percentage of suppliers who consented to implement enhancements

For suppliers who do not meet our standards, we follow a principle of coaching first, followed by potential termination, while actively offering support and resources for improvement. In recent years, we have attained a 100% agreement from suppliers to address any potential risks or instances of non-compliance. Should improvement targets remain unmet, we will progressively terminate our partnership to uphold the overall social responsibility performance of our supply chain.

4 | Proportion and rationale for the cessation of collaboration

In 2024, the Company did not terminate any supplier relationships, resulting in a 0% termination rate. Should a supplier fail to comply with corrective actions, including violations of integrity, human rights, or probity standards, the Company will systematically phase out the partnership in alignment with internal policies to uphold the social responsibility standards of its supply chain.

5 | Affected Regions and Supplier Categories

Our supplier assessment predominantly focuses on Taiwan, specifically Kaohsiung and Taichung, with a limited number of suppliers in Southeast Asia. The assessment encompasses raw material suppliers, processing contractors, and logistics providers, ensuring that all links in the supply chain are incorporated into social risk screening and management.

6 | Description of Social Impact and Remedial Measures

Our company's social impact assessments of suppliers concentrate on critical issues including human rights, labor rights, integrity, and anti-corruption. To guarantee that suppliers adhere to applicable standards, we mandate that all partners sign a Supplier Code of Conduct Statement and offer support through contract counseling, education, and training to enhance their management capabilities. In the event of non-compliance, we will promptly enact corrective measures to uphold social responsibility within our supply chain.

7 | Modifications in Partnership

For suppliers that do not meet our standards, we implement a management strategy centered on coaching, followed by potential termination. Should a supplier fail to meet improvement targets, we will refrain from renewing their contract or modifying the partnership to ensure that the entire supply chain adheres to social responsibility standards.

8 | Guidelines for Utilizing and Managing the Complaint Mechanism

The company has implemented a supplier grievance mechanism to enable suppliers and relevant stakeholders to voice concerns or seek resolutions through a complaint and coordination platform when they identify violations or non-compliance with standards. This mechanism is designed to foster transparent communication and effective problem-solving, while ensuring fairness and justice within the supply chain.

9 | Scope and Limitations of Disclosure

This disclosure pertains solely to suppliers who have endorsed the Code of Conduct or engaged in our assessment process. It does not comprehensively encompass all outsourcers and secondary suppliers. For those suppliers not included in the assessment, we will persist in enhancing our management systems and data collection to improve the integrity of our supply chain social risk management.

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Shock Prevention Plan: Proactive Strategies for High-Risk Suppliers

Supply Chain Social Risk Management Analysis

2024 • Outcomes of Social Impact Assessment and Management

59

Number of supplier assessments
Total number of suppliers that have finalized social impact assessments, addressing risk areas including human rights, integrity, and environmental statements.

0

Suppliers with a substantial social impact
Following comprehensive screening and on-site evaluations, no suppliers with substantial social impact were identified.

100%

Suppliers enhance collaboration.
All suppliers unanimously agreed to implement enhancements addressing potential risks or non-compliance with standards.

0%

Termination of collaboration ratio
The cooperative relationship with all suppliers has remained intact in 2024, reflecting effective management of partnerships.

Management Strategies and Improvement Measures

Assessment Scope
Emphasize human rights, labor rights, integrity, and anti-corruption to guarantee that suppliers adhere to social responsibility standards.

Counseling Tenets
Embracing the principle of "counseling first, then eliminating," we proactively offer improvement support and resources to assist suppliers in enhancing their management capabilities.

Code of Conduct
Mandate that all partners endorse the Supplier Code of Conduct Statement and enhance management practices through contractual guidance, education, and training.

Grievance Procedure
Establish a complaint and coordination platform to facilitate transparent communication and effective problem-solving, thereby ensuring fairness and justice within the supply chain.

Geographic distribution of vendors

Taiwan
Main assessment areas: Kaohsiung and Taichung.

Southeast Asia
A limited number of suppliers
Ongoing expansion management

Supplier Category
Suppliers of raw materials
Processing of contractors and logistics providers

Reporting timeframe
January 1 through December 31, 2024

Assessment Emphasis
Protection of human rights, labor rights,
Integrity management and anti-corruption initiatives

Ongoing Enhancement
Broaden the scope of management systems and data collection to improve the integrity of social risk management within the supply chain.

This disclosure pertains solely to suppliers who have either signed the Code of Conduct or engaged in the assessment process.

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Establishing a governance framework: Oversight of social responsibility and monitoring

GRI 414 Supplier Social Evaluation

The company persists in incorporating supply chain social responsibility into its fundamental governance, establishing a comprehensive screening system that encompasses human rights, integrity policies, and occupational safety and health, thereby integrating it within its overarching ESG framework. The screening process, collaboratively executed by the Procurement and Legal departments, includes a signed declaration, a self-assessment questionnaire, and a document review. Internal audits guarantee procedural consistency. In fiscal 2024, 190 new suppliers underwent screening, of which 59 completed the process, resulting in a screening rate of 31%. No significant social impact incidents were identified, underscoring the efficacy of preventive risk management.
We assess risks by analyzing activity patterns and regional distribution, concentrating on suppliers in Kaohsiung and Taichung, Taiwan, as well as Southeast Asian suppliers, including those from China and Vietnam. We conduct on-site audits and engage in third-party collaborations to improve data accuracy, while addressing local language and regulatory challenges. Our screening criteria also integrate international standards, including prohibitions against child and forced labor, and are further supported by ISO reports and contractual provisions for enforcement.

Our governance framework encompasses the management of both new and existing suppliers. Existing suppliers are incorporated into social impact assessments to guarantee consistency and ongoing monitoring throughout the partnership process. Fifty-nine existing suppliers completed the assessments, with no significant non-compliances identified. They were prioritized for enhancement, achieving a 100% consensus on improvements and a 0% termination rate. We have made our Supplier Code of Conduct compulsory and established a complaint and coordination platform to foster communication and transparent management.

In terms of data quality control, all information is derived from contract documents, platform questionnaires, and statistics from the procurement department. Certain data is estimated via the system, with boundary assumptions and methodologies disclosed to guarantee traceability and consistent reporting. For outsourced and secondary suppliers not currently encompassed within the scope, we have launched an expansion plan and are undertaking a cross-departmental review and enhancement to bolster the integrity of the system.

In the realm of system integration and ongoing optimization, we prioritize the proactive advancement and dynamic refinement of governance processes. This includes conducting pre-procurement screenings to mitigate the accumulation of potential risks. Concurrently, legal departments assess contract terms alongside risk self-assessment outcomes to guarantee the concurrent fulfillment of contractual obligations and social responsibility standards. Additionally, an internal indicator review mechanism is integrated into the system, evaluating the system's maturity through historical data comparisons to perpetually enhance overall risk identification and improvement efficiency.

Looking forward, we will persist in enhancing our screening coverage and response mechanisms by establishing annual improvement targets, integrating additional uncovered entities, and fortifying education and training, supplier partner coaching, and system transparency. This comprehensive governance framework not only reinforces social responsibility within the supply chain but also establishes a foundation for sustainable development throughout our value chain, underscoring our commitment to responsible operations.

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Zero tolerance for child labor: policies, regulations, and protections

GRI 408-1 Notable risks of child labor in operations and within the supply chain

The Company has consistently prioritized human rights and labor conditions. In 2024, it enhanced its child labor risk management mechanisms to affirm its commitment to international labor standards. Child labor risk management has been integrated into our overarching ESG governance framework, with the Sustainability Committee and Human Resources Department collaboratively driving policy development, implementation, and monitoring. This institutionalized approach bolsters our capabilities in risk identification and prevention. To align with international standards, the Company utilizes International Labor Organization conventions as the foundation for its policies and conducts internal audits, supplier self-assessments, and on-site reviews to ensure data integrity and effective system implementation. Additionally, we have included child labor prohibition clauses in our procurement specifications to reinforce supply chain compliance. We are also advancing education, training, and policy outreach to enhance awareness among employees and partners regarding child labor issues. Moving forward, the Company will continue to broaden risk assessment and data collection at its international locations, establish tracking mechanisms and performance indicators, and progress toward a more comprehensive and proactive governance system.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will comprehensively disclose its child labor risk management and associated governance frameworks, underscoring its dedication and initiatives to prevent child and young workers from participating in hazardous work within its operations and supply chain. This report encompasses data and management practices from January 1 to December 31, 2024, with an emphasis on the identification, prevention, and mitigation of child labor risks.

2 | Operational locations with child labor risk

During the reporting period, the Company did not identify any operational sites with risks related to child labor. Through our internal audit and risk assessment processes, we perform regular inspections of all operational sites to ensure compliance with child labor regulations.

3 | Suppliers at risk of employing child labor

During the reporting period, the Company did not identify any suppliers associated with child labor risks. We employ a stringent audit process for our supply chain partners and consistently monitor potential risks to ensure adherence to applicable labor practices and human rights standards.

4 | Risk Locations and Suppliers for Hazardous Work Involving Young Workers

During the reporting period, the Company did not identify any workplaces where young workers were exposed to hazardous work risks. We have implemented risk assessment mechanisms for our operations and suppliers, concentrating specifically on activities that may involve high-risk working environments and ensuring that young workers are not assigned to potentially hazardous positions.

5 | Description of the identification method

Our company employs a systematic identification approach, utilizing International Labor Organization (ILO) conventions and pertinent guidelines to evaluate the risks associated with child and young workers engaged in hazardous work. This process encompasses internal documentation, on-site audits, and supply chain investigations carried out in partnership with third-party organizations. We primarily rely on the legal minimum working age and the hazardous nature of the working environment as our main criteria, and we routinely update our assessment criteria to ensure adherence to international standards.

6 | Corrective and Preventive Measures

Our company reported no incidents of child or youth labor in fiscal 2024. However, should any violations be identified, we will take prompt action, including the termination of cooperation with the implicated supplier or partner and notifying the appropriate authorities to ensure the matter is adequately addressed. We are also dedicated to implementing preventive measures, ensuring that risks associated with child labor are effectively managed through supplier training and enhanced contractual terms.

7 | Policy and System Overview

Our company maintains a definitive policy against child and forced labor, which is embedded in our Code of Conduct and Human Rights Policy. All supplier contracts contain explicit provisions prohibiting child labor, and we conduct regular reviews of supplier compliance to ensure effective enforcement. This policy is applicable to all our operations and supply chain partners, and its efficacy is consistently evaluated through internal audits and external assessments.

8 | Clarification of Disclosure Parameters and Limitations

This disclosure pertains solely to information regarding our Taiwan headquarters and qualified suppliers. It excludes on-site audits of international locations, outsourced organizations, and temporary workers, primarily due to constraints in data collection and management resources. In fiscal 2024, we did not identify any high-risk locations or suppliers. Moving forward, we will continue to broaden the scope of our disclosures and fortify our risk assessment mechanisms for international locations and outsourced organizations to improve data integrity and transparency.

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GRI 408 Child Labor

The Company regards child labor risk management as a fundamental human rights concern and is committed to enhancing its system design and governance to affirm its adherence to international labor standards. By 2024, we established a comprehensive system for risk identification, prevention, and remediation, seamlessly integrated into our overall ESG framework, thereby ensuring alignment and traceability between policy objectives and operational practices.

At the governance level, the Sustainability Committee and the Human Resources Department maintain distinct responsibilities: the former focuses on policy formulation and goal setting, while the latter oversees system implementation and audit tracking. We have integrated the principle of prohibiting child labor into supplier contracts and procurement processes. Through a qualified supplier system and annual self-assessments, we are progressively enhancing our capabilities for identifying supply chain risks. For high-risk sourcing activities, we employ a child labor risk classification standard, prioritizing the monitoring of labor-intensive or environmentally hazardous operations. Additionally, we impose clear restrictions on the employment of young workers to improve identification accuracy.

In terms of data collection and quality control, the company acquires pertinent information through internal systems, on-site audits, and supplier self-assessment reports. We develop estimation methods and boundary assumptions grounded in internationally consistent principles to guarantee transparency and comparability of disclosed data. This information undergoes regular review by the internal audit unit and is compared with historical data to improve consistency and accuracy.

Regarding remediation mechanisms, while no violations were identified this year, the system maintains a predetermined immediate response protocol, which includes the termination of cooperation, notification to the relevant authorities, and ongoing monitoring of improvement progress. Additionally, it integrates supplier education and training, policy promotion, and elimination systems to ensure comprehensive control throughout the entire process, from prevention to resolution.

We acknowledge that the current scope of disclosure primarily encompasses our Taiwan headquarters and qualified suppliers, and does not yet incorporate data from on-site audits of international locations, outsourced units, and temporary workers. Consequently, we have established medium- and long-term improvement objectives, which include broadening data coverage, implementing digital management tools, and optimizing data management capabilities through resource allocation to enhance governance consistency and information integrity.

Looking forward, we will persist in our dedication to long-term governance and the disclosure of child labor risks through interdepartmental collaboration and system improvements. Additionally, we will address stakeholder concerns via annual performance metrics and external communication channels. We are convinced that it is only through the integration of system prevention, risk identification, remedial measures, and information transparency that we can effectively uphold our corporate responsibility to safeguard human rights within our global supply chains and generate resilient, sustainable value.

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Safeguarding Labor Rights within the Supply Chain: Innovative Mechanisms and Pathways for Advancement

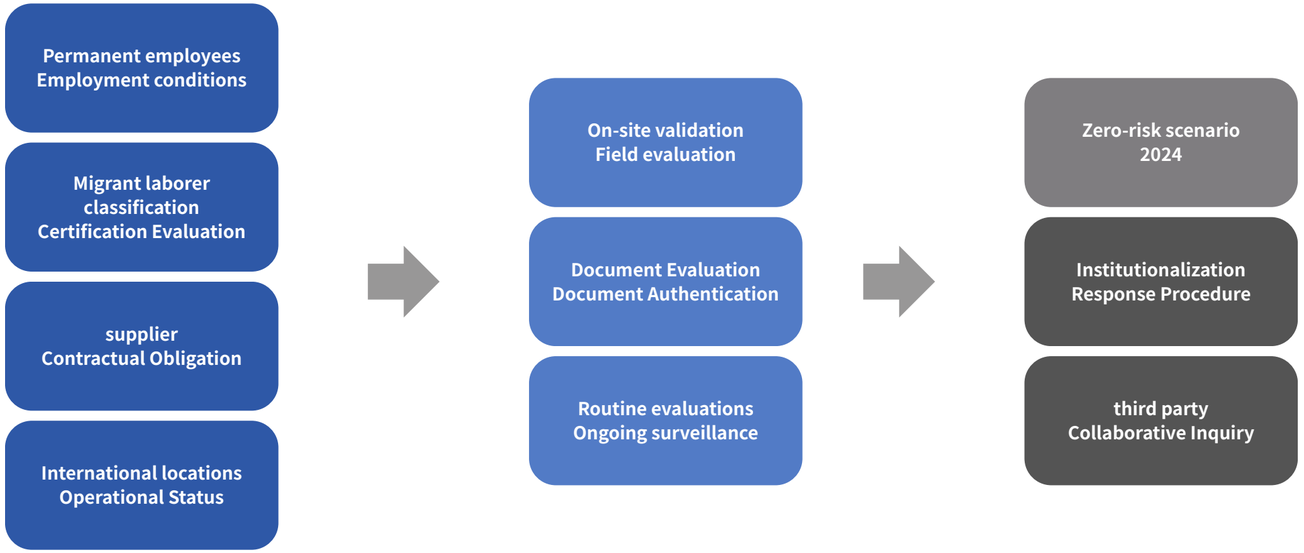
GRI 409-1 Operations and suppliers presenting substantial risks of forced or compulsory labor

The Company acknowledges the significance of safeguarding labor rights and eradicating forced labor, viewing it as a fundamental obligation for sustainable operations. In 2024, we will persist in enhancing our institutional governance by integrating forced labor risks into our ESG management framework. The Human Resources, Procurement, and Sustainability teams will work collaboratively across departments to manage policy development, implementation, and oversight. Additionally, through internal audits and benchmarking against international human rights standards, we will ensure alignment between our policies and practices, thereby effectively preventing illegal labor practices.

In risk identification, we emphasize supplier contract terms, document reviews, and on-site audits, particularly concentrating on the monitoring of the identities and working conditions of migrant workers. Although acquiring information across regions presents challenges, we are proactively assessing third-party collaborations to improve our data control capabilities. Presently, disclosures are centered on our Taiwan headquarters and contracted suppliers, which is representative but does not yet encompass overseas locations and informal workers. We will persist in broadening this coverage in the future.

We have implemented a risk management and remediation framework. Any identified violations will lead to the immediate termination of cooperation and notification to the appropriate authorities. In terms of prevention, we are consistently refining our governance framework through supplier management, monitoring labor conditions, and conducting annual reviews of system effectiveness. Moving forward, we will further improve our identification tools and transparency, aiming to establish a sustainable operating system devoid of forced labor.

Forced Labor Risk Management Process and Outcomes for 2024



0%
Instances of coerced labor

100%
Taiwan Site Coverage

100%
Contracted Vendors

85%
Enhanced consistency

1 | Theme of Revelation and Reporting Period

In 2024, the Company undertook a thorough evaluation and management of risks associated with forced or compulsory labor, with the objective of ensuring that no form of forced labor is present in our operations and supply chain. This disclosure encompasses the pertinent risk identification, policy commitments, and management strategies implemented during the reporting period, underscoring our steadfast dedication to safeguarding human rights.

2 | Methods and Foundations for Risk Identification

To effectively identify risks associated with forced or compulsory labor, our company implements a comprehensive assessment and monitoring strategy. We mandate that suppliers sign contractual agreements to ensure adherence to labor rights regulations, and we routinely conduct on-site audits and document reviews to verify that their labor conditions comply with legal and ethical standards. Additionally, when employing migrant workers, we meticulously verify their legal identification documents to prevent any illegal labor practices. In alignment with our sustainability reporting (ESG) commitments, our company consistently monitors the labor practices of our suppliers. As of the 2024 reporting period, we have not detected any violations; however, we remain committed to enhancing our risk identification capabilities through these methods.

3 | Instructions for Remedial and Preventive Actions

In fiscal year 2024, the company was not aware of any violations related to forced or compulsory labor. We have implemented a clear response mechanism. Should any violations be identified in the future, we will promptly terminate our partnership with the relevant supplier or partner in accordance with the contract and inform the appropriate authorities for follow-up action. Additionally, we will conduct a thorough investigation into the cause of the incident and take necessary measures to prevent similar occurrences, ensuring the full protection of labor rights.

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Current governance status and annual enhancement objectives

☑ Present management status

- Enhance the development of governance frameworks.
- Cross-departmental collaboration framework
- Operation of the internal audit framework
- Alignment with international human rights standards
- Various authentication methods have been implemented.

🎯 Annual enhancement objectives

Broaden the scope of disclosure	85%
Enhance managerial depth	75%
Enhance performance monitoring	90%
Collaboration with third parties	60%
Inclusion of overseas bases	45%

4 | Policy Commitment and Management Framework

Our company unequivocally opposes any form of forced or illegal labor, a principle enshrined in our human rights policy. We mandate that all suppliers sign a labor and human rights commitment, explicitly pledging adherence to relevant regulations and incorporating clauses that safeguard labor rights into their contracts. To ensure the effective implementation of this policy, we conduct thorough document reviews and audits of suppliers, regularly assessing whether their labor practices align with the promised standards. These systems are designed to mitigate the risk of forced labor at its source and underscore our company's dedication to human rights.

5 | Exclusions from Disclosure and Data Limitations

This disclosure pertains exclusively to full-time employees at our Taiwan headquarters and contracted suppliers. It excludes information regarding overseas locations, temporary staff, or outsourced vendors. In fiscal 2024, we did not identify any high-risk operating locations or suppliers. For those not encompassed in the disclosure, we will persist in assessing the feasibility of broadening data collection and risk identification in the future to improve the comprehensiveness of our disclosure.

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GRI 409 Involuntary or Compulsory Labor

Our company incorporates forced labor risk management into its overarching governance framework, recognizing it as a fundamental obligation for the protection of human rights and corporate sustainability. In fiscal 2024, we enhanced our governance through a systematic approach, encompassing policy development, execution, and oversight. Our human rights policy explicitly prohibits any form of forced or illegal labor, extending this prohibition to supply chain management. We mandate that all suppliers sign a labor and human rights commitment letter, which is integrated into contractual clauses to establish a risk mitigation framework.

At the implementation level, a collaborative mechanism involving the Human Resources, Procurement, and Sustainability teams is tasked with risk identification and policy execution. We conduct regular meetings to assess implementation and align objectives with international standards to ensure system coherence. Risk identification methods encompass contract reviews, on-site audits, and document verification, with a specific emphasis on the legal verification of migrant worker employment. All measures are integrated into the ESG framework and are routinely evaluated through our internal audit system.

As of 2024, we have not identified any instances of forced labor, reflecting our proactive and effective governance mechanisms. Nevertheless, we remain committed to enhancing our identification and prevention capabilities. Should any violations be uncovered, we will terminate cooperation in accordance with established procedures and inform the relevant authorities. Additionally, we will perform a root cause analysis and implement preventive measures to ensure the issue does not arise again.

The current disclosure primarily encompasses full-time employees and contracted suppliers at our Taiwan headquarters, which serves as a representative sample. It does not yet extend to overseas locations or temporary staff. We are assessing third-party collaborations to enhance data coverage and fortify our cross-regional risk management capabilities. In terms of supplier management, we prioritize risk levels. For instance, we increase the frequency of audits and the standards for document reviews for suppliers that engage migrant workers. Adjustments are implemented based on the outcomes of annual reviews to ensure the flexibility and accuracy of our system.

Each department possesses a distinct allocation of responsibilities: Human Resources is tasked with safeguarding internal rights, Procurement oversees supply chain compliance, and the Sustainability Team manages policy benchmarking and disclosure planning. This governance framework not only enhances the efficiency of data integration but also guarantees the reliability and transparency of data sources. Although current disclosures do not encompass all locations, we are committed to improvements, which include expanding data collection internationally and employing risk classification to enrich the overall depth of disclosure.

Moving forward, we will regard forced labor governance as a dynamic mechanism, consistently monitoring and enhancing it through data analysis and performance indicators, such as audit coverage and rights satisfaction. Additionally, we will progressively broaden the content and scope of our disclosures to facilitate closed-loop management. Through these initiatives, we will collaborate with stakeholders to establish an operational framework that is devoid of forced labor and upholds human rights, thereby reinforcing our corporate social responsibility and sustainable competitiveness.

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7.3 Anti-Corruption and Business Ethics

GRI 205-1 Operational locations subjected to corruption risk assessment

The company has incorporated anti-corruption governance into its internal control and ESG frameworks. A systematic risk assessment mechanism facilitates cross-departmental collaboration among compliance and audit units. In 2024, 190 integrity statements were issued to suppliers of commercially procured products and processing plants, resulting in a 31% response rate. All evaluations indicated no corruption issues, underscoring the effectiveness of the governance strategy initiated at our Taiwan headquarters. Potential risks, including opaque agency compensation and insufficient oversight of overseas procurement, are integrated into the assessment model and quantitatively managed through response rates, self-assessments, and audit data.

We have implemented a process for prompt reporting and declarations of conflicts of interest to ensure both preventive and responsive measures. In terms of supplier management, significant suppliers are required to undergo integrity screening, which will be integrated into contract stipulations. Additionally, we facilitate visits and training for high-risk suppliers. Looking forward to 2025, the company plans to broaden the scope of assessments, elevate its response rate to 75%, and consistently enhance system coherence and information transparency, thereby affirming its enduring commitment to integrity governance.

1 | Theme of Disclosure and Evaluation Period

The company carried out its 2024 corruption risk assessment in alignment with GRI 205-1, concentrating on risk identification and management strategies throughout its operations and supply chain. This assessment seeks to enhance internal governance and supply chain transparency, thereby ensuring integrity in all activities. No confirmed incidents of corruption were reported during the assessment period, underscoring the efficacy of the company's anti-corruption framework and the strength of its preventive measures.

2 | Operational Location Assessment Ratio

As of the conclusion of 2024, the Company undertook a corruption risk assessment of its operational sites and supply chain. This assessment encompassed 153 integrity statements issued by suppliers of commercial products, of which 43 were collected, resulting in a 28% acceptance rate. Additionally, 37 statements were issued by suppliers of processing plants, with 16 collected, yielding a 43% acceptance rate. In total, 190 integrity statements were issued, with 59 collected, leading to an overall collection rate of 31%. No corruption-related issues were identified within the collected integrity statements. The assessment did not achieve full coverage primarily due to the exclusion of some newly established locations and suppliers assessed as lower risk. Moving forward, we will progressively expand coverage to enhance comprehensiveness.

3 | Principal categories of risk identification

Throughout our operations, we have identified several critical areas of corruption risk, including undisclosed compensation for intermediary agencies, insufficient oversight mechanisms for international procurement processes, and information asymmetry within regional supply chains. These potential risks are predominantly concentrated in regions characterized by extensive international supply chains, particularly within procurement and sales processes. Although no actual cases of corruption were identified in 2024, we have enhanced preventative measures to mitigate these risks, including increased audit frequency and employee training.

4 | Overview of Assessment Types and Methods

Our company incorporates corruption risk assessment into its comprehensive risk assessment framework, addressing corruption-related issues. We routinely perform company-wide and supply chain anti-corruption risk self-assessments and internal audits. Our definition of "location" pertains solely to our headquarters in Taiwan, excluding overseas branches and outsourced supply chains. For 2024, only our Taiwan headquarters will be included in this ESG and integrity risk assessment. Currently, suppliers are mandated to submit integrity statements independently from their suppliers, and we are progressively encouraging them to endorse these statements. By 2025, we will enhance the requirements based on the revised contract, aiming for an implementation rate of 100 suppliers and a target recovery rate of 75%. Risk identification is carried out through audits, briefings, and supervisor interviews.

5 | Regulatory Compliance Statement and Anti-Corruption Policy Framework

Our organization is dedicated to adhering to Taiwan's Company Act, Securities and Exchange Act, and Commercial Accounting Act, along with government-mandated anti-corruption and anti-bribery regulations. We also mandate that our supply chain complies with the "Integrity Management Code." We have developed an integrity management policy and anti-corruption management procedures, which are integrated into our corporate governance charter, supplier management protocols, and procurement agreements. These procedures are supervised by the Compliance Department and the Audit Unit. These policies are applicable to all regular employees and suppliers, with management responsibilities distributed among all pertinent departments.

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Institutional Commitment: Ethical Standards, Education, and Training

GRI 205-3 Verified instances of corruption and subsequent actions taken

The Company has incorporated its anti-corruption reporting, auditing, investigation, and disciplinary procedures into its ESG and integrity governance framework. Auditors are tasked with conducting investigations and ensuring the engagement of senior management in decision-making processes. These procedures prioritize confidentiality and fairness, thereby cultivating a reliable reporting environment. Although no confirmed incidents of corruption were reported in 2024, we remain vigilant in monitoring potential risks, such as conflicts of interest and abuse of power, and we employ a tiered approach based on the severity of risks, directing monitoring and training resources to high-risk areas.

At present, potential risks are primarily focused in Taiwan, impacting critical units such as procurement and sales. Data sources encompass notifications, audits, and internal reports, with consistency and credibility maintained through cross-verification. To mitigate potential risks, the company has implemented a preventative response mechanism, which includes procedures for reprimands, demotions, terminations, or legal action. Additionally, we perform simulated post-incident reviews to continually enhance our internal control system.

We establish annual anti-corruption objectives, implement tracking systems and stakeholder communication processes, and consistently enhance governance transparency and response mechanisms to affirm our enduring commitment to ethical business practices.

1 | Theme of Revelation and Reporting Period

The Company reports anti-corruption incidents in alignment with GRI 205-3, encompassing the 2024 reporting period. Our disclosure framework emphasizes confirmed corruption incidents during this period, associated remedial actions, and risk prevention strategies, with the objective of improving information transparency and reinforcing internal governance.

2 | Total number of reported and verified corruption cases

During the Company's 2024 reporting period, no incidents of corruption were identified or investigated, resulting in a total of zero confirmed corruption incidents. Through internal audits, evidence collection, and employee reporting mechanisms, the Company guarantees that all potential risks are subjected to a thorough verification process. No violations were detected during the reporting period.

3 | Corruption Incidents by Region and Department

During the Company's 2024 reporting period, no incidents of corruption were reported, and consequently, there are no records pertaining to regional or departmental distribution. The Company remains committed to conducting risk assessments for Taiwan, its principal operating location, and routinely performs audits to ensure compliance with business operations.

4 | Inaccurate Benefit Records and Termination

During the 2024 reporting period, no corruption cases progressed to legal proceedings, nor were there any documented instances of improper benefits or dismissals. The Company upholds a rigorous internal control system to guarantee that all business activities adhere to ethical and regulatory standards.

5 | Legal Processes and Outcomes

During the Company's 2024 reporting period, no corruption cases progressed to legal proceedings, resulting in zero related outcomes. The Company adeptly prevents and manages potential risks through internal mechanisms, ensuring that no cases necessitate adjudication, settlement, or investigation.

6 | Incident Management and Organizational Response

During the Company's 2024 reporting period, there were no incidents of corruption, leading to no penalties or system modifications. The Company remains committed to enhancing its internal control system through regular audits, employee training, and risk assessments to mitigate potential corruption risks.

7 | Scope of Disclosure and Additional Clarification

The Company's disclosure pertains exclusively to full-time employees, omitting external subsidiaries and temporary personnel. This approach guarantees the relevance and consistency of the information provided. We recognize that this scope may overlook certain external risk factors and will assess the feasibility of broadening this coverage in the future.

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Governance design framework: integration of risk assessment and internal control

GRI 205 Anti-Corruption

The company regards anti-corruption governance as the cornerstone of its corporate integrity and internal control framework. By establishing a clear delineation of responsibilities between the Compliance and Audit departments, we have effectively integrated these institutional measures into our operational structure. Relevant regulations encompass the "Integrity Policy," "Code of Ethical Conduct," and "Supplier Code of Conduct," which are embedded within employee handbooks, procurement contracts, and supplier management processes to guarantee uniform standards and oversight for both internal personnel and external partners. Governance responsibilities are assigned to the Audit Department for conducting audits and investigations, while the Compliance Department oversees policy communication and violation reporting. Regular audits and annual reviews ensure that all systems align with Taiwanese laws and regulations (including the Company Act, the Securities and Exchange Act, and the Commercial Accounting Act) as well as international standards.

Our risk assessment framework, based on empirical data, includes self-assessment questionnaires, supervisor interviews, internal audits, and reporting records. It aims to identify high-risk areas, such as undisclosed intermediary agent compensation, insufficient oversight of overseas procurement, and information asymmetry within the supply chain, which are prevalent in agency management and cross-border procurement contexts. The 2024 anti-corruption risk assessment concentrated on suppliers, including our Taiwan headquarters, market-sourced products, and processing facilities. A total of 190 integrity declarations were issued, with 59 receiving final approval, resulting in a 31% response rate. This encompasses critical operational locations. For new or overseas sites, we are implementing a gradual approach to inclusion, utilizing project visits, contractual agreements, and educational training to systematically expand the scope of our system.

During the Company's 2024 reporting period, no incidents of corruption were identified or investigated, resulting in a total of zero confirmed corruption incidents. Through internal audits, evidence collection, and employee reporting mechanisms, the Company guarantees that all potential risks are subjected to a thorough verification process. No violations were detected during the reporting period.

To mitigate corruption, we have implemented an immediate disclosure mechanism that encompasses a reporting process for employee entertainment, gifts, and kickbacks. Additionally, we have reinforced third-party due diligence and conducted integrity assessments for key suppliers during the initiation and renewal of contracts. High-risk suppliers are incorporated into annual inspections as well as education and training programs. Our objective for 2025 is to secure integrity declarations from 100 suppliers, anticipating a compliance rate of 75%. Furthermore, we are committed to advancing employee training and reporting mechanisms, integrating them into our code of conduct and human resources systems to bolster our overall organizational risk prevention capabilities.

In terms of data transparency, we comply with IFRS and TWSE disclosure standards. All findings from anti-corruption investigations and audit data undergo internal review and documentation, with results disclosed in the sustainability report. At present, disclosure primarily pertains to permanent employees and operations in Taiwan (including the parent company and its subsidiaries), excluding temporary personnel and external subsidiaries. We will assess and integrate this information into our framework in the future to improve data integrity and risk management.

Overall, our anti-corruption governance has showcased the sophistication of its institutional framework and the consistency of its execution. Through a comprehensive "Identification - Monitoring - Investigation - Action - Review" process, we have bolstered the company's resilience against both internal and external risks. Moving forward, we will further utilize ESG governance to improve transparency and early warning capabilities within our supply chain partnerships, implement the United Nations Sustainable Development Goal (SDG 16), "Build peaceful and just societies," and enhance our integrity leadership within the global value chain through institutional fortification and data transparency.

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Competition Law Compliance Management: Price Agreements and Prevention of Monopoly Risks

GRI 206-1 Legal proceedings related to anticompetitive conduct, antitrust violations, and monopolistic practices

Recognizing the potential impact of anti-competitive risks on market fairness and operational stability, the Company has integrated these concerns into its ESG governance framework and established a collaborative management mechanism across departments. The legal, business, and internal audit teams conduct regular reviews of risk areas and enhance preventative measures and responsiveness through internal control systems and compliance audits. Although no anti-competitive lawsuits were filed this year, the system now encompasses risks such as monopolistic practices and price agreements, supported by pre-existing response mechanisms to bolster rapid response capabilities.

The present disclosure emphasizes significant operational sites in Taiwan. Information is derived from announcements and official penalty records released by relevant authorities, omitting unverified cases to maintain transparency and clarity. We have also instituted contractual non-compete agreements, a quotation review system, and educational training to embed compliance requirements into our daily operational practices. Moving forward, we will persist in fortifying system enforcement and risk monitoring, with plans to broaden disclosure to encompass overseas subsidiaries, thereby enhancing overall anti-competition risk management and ensuring fair trade and integrity in our operations.

1 | Theme of Revelation and Reporting Period

In alignment with the disclosure requirements of GRI 206-1, the Company reports on legal cases related to anti-competitive behavior for fiscal 2024, detailing the number of cases, outcomes of their handling, and institutional responses, thereby ensuring transparency of information and adherence to international standards.

2 | Overview and summary of legal cases

The Company did not encounter any allegations or lawsuits related to anti-competition, antitrust, or anti-monopoly matters in 2024, resulting in a total of 0 cases. There is no requirement to detail the type of case, the subject, or the status of the proceedings.

3 | Litigation Results and Reactions

Due to the absence of related litigation cases, the Company was not subject to any judgments, fines, or settlements during the reporting period, nor did it incur any financial losses or experience reputational damage.

4 | System Enhancement and Management Strategies

The Company has integrated non-compete clauses into its contract templates, prohibiting unfair pricing agreements and information exchanges, and has implemented a price review system to audit all customer quotations. These measures have been incorporated into the existing governance framework to enhance compliance risk management.

5 | Scope of Disclosure and Additional Clarification

This disclosure pertains solely to the operations of our company and its headquarters in Taiwan, excluding any overseas subsidiaries. Should any new allegations arise, further disclosures will be issued in the subsequent year.

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Internal Control of Fair Competition: Oversight Process and Enhancement Mechanism

GRI 206 Anti-Competitive Conduct

Tongtai Precision Machinery places a strong emphasis on preventing anti-competitive behavior as a fundamental aspect of corporate governance, enhancing fair competition mechanisms across its operations through systematic design. We have instituted thorough internal control processes, with the Legal Department supervising compliance with all contracts and working in conjunction with the Business and Audit Departments to identify and implement risk mitigation strategies.

The contract management system explicitly forbids unfair pricing agreements, information sharing, and other monopolistic practices, while incorporating non-compete clauses into all contract templates. The price quotation process is subject to multiple levels of review, including preliminary evaluation, cross-departmental verification, and final approval. Comprehensive audit records are maintained to support audit tracking and risk monitoring.

In the realm of governance operations, we have instituted a compliance audit mechanism that performs a thorough annual review, which includes contract evaluation, education and training, and the execution of internal control systems. In fiscal 2024, no lawsuits pertaining to anti-competitive behavior were filed, underscoring the efficacy of the existing system in averting such infractions. Nevertheless, to uphold transparency and proactive management, we persist in monitoring various risk indicators and routinely assessing the effectiveness of our processes.

In the realm of education and training, Tongtai Precision Machinery conducts a minimum of two courses on anti-competitive behavior each year to inform employees about pertinent regulations and risk scenarios, thereby enhancing compliance awareness among sales and contract personnel. Risk hotspots are routinely evaluated through cross-departmental meetings to facilitate timely strategic adjustments.
Concerning data disclosure, the 2024 disclosure scope encompasses the company's principal operating locations in Taiwan and currently excludes overseas subsidiaries. Nevertheless, a standardized compliance reporting template has been developed to support future expansion. All disclosed information is validated against official announcements from regulatory authorities and official documentation to guarantee accuracy and traceability.

Looking forward, the company will persist in enhancing data integration and institutional resilience, integrating anti-competitive risk management into the overarching ESG governance framework, consistently monitoring effectiveness through established KPIs (such as audit completion rates and training coverage), and dynamically adjusting contract policies and audit priorities in alignment with domestic and international regulations to uphold a fair and competitive operating environment.

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7.4 Local Procurement and Collaborations

GRI 204-1 Proportion of procurement expenditures from local suppliers

Our company integrates local procurement within its sustainable procurement governance framework, prioritizing the enhancement of supply chain resilience and the support of the regional economy. Through well-defined policies and auditing mechanisms, we classify suppliers registered in Taiwan that provide products or services locally as "local suppliers." We identify Luke Plant 1 as a "significant operating location" to ensure a consistent definition and traceability. By 2024, 78% of Luke Plant 1's procurement revenue will be sourced from suppliers in southern Taiwan, reflecting our strong commitment to the local supply chain and contributing to the growth of small and medium-sized enterprises, employment stability, and the reduction of carbon emissions, among other social benefits.

At a systemic level, we assess the annual local procurement ratio utilizing invoice and payment data. This information is preserved within internal systems and is subject to regular audits to improve transparency and accuracy. This disclosure pertains specifically to Taiwan; international locations are not yet incorporated due to ongoing system integration. We intend to broaden this statistical scope in the future to strengthen disclosure integrity and promote global supply chain sustainability, thereby underscoring our long-term commitment to local prosperity.

1 | Theme of Revelation and Reporting Period

The Company will reveal its local supplier spending ratio in 2024, emphasizing procurement practices at key operating locations to illustrate our dedication to bolstering the local economy.

2 | Percentage of procurement expenditure from local suppliers

Ninety-six percent of our procurement expenditure in Taiwan is sourced from local suppliers, illustrating our commitment to integrating into the local supply chain to enhance operational stability. Seventy-eight percent of our purchases at Luke Plant 1 are derived from suppliers in southern Taiwan, a figure that underscores our contribution to the regional economy and promotes community development through local sourcing.

3 | Definition of "Local Suppliers"

We define "local suppliers" as those registered in Taiwan that provide products or services within the region. Luke Plant 1 sources 78% of its products from suppliers located in southern Taiwan. We prioritize local manufacturers that possess carbon inventory and quality certifications to guarantee the sustainability and quality of our supply chain.

4 | Definition of Principal Operation Locations

The Company designates its principal operating site as Luke Plant 1. This designation is informed by the employee count, revenue contribution, and production capacity, which collectively represent the scope of our essential production activities.

5 | Basis of Calculation and Source of Data

We utilize the total procurement amount for 2024 as the denominator and the procurement amount from suppliers at the Taiwan headquarters as the numerator for our calculations. This approach guarantees the integrity and consistency of the data according to system classification.

6 | Disclosure of Limitations and Exclusions

This disclosure encompasses only local Taiwanese suppliers and excludes overseas locations or foreign procurement. The percentage for southern Taiwan is derived from purchase invoices from Luke Plant 1. If certain regions are not fully represented, we will persist in optimizing data collection to enhance the completeness of this disclosure.

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GRI 204 Procurement Practices

We have integrated local sourcing as a fundamental component of our sustainability governance framework, aimed at enhancing supply chain resilience and affirming our long-term dedication to bolstering the regional economy. From a systemic viewpoint, we emphasize local suppliers in our procurement policies, ensuring consistent application through well-defined criteria, qualification standards, and site classifications.

We define "local suppliers" as entities registered in Taiwan that offer products or services within the region. Preference is given to companies demonstrating sustainable practices, including carbon inventories and quality certifications. Our procurement team is responsible for supplier registration, qualification assessments, and annual audits in alignment with our Standard Operating Procedures (SOPs). The Sustainability Committee, overseen by the Board of Directors, routinely evaluates policy implementation to ensure that local engagement remains central to governance decisions.

By 2024, 96% of our procurement expenditures in Taiwan will be sourced from local suppliers. With Luke Plant 1 serving as our main operational site, 78% of our procurement will originate from suppliers in southern Taiwan. The criteria for site selection encompass employee count, revenue contribution, and production capacity to guarantee representative disclosure. This approach fosters local employment and economic circulation while simultaneously minimizing transportation-related carbon emissions.

To ensure data consistency and traceability, we incorporate invoices, payments, and purchase documents into an internal record system. Additionally, we establish a dedicated team within our governance framework to oversee the integrity and accuracy of procurement data. The procurement ratio at the Taiwan headquarters is calculated by using total purchases as the denominator and local supplier amounts as the numerator, employing system-based categorization. This systematic approach enables stakeholders to clearly comprehend the rationale behind procurement decisions and facilitates external scrutiny.

Our Standard Operating Procedure explicitly outlines the principles governing location disclosure. The 2024 disclosure clarifies that it currently pertains solely to Taiwanese suppliers and excludes overseas locations, primarily due to limitations in regional data collection. In the future, we will enhance the supply chain system to incorporate global locations, thereby improving governance consistency and integrity.

Furthermore, our system integrates climate risk management by prioritizing local suppliers with low-carbon certification capabilities. This approach bolsters the regional economy while enhancing overall sustainability performance. Our procurement standards emphasize not only supply quality but also incorporate sustainability indicators, including carbon management, social responsibility, and local contributions, as fundamental principles for fostering long-term partnerships.

At the implementation level, a cross-departmental collaboration framework guarantees clear accountability. The procurement department is tasked with initial screening and data logging, while the sustainability and legal departments engage in subsequent audits and system oversight to ensure ongoing policy optimization and execution. Internal KPIs and annual evaluations are integrated into the governance structure to assess the effectiveness of local procurement on supply chain stability and community impact.

Through this institutionalized governance framework, we not only enhance transparency of information and accountability mechanisms but also leverage procurement as a pivotal tool to foster social responsibility and regional prosperity, showcasing the company's maturity, foresight, and commitment to sustainable governance within local contexts.

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EcoCycle | Product Innovation and Customer Value Enhancement

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8.1 Product and Service Safety and Health

GRI 416-1 Evaluate the effects of product and service categories on health and safety.

The Company acknowledges the significance of product health and safety in fostering customer trust and ensuring sustainable operations. We have incorporated health and safety assessment systems into our product design and development processes, integrating them into our comprehensive ESG governance framework. In 2024, we implemented a cross-departmental collaboration mechanism, wherein the R&D, Quality, and Supply Chain teams collectively conduct assessments. Through goal setting and internal audits, we consistently evaluate the effectiveness of this system to guarantee that product safety management aligns with business development.

Our company has developed assessment methodologies specifically tailored to each phase of the product lifecycle, encompassing design, manufacturing, usage, and disposal. For instance, in the design phase, we prioritize fail-safe mechanisms and early warning systems, while in the usage phase, we concentrate on actual operational safety. Our evaluations of smart system products encompass 100% of our offerings and approximately 85% of new mechanical product models. Data is validated by third-party entities and subjected to internal testing to guarantee quality and traceability.

For legacy models and outsourced products, the company is consistently enhancing its data integration processes and tracking management, with the objective of achieving comprehensive coverage within three years. Moving forward, we will persist in refining our systems, bolstering risk management throughout the product lifecycle, and maintaining our commitment to product governance that prioritizes user safety.

1 | Theme of Revelation and Reporting Period

In 2024, the Company undertook a thorough evaluation and disclosure of the health and safety implications of its products and services. This report seeks to guarantee product safety throughout all phases of the product lifecycle while fostering customer trust and satisfaction. It encompasses the Company's initiatives and accomplishments in managing product health and safety during the reporting period.

2 | Proportion of health and safety evaluation coverage

The Company aims to attain 100% health and safety assessment coverage for its smart system products by 2024, encompassing all phases of the product lifecycle, including design, production, delivery, usage, and disposal. Additionally, for newly developed machinery products, the Company has achieved approximately 85% assessment coverage, which also includes the complete design and disposal phases, ensuring product safety and reliability at every stage.

3 | Assessment Criteria and Implementation Framework

Our company performs health and safety evaluations of our smart system products throughout the entire design, development, testing, deployment, and operational phases, adhering to internationally recognized standards and specifications. These primarily encompass ISO 12100 design guidelines, CE marking, TS marking, as well as electrical and noise testing, in addition to emergency stop (E-Stop) testing. The evaluation process emphasizes critical indicators such as foolproof design, abnormality warning functions, and operational safety to ensure product safety in real-world scenarios. These assessment standards and processes are integrated into our product development and quality management systems and are routinely reviewed and updated to align with the latest regulations and market demands.

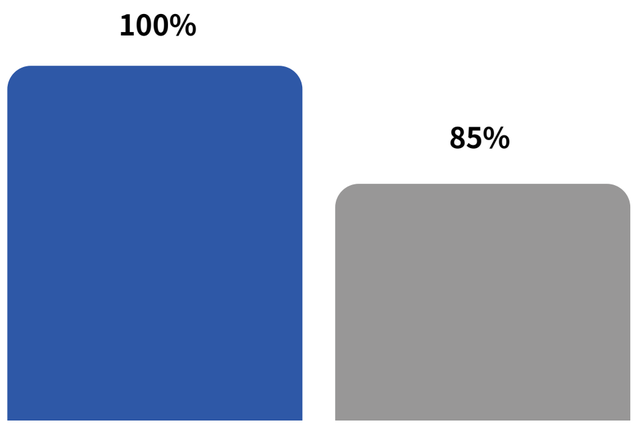
4 | Disclosure of Limitations and Scope of Application

In the Company's 2024 health and safety evaluation, smart system products attained complete coverage at 100%. In contrast, mechanical products achieved approximately 85% coverage, mainly concerning newly developed models in 2024. Certain older mechanical products and outsourced brand items were excluded from the assessment, primarily due to constraints in data integration and resource allocation. The Company intends to progressively incorporate these uncovered products into the assessment system in the coming years to improve the overall assessment's comprehensiveness and consistency.

Product Health and Safety Impact Evaluation Report

2024 Comprehensive Life Cycle Safety Management and Evaluation Outcomes

Assessment coverage performance analysis



Intelligent system products
Thorough health and safety evaluation encompassing all phases of the product life cycle.

Recently developed machine models
2024 Evaluation of the New Development Model from Design to Disposal

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Evaluation criteria and certification foundation

ISO

ISO 12100
Machinery Safety Design Code - Guidelines for Risk Assessment and Mitigation

THIS

CE Marking
EU Conformity Mark
Product Safety Standards

TS

TS Mark
Taiwan Safety Mark Local Regulatory Compliance Certification

Electrical safety
Electrical system safety evaluation Insulation and grounding assessment

Product Life Cycle Assessment Procedure

1

Design Phase
Infallible design, introduction of safety standards, risk identification and evaluation

2

Production phase
Quality Management System Safety Testing and Verification Standards Compliance Assessment

3

Delivery phase
Packaging safety design, transportation risk assessment, and the development of handling guidelines.

4

Utilization phase
Operational safety protocols
Abnormal alert mechanism
Maintenance safety protocols

5

Disposal phase
Environmentally sustainable disposal guidelines, Safe deconstruction procedures, Recycling strategies

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Safety by Design: Health and Safety Evaluation and Checkpoints

On-site safety assessment testing

Noise assessment
Workplace noise measurement adheres to occupational safety and health standards to safeguard operators' auditory health.

Emergency stop mechanism
E-Stop system validation for swift emergency intervention to guarantee operator safety.

Anomalous alert system
Fault prediction and warning systems serve as preventive safety mechanisms that mitigate the risk of accidents.

Identifying constraints and enhancing strategic planning

Assessment scope limitations
Certain older model machinery products and outsourced brand products have been excluded from the assessment scope, primarily due to limitations in data integration and resource allocation.

Continuous Improvement Strategy
We intend to progressively incorporate uncovered products into the evaluation system in the coming years to improve the comprehensiveness and consistency of the overall assessment.

Resource integration and optimization
Enhance interdepartmental collaboration frameworks, create a cohesive data collection and analysis platform, and optimize assessment efficiency.

Reporting timeframe
2024 Comprehensive Year Evaluation

Assessment Emphasis
Health and safety implications at every phase of the product life cycle

Objective Vision
Enhance customer confidence and satisfaction regarding product safety.

Continuously enhance the product safety management system to guarantee safety throughout the entire life cycle.

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Incident Management System: Commitment to Zero Violations and Response Protocol

GRI 416-2 Non-compliance with health and safety regulations pertaining to products and services

In 2024, the Company further enhanced the management of health and safety concerning its products and services. Through systematic systems and risk management, it successfully achieved its objective of zero compliance incidents for the entire year. We have incorporated health and safety governance into our ESG framework, establishing a cross-functional internal audit and target management mechanism across the R&D, Quality Assurance, and Legal departments to ensure adherence to regulations and international standards from design to delivery. To mitigate potential risk sources, the Company has implemented an incident definition and classification process that encompasses design flaws, process issues, and operational risks, while collecting data across various product lines and markets. Currently, direct-sale products are comprehensively covered, and the integration of information for outsourced OEM and overseas markets is continually improving. This disclosure encompasses all direct-sale products and Taiwan operations (parent company and Taiwan subsidiaries), ensuring a high level of representativeness. The data is derived from internal audits, system records, and customer feedback, supplemented by third-party verification to maintain consistent quality and transparency. Moving forward, we will continue to broaden the scope of disclosure and introduce intelligent monitoring technologies to enhance early warning and response capabilities, ultimately ensuring the sustainable protection of customer health and safety.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will comprehensively disclose all customer health and safety violations associated with its products and services, with the objective of showcasing the effectiveness and transparency of our management initiatives in ensuring product safety and regulatory compliance. This report encompasses statistics and follow-up actions for all pertinent incidents throughout the year, ensuring that stakeholders have a complete understanding of the Company's performance and dedication to health and safety.

2 | Total number of health and safety infractions

In fiscal year 2024, the company reported no health and safety violations associated with its products or services, amounting to zero. This information encompasses all product categories and service areas, guaranteeing thorough and consistent disclosure. We consistently monitor potential risks through regular internal audits and risk assessments to ensure that our products and services comply with health and safety standards.

3 | Clarification of the repercussions of infractions

In fiscal year 2024, the company reported no health and safety violations leading to injuries, fatalities, fines, product recalls, or written warnings, with zero incidents across all consequence categories. This conclusion is derived from violations of applicable regulations, standards, or internal procedures, and is substantiated by notifications from relevant authorities, customer complaints, and internal audit findings. We will persist in monitoring any potential impacts to guarantee the safety of our products and services.

4 | Infringements of Voluntary Regulations

The Company reported no health and safety incidents associated with violations of voluntary regulations in 2024, resulting in a total of zero incidents. We not only meet mandatory regulatory requirements but are also dedicated to upholding non-mandatory industry standards and internal commitments to guarantee the safety and quality of our products and services.

5 | Description of remedial or corrective action

In fiscal 2024, our operations in Taiwan, including both the parent company and subsidiaries, did not experience any violations of product or service health and safety regulations, nor did we receive warnings or fines from relevant authorities. Consequently, no remedial measures are necessary for specific incidents. Our product development and manufacturing processes comply with ISO 12100 mechanical risk assessment principles, CE Marking, and TS safety marking. We perform comprehensive risk assessments on all new products, which include risk classification, operator protection design, and electrical safety testing. Additionally, we conduct design reviews and factory inspections (FATs) for all products shipped to various markets to ensure product safety. We also engage in regular internal testing and maintain documentation for traceability to continuously evaluate and enhance preventive measures while mitigating potential risks. Should any future violations or customer complaints arise, we will promptly initiate cross-departmental collaboration, involving the Quality Assurance, Audit, and Legal departments to conduct a root cause analysis. We will communicate our progress within five business days and formulate an improvement plan. For information regarding relevant complaint channels, please consult GRI 2-25 and 2-26.

6 | Guidelines for Excluding Disclosure Event Types

This disclosure excludes incidents pertaining to information mislabeling, as they are categorized under different disclosure topics (such as product labeling and marketing regulations) and are not reflected in the health and safety violation statistics. All other types of incidents related to health and safety are included in this disclosure to guarantee completeness and transparency.

7 | Does it encompass all products and regions?

This disclosure addresses health and safety violations pertaining to all Tongtai-branded products and services, with a primary emphasis on operations in Taiwan (including the parent company and its subsidiaries), ensuring that all significant product lines and markets are encompassed in the evaluation. However, products from externally commissioned or agency brands are excluded from this disclosure; the responsibility for their health and safety management rests entirely with the partner manufacturers.

8 | Disclosure Limitations

This disclosure pertains exclusively to health and safety violations related to Tongtai's directly sold products, with a primary emphasis on operations in Taiwan (including the parent company and its subsidiaries). Products under outsourced private labels and overseas brands are managed independently by our partners and are therefore excluded from this disclosure. At present, our partners have not reported any health and safety violations. We will maintain ongoing communication with our partners to ensure transparency and will assess the potential to broaden the scope of our disclosure in the future.

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Customer Health and Safety Violation Reporting

2024 Achievements in Product and Service Safety Management

Zero infractions
Total health and safety violations in 2024: 0

Safety management performance metrics

3
Consecutive years
Zero violation history
Sustained from 2022 to 2024

100%
Success rate
Security Objectives
Surpassing industry standard performance

0
Number of items
Customer Grievances
Health and safety-related concerns

0
frequency
Notification from the relevant authority
Impeccable record of regulatory compliance

Customer Health and Safety Violation Reporting

Design Evaluation
Verification of ISO 12100 design standards, assessment of safety risks, and confirmation of protective measures.

Electrical assessment
Insulation resistance testing Ground continuity verification Leakage current assessment

Functional assessment
Emergency stop function validation Safety interlock system assessment Abnormal situation simulation

Factory validation
CE Declaration of Conformity Test Report Verification Quality Certification Authorization

Risk Mitigation
Preventive maintenance strategy, operational manual provision, safety training assistance

Follow-up
Gather customer feedback, address issues promptly, and implement ongoing improvement measures.

Import standards and certification frameworks

ISO 12100 design standard
Mechanical Safety Design Principles
Risk Assessment and Mitigation
Safety Protection System Design

CE conformity certification
EU Safety Standard Certification
Product Compliance Declaration
Technical Document Integrity

FAT - Factory Acceptance Test
Comprehensive Performance Testing Before Shipment
Safety Double Verification
Customer Requirements Conformity Verification

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Incident Management System: Commitment to Zero Violations and Response Protocol

Customer feedback system

24-hour service helpline

- Expert technical support team
- Time inquiry response processing
- Swift response in emergencies
- Multilingual support services

Digital feedback platform

- Submit an online problem ticket.
- Real-time monitoring of processing advancement
- Satisfaction survey responses
- Compilation of enhancement recommendations

Interdepartmental inquiry mechanism

- Quality Assurance Department Quality Assessment Survey
- Audit Unit Procedure Evaluation
- Legal department compliance confirmation
- Technical analysis by the engineering team

Disclosure Scope and Limitations

✅ Dongtai brand direct sales merchandise

All private label products are incorporated into the health and safety violation statistics to guarantee comprehensive tracking and oversight.

✅ Comprehensive product life cycle

Monitoring health and safety incidents throughout all phases, including design, production, sales, usage, and disposal.

✕ Outsourced original equipment manufacturer products

Products branded by externally commissioned agents or manufacturers are managed independently by the collaborating entities and are excluded from the scope of this disclosure.

✕ Information designation error event

Monitoring health and safety incidents throughout all phases, including design, production, sales, usage, and disposal.

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GRI 416 Health and Safety of Customers

The Company places a high priority on the governance of health and safety concerning its products and services, and will persist in enhancing system design and implementation throughout 2024, fully incorporating relevant assessments into its ESG management framework. This assessment system encompasses all phases of the product lifecycle, including design, production, delivery, usage, and disposal, while referencing international standards such as ISO 12100 Machinery Risk Assessment Principles, CE Marking, and TS Safety Labeling to ensure regulatory compliance and product reliability.

In terms of implementation, smart system products have attained complete coverage, while newly developed mechanical product models represent approximately 85%. This evaluation encompasses all operations in Taiwan, including the parent company and its subsidiaries, as well as major product lines, rendering it highly representative and indicative of the gradual enhancement and expansion of governance systems. Through cross-departmental collaboration, which integrates R&D, quality assurance, supply chain, and legal departments, a clear accountability framework has been established to facilitate risk control from the design phase to market distribution.

We have implemented a thorough data collection and quality control process that includes internal audits, customer feedback, and third-party verification. Assessment data is consolidated through system records, field testing, and supplier reports. All boundary assumptions and estimation methodologies, including the distinction between directly-operated and outsourced products, are clearly articulated, ensuring transparency and reliability. Although the integration of data for certain older models and outsourced brands still necessitates optimization, we have commenced a plan to progressively broaden this inclusion to improve assessment comprehensiveness.

Preventive management is fundamental to this system. We integrate various safety testing mechanisms into the product development process, including abnormality warning functions, fail-safe design, and Factory Acceptance Testing (FAT). Additionally, we enhance operating instructions and training during the user phase. These measures are ingrained in both the product and manufacturing processes and extend to upstream supply chain requirements to ensure that suppliers comply with health and safety standards.

We have developed a comprehensive definition and classification process for managing non-compliance incidents, which includes design defects, process anomalies, and operational risks. In fiscal year 2024, there were no incidents leading to fines, recalls, or injuries, underscoring the effectiveness of our preventative system and the sophistication of our internal controls. Even in the absence of mandatory regulations, we voluntarily comply with more stringent internal standards, reflecting our dedication to customer safety.

Our governance framework encompasses remediation and continuous improvement mechanisms. Should potential risks be identified, cross-departmental investigations and enhancement plans will be initiated. Senior management routinely evaluates health and safety indicators and integrates them into decision-making processes. Additionally, we consistently bolster employee safety awareness and implementation capabilities through regular training and educational sessions, as well as management review meetings, to ensure ongoing system optimization.

Looking forward, the company has established a three-year mid- to long-term objective to comprehensively integrate health and safety assessments across all product lines while optimizing the data integration process for legacy models and outsourced brands. Additionally, we will implement advanced monitoring technologies and intelligent analytical tools to enhance our risk early warning capabilities. Through this system, the company not only upholds a zero-violation record but also exemplifies its proactive vision and tangible actions in ESG governance, partnering with stakeholders to create a safe and responsible product value chain.

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8.2 Compliance with Information Labeling and Marketing Standards

GRI 417-1 Standards for product and service information and labeling

Our company is dedicated to implementing a systematic approach and a strong governance framework for the management of product and service labeling, ensuring transparency of information and adherence to regulatory standards. We have integrated the labeling classification system into our ESG management framework. By fostering cross-departmental collaboration among R&D, Manufacturing, Quality Assurance, and Legal, we embed labeling requirements and regulatory considerations into the initial phases of product development. This commitment is further supported by annual objectives and internal audits.

Currently, labeling compliance coverage has achieved 92%, encompassing key product lines and locations, thereby demonstrating significant representativeness. While certain processes may differ due to variations in national regulations—such as the EU market's requirement for additional disclosure of RoHS or WEEE guidelines—overall labeling management remains consistent with historical data and is subject to regular quality audits.

Data collection is primarily conducted through system management tools and supplier reports, augmented by third-party verification and cross-validation to ensure data integrity. To mitigate the risk of errors, we have instituted unified templates and standardized alerts, while integrating pertinent regulations into our production and procurement processes, thereby underscoring our dedication to product responsibility and our pursuit of continuous improvement.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will undertake a thorough disclosure of product and service information labeling, with the objective of showcasing our system design, implementation outcomes, and ongoing enhancement strategies in product labeling management.

2 | Product and service categories must be specified.

Our company specializes in the sale of mechanical equipment, which encompasses five-axis machines, integrated machining centers, milling machines, specialized machinery, and peripheral automation equipment. All products must display product information and safety labeling in accordance with applicable laws and regulations. For exports, we guarantee adherence to relevant regulations, as well as customer and regional requirements, including CE, ISO, RoHS, and TS standards, to satisfy the needs of the international market.

3 | Labeling Protocol and Foundation

Our company complies with and enforces product labeling regulations in accordance with CE Marking, TS safety marking, ISO 12100 standards, and market demands. We provide operating manuals, installation instructions, and warning labels with each product delivered to guarantee that users receive vital information. In fiscal 2024, we performed labeling compliance audits on products accounting for 92% of our revenue, and we uphold a systematic internal audit process to ensure the precision and uniformity of labeling content.

4 | Disclosure of product labeling elements

All of our products are distinctly labeled "Made in Taiwan" and adhere to pertinent regulatory requirements for export. As our products consist of mechanical equipment, we do not disclose material composition information. We only provide additional declarations for materials that comply with environmental or safety standards, such as RoHS compliance. Each piece of equipment includes essential information such as model, specifications, serial number, and place of origin on the nameplate and in the manual. Concerning safety, the operator's manual and nameplate feature operating safety warnings, alerts for abnormalities and maintenance, locations for emergency stops (E-Stop), and safety protection features. Safety regulations are further reinforced through training provided upon delivery. Additionally, our manuals contain instructions for repair, disassembly, and recycling. For export models, we offer environmental and recycling guidelines in accordance with local regulations, including compliance with the EU WEEE Directive. However, we currently do not disclose information regarding the social impact of our products. We provide environmental labels or energy efficiency information only upon request (for instance, for export to the EU market). These details are not publicly displayed on standard models. Lastly, the operating manual also includes information such as maintenance intervals, regular inspection items, after-sales service contact details, and the expiration date of certain consumables (such as lubricants). For export products, if CE or RoHS requirements are applicable, we will attach the corresponding supporting documentation.

5 | Regulatory Labeling Assessment Coverage Ratio

The company performed a product labeling compliance assessment in 2024, attaining a coverage rate of 92%. This figure is derived from revenue share. The assessment process encompasses internal audits and external regulatory compliance evaluations to ensure that labeling content adheres to pertinent international standards and local regulations. Data sources comprise product labeling records and compliance reports.

6 | Disclosure of Limitations and Exclusions

The company presently faces certain limitations regarding the scope of its information labeling audits, with some component suppliers not being fully incorporated into the audit process. Additionally, a limited number of older models, products with specific export specifications, and items not directly sold through established channels are excluded from this disclosure. We will persist in evaluating our labeling management practices in these domains to enhance the overall comprehensiveness of our disclosures.

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Product and Service Information Labeling Management Report

2024 • Compliance Management for Labeling and Digital Transformation Strategy

92% **Labeling compliance evaluation scope**
Thorough audit administration grounded in revenue distribution

Product Labeling Scope

Five-axis machining center
High-precision multi-axis machining apparatus
Adhere to CE and ISO international standards.

Advanced machining center
Adaptable processing solutions
Taiwanese quality assurance

Turning and milling machinery
Integrated design for turning and milling
Enhance processing efficiency

Specialized machinery equipment
Tailored industrial processing equipment
Addressing special needs

Peripheral automation devices
Intelligent Automation Solutions
Enhance the level of production automation.

International standards and certifications

THIS
EU conformity mark

TS
Taiwan Safety Certification

ISO
ISO 12100 standard

RoHS
Restriction of Hazardous Substances

WEEE
Electronic waste

WITH
Manufactured in Taiwan

Labeling management procedure

Standard establishment
In accordance with regulations and customer requirements
Market demands

Production designation
Nameplate fabrication and manual assembly
Cautionary label

Compliance Assessment
Internal Audit and External Verification
Conformity Verification

Product distribution
Comprehensive Document on Education and Training
Post-sales service

Ongoing Enhancement
Regular evaluation and revision of standards
Process Enhancement

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Digitalization of Label Governance: Introduction of Tools and Progress in Compliance

AI Intelligent Labeling Evaluation Tool

Cognitive evaluation system

- Automatically detect and highlight absent items.
- Multilingual standard evaluation
- Immediate compliance identification
- Unusual alerts and recommendations

Data analytics platform

- Labeling Compliance Trend Analysis
- Risk assessment and proactive alerting
- Performance indicator monitoring
- Generation of improvement suggestions

System Integration Interface

- Effortless integration with the ERP system
- Supply chain data alignment
- Automated alignment of customer requirements
- File version control

Supply chain collaboration framework

supplier
Material Specifications Certification
Documentation
Compliance Details

→

Digital Platform
Data integration and standardization
Automated evaluation

→

Todai Seiki
Product Labeling Quality Assurance
Compliance Verification

→

client
Eliminate negative information entirely while presenting it transparently.
Usage Guidelines

Enhance supply chain transparency and labeling quality via digital platforms.

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Digitalization of Label Governance: Introduction of Tools and Progress in Compliance

Existing limitations and avenues for enhancement

Comprehensive data disclosure
The audit scope has not yet fully encompassed component supply, older models, and products with special specifications.

Information disclosure requires enhancement.
Product social impact information and environmental label energy efficiency details are available only upon specific customer request.

Digital transformation requirements
The current manual review process exhibits limited efficiency and requires enhancement via a digital platform.

Challenges in supply chain integration
The data-sharing mechanism with suppliers requires enhancement to bolster the integrity of information disclosure.

2024 Results
92% product labeling compliance assessment coverage, quality assurance from Taiwan

2025 goals
95% digital platform coverage and complete execution of AI smart auditing

Ongoing Enhancement
Broadening the assessment scope and improving information transparency

Global Standards
CE, ISO, RoHS, and WEEE comprehensive compliance management

We are dedicated to delivering comprehensive product information labeling to guarantee customer safety and satisfaction.

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Risk prevention mechanism: elimination of mislabeling and sustained prevention

GRI 417-2 Instances of non-compliance with regulations pertaining to product and service information and labeling

The company emphasizes compliance and transparency in product and service labeling, embedding these principles within its overarching ESG governance framework and product regulatory management processes. We have developed a labeling management system aligned with international standards, including the CE and TS safety marks and ISO 12100. This system integrates cross-departmental collaboration with internal audits to guarantee the accuracy and consistency of labeling content. The product R&D, quality management, and legal teams work together on labeling reviews and updates, and we incorporate compliance objectives into annual KPIs to continually enhance management effectiveness.

To identify and rectify violations, we have implemented a comprehensive reporting and tracking process that includes customer feedback, audit findings, and notifications from regulatory authorities. A specialized team is responsible for investigating, documenting, and executing follow-up improvements. Data is evaluated by two departments and augmented with third-party verification to bolster the reliability of the disclosed information.

For our agent products, we explicitly delineate data exclusion criteria and accountability to avert information omissions. In the event of labeling anomalies, we will promptly initiate corrections, removals, and educational training to ensure appropriate handling and prevent recurrence. Moving forward, we will implement a digital management system and enhance KPI tracking to continuously improve the maturity of labeling governance and foster stakeholder trust.

1 | Theme of Revelation and Reporting Period

The Company reports its adherence to product and service information labeling in alignment with applicable international standards, with the reporting period encompassing the fiscal year 2024. This disclosure addresses the Company's management of product and service information labeling, statistics on non-compliance incidents, and associated handling mechanisms, underscoring our dedication to regulatory compliance and transparency of information.

2 | Overview and Categories of Violations

In fiscal year 2024, our company reported no violations of regulations or voluntary standards concerning product information and labeling, nor did it incur any penalties from relevant authorities. Throughout the reporting period, there were no instances of non-compliance that resulted in fines, warnings, or breaches of voluntary commitments. We consistently uphold the accuracy and compliance of labeling content through internal management systems and transparently disclose these findings to foster information transparency and stakeholder trust.

3 | Nature and concise description of the violation

During the reporting period, our company encountered no violations concerning product and service labeling. Our management of product labeling strictly complies with international standards, including the CE and TS safety marks, as well as ISO 12100. We routinely perform internal audits and revise labeling content to guarantee accuracy and compliance. To date, we have no record of any disciplinary actions taken by any competent authority.

4 | Exclusion of incident description (not the organization's liability)

In this disclosure, we exclude labeling responsibilities for products we distribute from our statistics. The responsibility for labeling these products lies with our partners and is not our primary obligation. We clearly delineate responsibilities and maintain continuous communication with our partners to ensure labeling quality throughout our entire supply chain.

5 | Disclosure of Limitations and Exclusions

This disclosure pertains solely to products manufactured and shipped from our Taiwan headquarters; it does not encompass outsourced products or those imported through agents. This exclusion arises from the fact that the labeling management of these products falls under the purview of our partners or third parties, over whom we exert no direct control. We remain committed to collaborating with relevant stakeholders to ensure the accuracy and transparency of our comprehensive product information.

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Risk prevention mechanism: elimination of mislabeling and sustained prevention

Product Information Labeling Compliance Assessment

2024 • Impeccable record of zero violations

Impeccable compliance record

Zero violations of product information labeling in 2024.

0	0	0	100%
Violations	Notice of Violation	Sanctions imposed by the relevant authority	Regulatory adherence rate

Adhere rigorously to international standards.

THIS
CE marking
EU Conformity Certification and Safety Standards Verification

TS
TS safety certification
Taiwan Safety Mark adheres to local regulations.

ISO
ISO 12100
International Certification Specifications for Machinery Safety Standards

WITH
Manufactured in Taiwan
Origin label Quality assurance label

Indicators of compliance management effectiveness

0
Regulatory infractions
Adhere rigorously to international standards, including CE and TS safety marks, as well as ISO 12100.

0
Voluntary Code Breaches
Surpass obligatory standards and actively adhere to industry best practices.

0
Sanctions imposed by the relevant authority
Foster positive relationships with regulatory authorities and maintain a clean disciplinary record.

0
Amount of penalty
Flawless compliance performance devoid of any financial loss

Labeling management system

Routine internal audits
Implement a systematic auditing mechanism to routinely verify the accuracy and completeness of labeling content.

Revision of label content
Revise product labeling information promptly to guarantee adherence to the most recent regulatory standards.

Regulatory Monitoring and Assessment
Continue to monitor developments in international standards and proactively address regulatory revisions.

Quality assurance system
Establish a thorough quality control process to guarantee labeling compliance from the source.

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Risk prevention mechanism: elimination of mislabeling and sustained prevention

Definition of disclosure scope and responsibility

The Taiwan headquarters oversees product manufacturing

Private label products are sold directly

The labeling process is fully controlled

Jurisdiction of direct responsibility is established

The company assumes complete responsibility for labeling and maintains control over these products, thereby ensuring the accuracy and compliance of the labeling content.

Statistical exclusion threshold

Agent or distributor of goods

outsourced production of goods

agent for imported products

The management of product labeling is the responsibility of our partners or third parties. Our company explicitly delineates these responsibilities to guarantee the accuracy of the statistics.

Commitment to Information Transparency

We are dedicated to upholding the highest standards of information transparency, accurately disclosing all pertinent information, fostering trust with stakeholders, and consistently enhancing the quality of labeling management.

- **Comprehensive data disclosure**
- **Stakeholder Engagement**
- **Continuous improvement framework**
- **Regulatory Compliance Assurance**

Reporting timeframe
The comprehensive annual statistics for 2024 will be released in compliance with international standards.

Management Standards
CE, TS, and ISO 12100 international standards are rigorously adhered to.

Scope of Responsibility: The products produced by the Taiwan headquarters are distinctly delineated regarding accountability.

Continual Dedication
Aiming for zero violations while enhancing labeling quality.

Dedicated to upholding the highest standards of compliance in product information labeling, thereby ensuring transparency and fostering customer trust.

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Marketing Transparency Governance: Enhancements in Digital Oversight and Compliance

GRI 417-3 Instances of non-compliance with regulations pertaining to marketing communications

The company is dedicated to upholding compliance and transparency in its marketing, advertising, and sponsorship endeavors. We have implemented robust systems and mechanisms to identify and mitigate potential risks. We maintain a statistical record of violations derived from notifications from regulatory authorities, internal audit reports, and stakeholder feedback. A specialized unit consolidates this information and presents it to management for review, ensuring prompt processing and accurate documentation.

In the realm of data quality management, we rely on internal audit systems and regulatory reports as our primary foundation. All disclosed information is meticulously compiled and cross-verified. Certain critical data is also subject to third-party audits. Estimated data is excluded to uphold the authenticity and traceability of the disclosed information.

To address violations, we have implemented educational and training programs, disciplinary measures, and improvement processes to enhance compliance awareness among employees. We also clearly delineate the scope of responsibility and exclude incidents beyond our control, such as events organized by overseas distributors. Additionally, we have instituted a cross-period tracing mechanism to ensure that historical incidents are effectively managed and disclosed.

Through system optimization and effective communication both internally and externally, we execute responsible marketing while consistently improving the quality of information disclosure and fostering stakeholder trust.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will undertake a thorough disclosure concerning the compliance of its marketing, advertising, and sponsorship-related information, with the objective of showcasing the effectiveness and transparency of our management in the communication of information about our products and services. This report encompasses pertinent data and events from January 1 to December 31, 2024, emphasizing adherence to regulatory requirements and voluntary standards, thereby illustrating our dedication to responsible marketing.

2 | Overview and Categories of Violations

During the reporting period, the Company did not encounter any violations of regulations or voluntary codes pertaining to marketing, advertising, or sponsorship. Specifically, we received no notifications or rulings concerning the following types of incidents:

- Fines or penalties incurred due to regulatory violations: 0;
- Warnings or rectification notices issued by relevant authorities: 0;
- Breaches of voluntary industry regulations or internal codes of conduct: 0 cases.

We consistently verify that our marketing initiatives adhere to legal and ethical standards through internal oversight and external feedback mechanisms.

3 | Exclusion of incident description (not the organization's liability)

In calculating violations, the company has excluded incidents for which it is not directly responsible. For instance, promotional events organized by overseas distributors, typographical errors in unofficial media, and translation inaccuracies are not included in this disclosure. These incidents fall outside the company's direct control over marketing and advertising processes and are thus omitted from the statistics. We will maintain communication with our partners to ensure the accuracy and compliance of information dissemination, providing guidance and support as needed.

4 | Disclosure and elucidation of cross-period events

The Company has no previous outstanding violations necessitating disclosure or follow-up action in 2024 or the preceding two years (2022-2023). All marketing and advertising activities during this reporting period were devoid of cross-period disputes or continuity issues. We will persist in monitoring the potential impact of these historical events and uphold the integrity and timeliness of our management mechanisms.

5 | Disclosure of Limitations and Exclusions

The data and events disclosed by our company pertain solely to marketing activities and promotional materials directly overseen by our Taiwan headquarters, excluding those conducted by overseas branches or distributors. This limitation arises from considerations of management authority and data availability, aimed at ensuring the accuracy and traceability of the disclosed information. For activities beyond our direct control, we mandate that our partners adhere to local laws and industry standards through contractual agreements and regular communication, providing support as needed.

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Marketing and Advertising Compliance Assessment

2024 • Commitment to Responsible Marketing and Zero Violation Outcomes

Zero violations attained.
Marketing and advertising activities are entirely compliant.

Reporting period: January 1, 2024 - December 31, 2024

Compliance management sector

Marketing campaign administration
Diligently oversee the content and format of all marketing initiatives to guarantee adherence to regulatory mandates and ethical standards, while preventing misleading or false advertising.

Advertising content evaluation
Establish a thorough mechanism for reviewing advertising content to ensure that all external promotional materials are truthful, accurate, and compliant with applicable laws and regulations.

Sponsorship Activity Protocols
Establish clear guidelines for sponsorship activities to ensure transparency and compliance, while upholding corporate image and social responsibility.

Digital Media Administration
Enhance content management on online and social media platforms to ensure that digital marketing activities adhere to platform regulations and legal requirements.

Transparency in the disclosure of information
Establish a transparent information disclosure mechanism to guarantee that product information, terms of service, and related details are clear, comprehensible, comprehensive, and precise.

Compliance Monitoring
Continuously monitor changes in pertinent regulations and promptly revise internal policies and operational procedures to ensure adherence to the latest requirements.

Violation statistics

0
Regulatory infractions
The company has not violated any marketing, advertising, or sponsorship regulations and is fully compliant with legal requirements.

0
Sanctions or charges
No fines or penalties imposed by relevant authorities for violations, ensuring an impeccable compliance record.

0
Cautionary Notice
No warnings or rectification notices were issued by the relevant authorities, reflecting exceptional self-management skills.

0
Voluntary Code Breaches
Exceed mandatory requirements by fully adhering to industry self-regulatory standards and internal codes of conduct.

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Marketing Transparency Governance: Enhancements in Digital Oversight and Compliance

Monitoring and feedback system

Implement a multi-tiered monitoring system to guarantee adherence across all marketing activities.

Internal oversight system

Establish a systematic internal monitoring mechanism to routinely assess the compliance of marketing activities and swiftly identify and rectify potential issues.

External feedback mechanism

Establish diversified external feedback channels to proactively gather insights from stakeholders and consistently refine marketing strategies and execution.

Risk mitigation strategies

Establish a proactive risk identification and prevention mechanism, and perform a thorough compliance assessment prior to executing marketing activities.

Management Scope and Responsibility Delineation

Implement a multi-tiered monitoring system to guarantee adherence across all marketing activities.

Direct management domain

- Marketing initiatives at the Taiwan headquarters
- Official promotional materials and advertisements.
- Corporate Sponsorship Initiatives
- Digital Media Content Administration

The company maintains complete control and decision-making authority over these activities, ensuring that all marketing initiatives adhere to legal requirements and ethical standards.

Exclude statistical parameters.

- International dealer promotional activities
- Erroneous content disseminated by unofficial media
- Errors in third-party translations
- Autonomous operations of international branches

These activities fall outside the direct control of our company; however, we mandate that our partners adhere to applicable standards via contractual specifications and ongoing communication.

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Marketing Transparency Governance: Enhancements in Digital Oversight and Compliance

Cross-Period Event Monitoring

2022 → 2023 → 2024

There have been no significant violations for three consecutive years, demonstrating the integrity and promptness of the management system.

Responsible Marketing Commitment

We are dedicated to implementing responsible marketing practices, ensuring that all marketing activities adhere to legal and ethical standards, fostering trust with customers, partners, and the general public, while continuously enhancing the quality and transparency of our marketing efforts.

- **Adherence to regulations**
- **Transparent information dissemination**
- **Compliance with ethical standards**
- **Continuous improvement framework**

Reporting timeframe
Comprehensive annual statistics from January 1 to December 31, 2024

Management domain
Marketing, advertising, and loan assistance initiatives directly overseen by the Taiwan headquarters.

Compliance accomplishments
Impeccable record of zero violations and exemplary performance in regulatory compliance.

Continual Dedication
Upholding responsible marketing standards while enhancing transparency and trust.

Adhering to responsible marketing principles, ensuring all promotional activities are genuine, accurate, and meet ethical standards

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GRI 417 Marketing and Labeling

Our company has implemented a comprehensive and forward-thinking governance framework for product and service labeling. This framework not only adheres to international standards such as CE, ISO, and TS but also promotes information transparency and compliance throughout the product lifecycle. Through institutionalized processes, labeling management has been integrated into our sustainable governance model, fostering collaboration among R&D, manufacturing, quality, and legal departments. Regulatory considerations are integrated from the initial stages of development. Our primary products, including five-axis machines, multi-machine centers, and mill-turn machines, are accompanied by operating manuals and warning labels. Additionally, export products are assured to meet regulatory requirements, such as WEEE and RoHS.

In 2024, there were no violations related to product labeling or marketing, nor were there any fines, recalls, or voluntary regulatory infractions, underscoring the effectiveness of our system implementation. We have developed a classification and reporting process for labeling violations. Through internal audits, customer complaint channels, and notifications from relevant authorities, we ensure that incidents are swiftly identified and resolved. These occurrences are also monitored as part of our key performance indicators to uphold rigorous compliance standards.

In the realm of marketing compliance, we have integrated ESG framework governance, established internal review processes, and instituted regular education and training systems for all promotional activities. We have also explicitly excluded and consistently communicated with parties not under the company's purview, such as self-organized promotions by dealers, to uphold the overall brand compliance image.

Currently, labeling compliance coverage stands at 92%. Assessment data is derived from system labeling records, internal audits, and external verification reports. For components that remain uncovered, we have implemented a reinforcement plan and will broaden the scope of audits and tracking in the future. Disclosed data encompasses explicit assumptions and exclusions, eschewing estimates to ensure data credibility and consistency.
The system encompasses the management of non-compliance incidents and the implementation of corrective measures. For instance, labeling errors will prompt label revisions, product removals, internal education and training, and root cause analysis to enhance the system. Additionally, label design has embraced centralized templates, standardized warnings, and cross-market applicability to mitigate the risk of errors.

To ensure continuity in management, we have implemented a retrospective handling mechanism. Even in the absence of outstanding cases in 2024 or the preceding two years, we intend to fully disclose and address any cross-period incidents identified in the future, thereby enhancing the system's resilience. All external disclosures require approval from senior management, and significant incidents will be proactively communicated to clients and stakeholders to foster trust.
Anticipating the future, we will:

- Introducing a digital labeling management system to improve tracking and real-time oversight;
- Broaden the scope of audits to encompass non-directly operated channels.
- Encourage collaboration with suppliers to reveal information regarding material composition and social impact.
- Continuously enhance system efficacy and foster collaboration for compliance across departments.

Through this systematic approach and high-standard execution, we not only uphold product responsibility but also fortify the resilience of ESG governance and enhance our sustainable competitiveness in the global market.

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8.3 Management of Customer Privacy and Information Security

GRI 418-1 Complaints regarding verified violations of customer privacy or loss of customer information

The Company acknowledges the significance of customer privacy and data security in fostering trust and ensuring sustainable operations. In 2024, the Company will persist in enhancing its governance structure and systems for personal data protection. Data security has been integrated into the ESG governance framework, and a collaborative mechanism across departments has been established, with Information Security, Legal Affairs, and Customer Service collectively accountable for the classification, processing, and oversight of personal data. Data management processes undergo regular reviews through an internal audit mechanism, and annual objectives are established in alignment with international standards and regulations to guarantee the effective implementation of the system.

In the realm of incident management, the company is capable of identifying patterns including hacker attacks, misauthorizations, and supply chain data errors across both internal systems and outsourced platforms. The statistics are derived from customer data originating from our own platforms as well as our Taiwan headquarters, ensuring a high degree of representativeness. Data is obtained from internal reports and customer complaint records, utilizing actual incidents rather than estimates to guarantee transparency and consistency.

Although there were no notable breaches of personal information in 2024, the company persists in conducting regular simulation drills and risk assessments. It has also implemented procedures for immediate notifications, official website announcements, and reporting. In the long term, the company will maintain its focus on access control, encryption, backup, early warning, and response systems to affirm its responsibility and commitment to privacy protection.

1 | Theme of Revelation and Reporting Period

The Company's 2024 Sustainability Report encompasses disclosures regarding customer privacy and the protection of personal information, covering the timeframe from January 1, 2024, to December 31, 2024. This disclosure emphasizes the management of customer data security, statistics on personal information breaches, and associated response measures, with the objective of highlighting the Company's initiatives and accomplishments in safeguarding customer privacy.

2 | Statistics of Violation Complaints

The Company has no documented instances of data leakage or violations of personal information during the reporting period.

3 | Categories of Data Leakage and Loss Incidents

The Company has no documented instances of data leakage or violations of personal information during the reporting period.

4 | Classification of Violation Categories

The Company did not encounter any leakage, theft, loss, or unauthorized access to customer personal information in 2024. It has implemented a classification and identification mechanism to mitigate potential breaches, including misdirected data, hacking attempts, unauthorized access, and system errors. Additionally, the Company consistently maintains data security through internal monitoring and auditing.

5 | Supplementary elucidation of significant personal information incidents

In 2024, the Company encountered no significant breaches of customer personal information, nor were there any lawsuits or investigations pertaining to privacy violations. Throughout this period, the Company faced no adverse public sentiment, nor any breaches impacting more than one customer. The Company will persist in monitoring potential risks and ensuring that the privacy rights of its customers are thoroughly safeguarded.

6 | Scope and Limitations of Supplementary Disclosure

The company's disclosure is confined to customer data from Tongtai's proprietary service platform and its headquarters in Taiwan, which includes directly managed databases and systems. We exclude outsourced maintenance services for international clients and indirect service cases involving third-party cloud platforms (such as cloud-based warranty logins) primarily due to the fact that these data are managed by external partners and are not directly reflected in our statistics.

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Customer Privacy and Personal Information Protection Assessment

2024 • No violations and enhanced data security management

Zero data leakage

There were no violations or infringements personal information during the year.

0	0	0	100%
Data breach occurrences	Violation complaint cases	Significant personal information breaches	Privacy protection rate

Effectiveness indicators for personal information protection

0

Data breach occurrences

No customer personal information was leaked, stolen, or lost during the year, thereby upholding an impeccable data security record.

0

Violation complaint cases

We have not received any complaints from customers concerning the mishandling of personal information or violations of privacy.

0

Litigation investigation matters

No lawsuits or investigations related to privacy infringement by competent authorities have taken place.

0

Adverse public sentiment

During this period, there was no adverse effect from any societal views concerning personal information protection.

Classification and regulation of violation categories

Misinformation

Zero incidents

Implement a multi-layered confirmation system to guarantee that customer information is not transmitted to an incorrect recipient.

Cyber Intrusion

Zero incidents

Implement sophisticated protection systems to efficiently thwart external malicious attacks and intrusions.

Unauthorized access

Zero incidents

Implement stringent authority control to prevent internal personnel from accessing customer information without proper authorization.

System Malfunction

Zero incidents

Regular system maintenance and monitoring to prevent data leakage resulting from technical failures.

Misplaced device

Zero incidents

Enhance device management policies to safeguard the security of devices that store customer data.

Human oversight

Zero incidents

Ongoing education, training, and awareness initiatives to mitigate data risks stemming from human factors.

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Privacy Protection Strategy: Comprehensive Framework and Execution

Data protection protocols

Internal oversight system
Implement a continuous monitoring system to identify anomalous access behavior in real time, thereby ensuring comprehensive data security.

Routine safety assessments
Conduct regular internal and external security audits to consistently evaluate and enhance the efficacy of data protection mechanisms.

Employee development and training
Consistently conduct information security education and training to improve employees' awareness of data protection and their professional competencies.

Application of encryption technology
Employ advanced encryption technology to safeguard data transmission and storage, thereby ensuring data security throughout all phases.

Emergency Response Framework
Establish a comprehensive emergency response protocol to swiftly address and manage any irregularities.

Adherence to policies and regulations
Adhere rigorously to applicable laws and regulations while implementing thorough personal information protection policies and operational procedures.

Definition of management scope and responsibility

Direct management domain
- Dongtai self-managed service platform
- Taiwan Headquarters Client Database
- Directly overseen system platform
- Internal employee access privileges

The Company maintains complete control and management responsibility for these systems and data, thereby ensuring the highest standards of data protection.

Exclude statistical parameters.
- International client outsourcing maintenance
- Third-party cloud service providers
- Cloud Warranty Access System
- External Partner Administration

These services are overseen by external partners and are not directly reflected in our statistics; however, we persist in monitoring their data protection standards.

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Privacy Protection Strategy: Comprehensive Framework and Execution

2024 Privacy Protection Performance Assessment

365	100%	0	∞
Days devoid of events	System safety index	Customer Grievances	Trust

Privacy Protection Commitment

We consider customer privacy to be our utmost priority and are dedicated to consistently investing in cutting-edge data protection technologies and management systems. This commitment ensures that every piece of customer information is safeguarded in the most stringent manner, fostering an unbreakable trust relationship with our clients.

- Data encryption security
- round-the-clock monitoring
- Adherence to regulations
- Ongoing advancement and refinement
- Transparent accountability framework

Reporting timeframe
Data protection statistics for the entire year from January 1 to December 31, 2024

Management domain
Customer information is directly managed by Dongtai's proprietary platform and headquarters system.

Protection Achievements
Zero violations and zero leakage records
Complete privacy protection attained.

Continual Dedication
Fortifying data security and bolstering customer confidence

Dedicated to upholding customer privacy rights while providing comprehensive protection and management of personal data.

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Integration of information security governance: policies, auditing, and oversight mechanisms

GRI 418 Privacy of Customers

In 2024, the company integrated customer privacy and personal data protection into its comprehensive ESG governance framework, acknowledging it as a fundamental corporate responsibility. We formed a cross-functional team consisting of Information Security, Legal Compliance, and Customer Service to supervise the design and implementation of systems for the classification, processing, and oversight of personal data. Additionally, we established management systems and risk control protocols in compliance with GDPR and other regulations. Senior management routinely evaluates information security policies and audit outcomes to ensure that these systems align with regulatory standards and customer expectations.

With our Information Security Management System (ISMS) as the foundation of our governance, we have developed a comprehensive information security policy that includes access rights, encryption technologies, regular backups, and permission audits. Additionally, we have incorporated multi-layered protection strategies into our daily operational processes. A risk identification and early warning mechanism has been established to mitigate potential threats such as hacking attempts, unauthorized access, or data transmission errors. This system integrates intrusion detection and abnormal behavior monitoring tools to bolster our rapid response capabilities. Moreover, we conduct annual simulation drills to evaluate our response mechanisms. While we did not encounter any incidents of personal data breaches, theft, unauthorized access, or related lawsuits in 2024, we remain committed to enhancing the resilience of our system.

Concerning data statistics and the scope of disclosure, we concentrate on customer databases overseen by our proprietary service platforms and our headquarters in Taiwan, excluding those managed by external platforms or international partners. We also mandate that third parties uphold equivalent standards of data protection through contractual agreements. Data is predominantly derived from internal reporting and customer complaint systems. All statistics are grounded in actual reporting and investigation outcomes, and are rigorously verified by our quality and legal departments. Estimated data is not utilized, underscoring the auditability and consistency of the disclosed information.

In the realm of system implementation, we enhance interdepartmental collaboration and delineation of responsibilities: the Information Security Department manages technical oversight, the Legal and Compliance Department guarantees alignment with regulatory processes, and the Customer Service Department efficiently addresses user complaints and notifications. This creates a comprehensive governance framework, with internal audit mechanisms routinely assessing system efficacy and identifying areas for enhancement. We have set explicit annual objectives and key performance indicators, adopting the ISO 27001 standard as a benchmark to elevate data governance maturity and ensure global consistency.

This year, we encountered no notable incidents involving personal data, adverse public sentiment, media scrutiny, penalties, or inquiries by relevant authorities. Although our current statistics do not encompass specific international platforms, we remain committed to advancing a differentiated governance strategy, with plans to integrate additional outsourced data and multinational compliance requirements to enhance overall transparency and accountability in oversight.

Looking forward, we will enhance our institutional boundaries and resilience, implement AI-driven data risk management modules and cloud-based real-time monitoring systems, and broaden the scope of supply chain data governance. We will maintain rigorous standards in personal information protection responsibilities, fortify the foundation of trust through governance principles, address stakeholder concerns, and foster a more secure and sustainable information governance environment.

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8.4 Community Influence and Collaborative Creation

GRI 413-1 Operations that incorporate local community engagement, impact evaluations, and development strategies

In 2024, the Company will actively enhance interactions with local communities and integrate community engagement systems into the overarching ESG governance framework. A dedicated cross-departmental team, comprising the Environmental and Safety Office, ESG, and the Legal Affairs Department, will oversee the coordination of community engagement, impact assessments, and the execution of response measures. The primary manufacturing facility is situated within the Kaohsiung Campus of the Southern Science Park, in proximity to the park's manufacturers. Utilizing the Park Management Bureau as a third-party coordination platform, we will establish communication channels with local residents. We will set management objectives based on local requirements and ensure the system's maturity and consistency through regular audits and internal review processes. In 2024, we aim to achieve 100% community interaction coverage at our operational sites in Taiwan (parent company and Taiwan subsidiaries), underscoring our systematic commitment to social responsibility. For further details regarding the impact of related infrastructure investments, please consult GRI 203-1. In the future, we will progressively extend our coverage to overseas locations to enhance global community engagement management.

1 | Theme of Revelation and Reporting Period

In alignment with GRI 413-1, our company will provide information regarding its interactions with local communities, impact assessments, and response measures for the fiscal year 2024 (January 1 to December 31, 2024). This disclosure will encompass our operations in Taiwan (parent company and Taiwan subsidiaries) and associated community engagement initiatives, with the objective of highlighting our endeavors and accomplishments in managing environmental and social impacts.

2 | Percentage of community interaction points addressed

In 2024, the Company's operations in Taiwan (including the parent company and its subsidiaries) will fully execute community engagement and interaction plans. This initiative will ensure the establishment of effective communication channels with local communities via the park management bureau and direct contact points, thereby comprehensively addressing interactions and impacts on local society.

3 | Design and Instructions for Participatory Impact Assessment and Engagement

Our company performs environmental and social impact assessments (EIAs) at our locations in Taiwan, including both the parent company and its subsidiaries, in compliance with local regulations and community requirements. By utilizing the coordination platform of the Park Management Bureau and engaging in community forums, we integrate community feedback to ensure a participatory and consensus-driven assessment design, while also establishing a risk identification mechanism to mitigate potential adverse impacts.

4 | Environmental and Social Monitoring Framework

Our operations in Taiwan, encompassing both the parent company and its subsidiaries, comply with the management regulations of the Southern Taiwan Science Park. We maintain regular communication with the park administration and local offices to assess the potential impacts of our activities on the community. In fiscal year 2024, we received no environmental or social complaints, underscoring the efficacy of our monitoring mechanisms. Relevant communication records are accessible on our website to promote transparency.

5 | Approaches for Communicating Impact Assessment Findings

The company consistently publishes the results of environmental and social impact assessments on its website, accompanied by charts and graphs to improve readability for community residents and stakeholders. Minutes from community meetings and coordination sessions with the park management bureau are also accessible for review, aligned with the public update cycle to ensure traceability of communication. The disclosed information is primarily in Traditional Chinese, with simplified explanations available upon request, reflecting a commitment to accessibility and transparency.

6 | Organizational Response and Engagement with the Community

The company diligently addresses residents' feedback via the Park Management Bureau and direct contact points. Although no community complaints were reported in 2024, we persisted in collecting local needs through community forums and took measures to foster community development, including the local workforce recruitment program (refer to paragraph 7 for details). For matters related to environmental protection or wastewater discharge, we proactively execute corrective actions to guarantee focused and effective responses.

7 | Community Development Plan Content and Community Accord

In fiscal year 2024, the company initiated a localized workforce recruitment program at its operations in Taiwan (including the parent company and subsidiaries), successfully rehiring one local employee from the Luzhu area, which constitutes 8% of the 13 new hires, thereby promoting local employment opportunities. This program was developed in consultation with local village offices and the Industrial Park Administration to ensure alignment with community needs. Community consent was obtained during the implementation phase, underscoring a commitment to long-term collaboration and sustainability. For further information regarding the associated infrastructure investment plan, please refer to GRI 203-1.

8 | Engagement of stakeholders and inclusion of marginalized groups

The company primarily interacts with the community through regular neighborhood forums and the coordination platform of the Park Management Bureau, actively communicating with residents to ensure their opinions are incorporated into decision-making. Although there are no specific mechanisms aimed at targeting vulnerable groups, representatives from all districts are invited to participate in the forums, considering local cultural differences and ensuring the inclusion of diverse perspectives.

9 | Impact Assessment Methodology and Applicability

The company performs Environmental Impact Assessments (EIAs) in its operations, adhering to local regulations, including Taiwan's Environmental Impact Assessment Act, and addressing community needs. The assessment tools and methodologies employed are tailored to local requirements to ensure relevance and inclusivity.

10 | Framework for Internal Institutionalized Processes and Community Engagement

To facilitate systematic community engagement, our company's Environmental and Safety Office, ESG, and Legal departments collaborate effectively. When residents express concerns, the Park Administration or the contact information center aids in addressing these issues, necessitating cross-departmental coordination. All operations in Taiwan, including the parent company and its subsidiaries, have instituted community communication channels and conduct regular meetings with local village offices and the Park Administration to foster long-term communication mechanisms and build a foundation of trust.

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11 | Development of complaint and redress mechanisms
The Company has established a direct contact point and a third-party complaint platform in collaboration with the Park Administration, enabling residents to voice their opinions or submit complaints. This process facilitates anonymous submissions to safeguard the privacy of complainants and delineates clear response timelines. This mechanism has been institutionalized to ensure transparency and traceability of responses and remedial actions. In fiscal 2024, no community complaints were received through direct channels or the Park Administration, underscoring the effectiveness of this mechanism. Nevertheless, we remain committed to optimizing the complaint process.

12 | Clarification of Disclosure Parameters and Limitations
This disclosure pertains solely to our operations in Taiwan, encompassing both the parent company and its Taiwanese subsidiaries. Data from our international sites has been excluded due to limitations in collection and management. We are committed to enhancing our data integration capabilities across our global locations, with the objective of incorporating overseas sites by the end of 2025. We will formulate improvement plans to tackle implementation challenges. Moving forward, we will investigate digital feedback platforms to bolster governance efficiency and fortify community relations.

Community Impact Assessment and Management Cycle

Assessment Framework
EIA evaluation, environmental oversight, and community needs assessment

Communication Framework
Neighborhood dialogue, community outreach, district administrative coordination

Enhanced outcomes
Soundproofing initiatives, disaster relief contributions, and educational resource assistance

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Co-management model planning: institutionalized governance and role delineation

GRI 413-2 Operations that have substantial actual or potential adverse effects on local communities

The Company acknowledges that community inclusion is a fundamental pillar of corporate sustainability. In 2024, the Company will further enhance its governance mechanisms for community impact and incorporate them into its comprehensive ESG framework. By fostering collaboration among the environmental management, operations, and public relations departments, we will develop processes for risk identification, response, and communication to ensure that operational activities effectively address local needs and potential impacts.

This year, we concentrated on pivotal locations in Kaohsiung and Taichung, executing categorized monitoring of noise, resource utilization, and various activities. Although no significant impact events were detected, regional discrepancies in assessment benchmarks were noted. We will enhance categorization and data consistency moving forward. Our data sources encompass environmental impact assessment reports, community meeting minutes, and environmental monitoring data, thereby ensuring transparency and credibility. In response to residents' concerns regarding nighttime noise, we have installed soundproof walls and provided educational resources, addressing their needs with initial positive feedback. We will persist in tracking improvement efforts through open dialogue and regular evaluations, gradually broadening our coverage to affirm our long-term commitment to community well-being.

1 | Theme of Revelation and Reporting Period

In alignment with the management and disclosure requirements pertaining to local community impacts within international sustainability reporting standards, the Company will undertake a systematic assessment and information compilation of all operational locations in Taiwan (including the parent company and its subsidiaries) in 2024. The objective is to identify and address actual or potential adverse social impacts on local communities while ensuring the effectiveness and transparency of the relevant management measures.

2 | Statistics of operational sites with adverse effects

During the 2024 reporting period, following a thorough inventory and assessment, the Company identified no operational locations with significant actual or potential negative social impacts on local communities. This total is zero, encompassing zero actual impact locations and zero potential impact locations. This outcome underscores the Company's strong commitment to community welfare and its capacity to effectively manage risks across its operations.

3 | Impact Location and Community Vulnerability Overview

Our company performed a community analysis of its operations in Taiwan, encompassing both the parent company and its subsidiaries. The findings indicate that these communities are predominantly comprised of residents situated in proximity to manufacturers within the Southern Taiwan Science Park (Kaohsiung). To ensure that the needs of these communities are thoroughly addressed, our company is collaborating with residents via the Kaohsiung Science Park Administration to assess potential impacts and foster community engagement initiatives aimed at mitigating risks and enhancing the benefits of coexistence.

The influence of resource competition within society

In 2024, the Company did not encounter any competition or exclusion with local communities regarding land use, water allocation, or other natural resources, nor did it face any significant disputes. We consistently monitor resource utilization to ensure that our operations do not impose on community life and are dedicated to fostering harmonious relationships with local communities.

5 | Type of Impact and Description of Content

In fiscal year 2024, the Company noted no significant adverse effects on land, the environment, culture, or health. Concerning wastewater discharge, the Company performs regular water quality monitoring at its operations in Taiwan (parent company and subsidiaries) to ensure compliance with environmental standards. Overall, there was no substantial detriment to the community, reflecting the Company's initial success in impact management.

6 | Impact Characteristics and Severity Assessment

The Company has not identified any operational activities with significant negative impacts in 2024, and no additional assessment of the nature or severity of these impacts is necessary. Potential risks, such as resource utilization, are effectively managed through ongoing communication with the Park Administration to ensure that impacts remain within acceptable limits.

7 | Guidelines for Community Engagement and Interaction

The Company has consistently prioritized communication with the local community. In 2024, we will guarantee that residents' perspectives are thoroughly articulated through the Park Management Bureau's coordination platform and community forums. We will cultivate a relationship of mutual trust with the community and integrate their feedback into operational enhancements and risk management strategies.

8 | Remedial measures or countermeasures

As no incidents with substantial adverse community impacts occurred in 2024, the company has not instituted specific remedial measures. Concerning wastewater discharge, the company performs regular water quality monitoring and engages with local offices via the Park Administration to ensure effective management of environmental risks. For further information on the response mechanisms related to infrastructure investments, please consult GRI 203-1.

9 | Community Perception and Risk Awareness

Based on the interaction records with the Park Administration and community forums, no significant concerns were expressed by residents in 2024. The Company will maintain its focus on community sentiment and ensure the harmonious coexistence of its operations with local life through regular communication channels.

10 | Data Source and Foundation

The information provided by our company is primarily substantiated by records from the Park Administration, minutes from community meetings, and internal environmental monitoring data. The assessment process complies with local regulations, including Taiwan's Environmental Impact Assessment Act, to ensure the reliability and integrity of the data.

11 | Cross-reference additional subject materials

In evaluating community impact, the Company also considers pertinent occupational health and safety management data to ensure alignment between environmental and employee safety effects. For additional details, please consult GRI 403-1 and 403-2.

12 | Clarification of Disclosure Parameters and Limitations

This disclosure pertains solely to our operations in Taiwan, encompassing both the parent company and its Taiwanese subsidiaries. Data from our international locations has been excluded due to limitations in collection and management. We will persist in enhancing our global data integration capabilities, with the objective of incorporating international sites by the end of 2025. Additionally, we will formulate improvement plans to tackle any challenges encountered during implementation.

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GRI 413 Community Engagement

The Company firmly believes that community engagement is a vital pillar of its sustainable governance framework and has integrated it into the overall ESG strategy as a key element in promoting shared prosperity. To this end, the Plant Affairs, Environmental Sustainability (ESG), and Legal Departments work jointly to coordinate the execution of community participation, impact assessments, and response measures. This governance structure is embedded in daily operations and reinforced through regular internal audits and review processes to ensure consistency and effectiveness of policy implementation.

In 2024, at our Taiwan operations (parent company and subsidiaries), we actively advanced community engagement initiatives. Through clearly defined responsibilities and standardized operating procedures, we gradually enhanced both the coverage and quality of community participation. For future expansion projects, we will conduct Environmental Impact Assessments (EIAs), combining scientific data with community feedback to establish a risk identification mechanism that proactively recognizes potential impacts and formulates corresponding measures, minimizing adverse effects on local communities.

Community development is also an integral part of our governance framework. In 2024, we introduced a localized recruitment program, rehiring one employee from the Luzhu area, representing 8% of the 13 new hires. This initiative not only created local employment opportunities but also aligned with community needs through dialogue and consensus-building with community representatives, laying a foundation for long-term cooperation. Infrastructure investments, such as drainage and road improvement projects (see GRI 203-1), further strengthened community resilience and supported development objectives. Feedback was collected via surveys and meetings, with priority given to addressing pain points such as flooding during the rainy season and commuting safety.

Looking ahead, the Company will continue to refine its community governance system with a forward-looking vision to promote shared prosperity. Impact assessment results, including environmental and transportation reports, are regularly updated on the Company’s website, supported by user-friendly charts to enhance readability and synchronized with community meeting cycles to ensure timely public access. This approach not only meets internal audit requirements but also aligns with international sustainability standards, reinforcing public trust.Currently, the scope of disclosure is limited to Taiwan operations (parent company and subsidiaries), covering all major sites, while challenges remain in integrating overseas data. To address this, we have developed an optimization plan to gradually include overseas operations by the end of 2026. Specific measures include establishing local coordination teams and standardized data processes to address cultural differences and ensure consistency. In line with digitalization trends, the Company also plans to pilot a digital feedback platform in 2026, allowing community members to submit comments and suggestions online. Initial implementation will begin at Taiwan headquarters, with gradual expansion overseas, further enhancing governance efficiency and the long-term stability of community relations.

To ensure comprehensiveness and adaptability of the governance structure, we will continue strengthening cross-departmental collaboration mechanisms. For example, in expansion projects, dedicated teams not only manage risk assessments but also coordinate communication with local governments to ensure alignment with local regulations such as the Environmental Impact Assessment Act. In response to diverse community needs, the Company plans to incorporate more quantitative indicators in future evaluations, such as community satisfaction surveys and environmental improvement results, enabling clearer measurement of governance outcomes and alignment with international benchmarks. Through these institutional mechanisms and evidence-based results, the Company not only identifies and manages potential risks but also deeply integrates community engagement into its ESG strategy, fostering consensus and co-prosperity while achieving the dual goals of sustainable corporate value and social well-being.

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Infrastructure Investment: Principles of Regional Development and Compliance

GRI 203-1 Development and Effects of Infrastructure Investment and Support Services

The Company emphasizes the positive and negative effects of infrastructure investments on communities, integrating these considerations into its comprehensive ESG governance framework. The Investment Committee evaluates project proposals to ensure alignment with its sustainability objectives. In 2024, following an extensive review, the Company's operations in Taiwan (including the parent company and its subsidiaries) did not undertake any significant infrastructure investments or support services projects. This decision was primarily influenced by the allocation of resources towards other ESG initiatives, such as community engagement and environmental stewardship. For further details on community engagement and environmental impact management practices, please consult GRI 413-1 and 413-2. Moving forward, the Company will persist in evaluating infrastructure investment requirements and plans to perform feasibility studies for both domestic and international sites in 2025. Through public dialogue and surveys, the Company will ensure that projects align with community expectations.

1 | Theme of Revelation and Reporting Period
The Company reports on the advancement of its infrastructure investments and support services, along with their effects on the community in 2024, in compliance with GRI 203-1. The reporting period spans from January 1 to December 31, 2024.

2 | Infrastructure Investment and Support Materials
In 2024, the Company refrained from executing any substantial infrastructure investments or support service initiatives at its Taiwan operations (parent company and its subsidiaries). Corresponding community response measures have been integrated into GRI 413-1 and 413-2 disclosures.

3 | Beneficial Community and Economic Impact
Due to the absence of substantial infrastructure investments in 2024, there are no direct positive community impacts to report. The pertinent positive impacts have been detailed in GRI 413-1 and 413-2.

4 | Adverse Community and Economic Effects
Given the absence of substantial infrastructure investments in 2024, there are no direct negative impacts on the community to report. Concerning wastewater discharge, the Company performs regular water quality monitoring at its operations in Taiwan (including the parent company and its Taiwanese subsidiaries) to ensure adherence to environmental regulations.

5 | Assessment of commercial/donation/public welfare nature
Given the absence of infrastructure investment projects in 2024, no pertinent nature assessment has been conducted. Associated public welfare activities have been incorporated into GRI 413-1 and 413-2 disclosures.

6 | Description of Project Scale and Service Population
Due to the absence of infrastructure investment projects in 2024, no pertinent scale or population data can be provided.

7 | Investment Expenditure and Anticipated Timeline
Due to the absence of infrastructure investment projects in 2024, no associated cost or duration data can be provided.

8 | Community Influence and Regional Assessment
Given the absence of infrastructure investment projects in 2024, there is no impact level or regional analysis to report. Pertinent community impact data has been incorporated into GRI 413-1 and 413-2 disclosures.

9 | Disclosure of Limitations and Exclusions
This disclosure pertains to operations in Taiwan, encompassing both the parent company and its Taiwanese subsidiaries. As there are no infrastructure investment activities planned for 2024, overseas locations are excluded from this report. Investment requirements will be evaluated and disclosed in 2025.

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Indirect economic value: external impact and case study presentation

GRI 203-2 Notable Indirect Economic Impact

To respond to global sustainability trends and local economic challenges, our company systematically identifies and manages the economic impacts of our operations in alignment with GRI 203-2, "Significant Indirect Economic Impacts." We evaluate effects on employees, suppliers, communities, and the wider industry ecosystem, incorporating them into material disclosures based on pertinent issues.

Our company's adoption of energy-efficient technologies, a culture prioritizing workplace safety, diverse and inclusive hiring practices, and sustainable supply chain strategies not only generates internal advantages but also cultivates the growth of external stakeholders. For instance, by enhancing energy efficiency and implementing low-carbon transition initiatives, we indirectly motivate both upstream and downstream partners to advance their energy efficiency and carbon management capabilities. Additionally, through our employment initiatives, we advocate for the hiring of individuals with disabilities, the inclusion of women in leadership positions, and the empowerment of suppliers, thereby further promoting social inclusion and economic resilience.

The company also cites the United Nations Sustainable Development Goals (SDGs) as a framework for management alignment, correlating indirect economic impacts with key objectives such as energy, gender equality, decent employment, responsible consumption, and clean governance. Informed by the outcomes of each theme, specific KPIs are established for monitoring and transparent disclosure, enabling stakeholders to effectively comprehend the organization's impact and positive contributions.

Impact Topics	Corresponding SDG Goals	Impact Type/Description	Data KPIs	Impact Subjects
Energy Efficiency Improvement	SDG 7.3	Reducing Operational Energy Consumption / Promoting the Popularization of Energy-Saving Technologies	Energy Intensity: 2.65 GJ/Million in Revenue	Operating Departments and Industrial Chain
Energy Conservation Performance Promotion	SDG 12.2	Resource Use Efficiency Improvement	Total Annual Energy Consumption: 15,201 GJ	Operational Sites of the Entire Company
Climate Action and Carbon Reduction Performance	SDG 13.2	Managing Climate Risks and Emissions	Scope 1 Reduction: 224 tCO_2e	Total Operating Organization
Labor Safety Assurance	SDG 8.8	Zero Accident Culture, Training Enhancement	Safety Training Rate 100%, Zero Major Occupational Safety Incidents	Employees and On-site Workers
Inclusive Employment (Vulnerable Group Integration)	SDG 10.2	Increasing Employment Opportunities for People with Disabilities and Disadvantaged Groups	Percentage of Vulnerable Groups ≥ 0.8% (including people with disabilities)	Vulnerable Communities
Gender Equality Governance	SDG 5.1/5.5	Enhancing Women's Decision-Making Participation	Female Proportion on the Board of Directors ≥ 23%	Female Employees and Board of Directors
Labor Participation and Grievance Mechanisms	SDG 16.7	Union, Participation Systems, and Grievance Channel Management	Discrimination Incidents: 0	All Employees
Healthy Workplace Construction	SDG 3.9	Managing Chemical Risks / Enhancing Health and Safety Culture	Injury Rate ≦ 0.21 per Million Work Hours	On-Site Personnel
Integrity Governance and Anti-Corruption	SDG 16.5	Building an Integrity Culture and Reporting System	Reporting Closure Rate: 50%	Management Team and Suppliers
Responsible Supply Chain	SDG 12.6	Establishing Supplier Sustainability Inclusion and Signature Procedures	Supplier Signature Rate 100%／Training Rate 98%	All First-Tier Suppliers

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Regional Development Investment Compliance: Transparency and Evaluation Mechanisms

GRI 203 Indirect Economic Impact

The Company has long incorporated infrastructure investment into its sustainability governance framework, recognizing it as a vital element in enhancing community well-being and corporate responsibility. We have established a systematic internal assessment process that includes project categorization, budget review, ESG risk assessment, and community engagement measurement to ensure that future investments align with sustainable development goals. This process is overseen by a cross-departmental investment committee composed of experts from finance, operations, and sustainability. The committee is tasked with developing evaluation criteria, assessing the feasibility of potential projects, and forecasting social impacts, ensuring that decisions are informed by scientific data and local needs. To bolster preparedness, the Company regularly updates its risk assessment models to reflect the latest trends in climate change and evolving community requirements. We also maintain continuous communication with local offices and the Park Management Bureau to gather preliminary feedback and establish a foundation for future infrastructure planning. In fiscal 2024, no significant infrastructure investment projects were executed at our Taiwan operations (parent company and subsidiaries), primarily due to resource allocation prioritizing current operational stability and environmental management strategies. For details on related community engagement measures, please refer to GRI 413-1 Disclosure. Data management employs a standardized collection process to ensure the transparency and openness of environmental monitoring results (such as wastewater discharge), benchmark against international sustainability standards, and enhance the preparedness of the governance structure.

The company has yet to commence specific infrastructure investments for 2024, indicative of a prudent resource allocation strategy. Initial stakeholder discussions indicate that operations at our Taiwan facilities (parent company and subsidiaries) have not adversely affected the surrounding communities, in alignment with GRI 413-2 (no significant impact). Accordingly, we consistently monitor potential risks, including resource competition and environmental pressures, and regularly collaborate with park administration to ensure equitable utilization of land and water resources, thereby preventing conflicts with local communities. Although no direct investments are planned for 2024, the company remains vigilant and is gaining insights through internal assessment processes to prepare for future initiatives, underscoring its long-term commitment to community engagement.

The potential for positive impact stemming from infrastructure investment remains a central focus for the Company moving forward. While no specific projects were executed in 2024, we anticipate that forthcoming investments may yield a range of social and economic advantages. For instance, enhancements to drainage systems could bolster community resilience against flooding, while optimized road surfaces may improve commuting efficiency, thereby indirectly supporting local employment and economic vitality. These prospective benefits are particularly advantageous for high-risk groups, such as elderly residents and commuting workers, exemplifying the application of the principle of inclusiveness. To assess these impacts, the Company intends to implement community engagement mechanisms in future projects, gathering feedback through questionnaires and seminars to ensure that investments align with local needs. Although specific data is currently unavailable, we have initiated simulation analyses and expect that future projects will significantly enhance quality of life and regional stability, further advancing social inclusion.

Due to disclosure restrictions, the information currently provided by the Company is based on preparatory work and potential plans through 2024, lacking specific investment data. To address this gap, we intend to complete a feasibility study in 2025 to evaluate the social and environmental impacts of potential projects and gradually initiate pilot projects starting in 2026. Impact tracking will encompass community feedback metrics, such as satisfaction surveys and environmental improvement outcomes, to ensure data accuracy and reliability. Data management will continue to depend on standardized processes, integrating internal audits and external reviews, while benchmarking against international sustainability standards to enhance reporting credibility. Looking forward, the Company will evaluate the suitability of its overseas locations, promote institutional upgrades to broaden the scope of its philanthropic investments, and respond to the governance responsibilities and geographical needs of its multi-site operations. Specific actions include completing a preliminary survey of overseas needs in 2025, developing an implementation plan in 2026, and adjusting investment strategies to reflect local cultural characteristics.

Simultaneously, to enhance governance efficiency, the company intends to launch a digital feedback platform in 2026, initially facilitating online submissions at its Taiwan headquarters and gradually expanding internationally. This platform will consolidate existing grievance mechanisms, allowing for anonymous submissions and establishing clear response timelines. Technical development and community education are anticipated to be finalized in 2026 to ensure seamless implementation and foster two-way communication between the community and the company. Through these institutional preparations and proactive planning, the company illustrates the potential of infrastructure investment as a catalyst for local resilience and sustainable development. Our prudent strategy for 2024 underscores our commitment to governance maturity, integrating community inclusion and risk prevention into our decision-making processes, thereby establishing a robust foundation for future sustainable value and social prosperity through cross-departmental integration and stakeholder engagement.

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9.1 Labor Relations, Employment, and Benefits

GRI 401-1 Current and former employees

The Company regards human resources management as fundamental to sustainable operations, embedding it within its Environmental, Social, and Governance (ESG) framework. Through interdepartmental collaboration, we formulate strategies for talent acquisition, retention, and mobility management. In 2024, we will implement tracking indicators for organizational development and workforce trends, as well as establish early warning and retention mechanisms to ensure the stability and adaptability of our workforce.

This year, we welcomed 15 new employees, predominantly individuals under 30 and those aged between 30 and 50, maintaining a balanced gender distribution that underscores the success of our proactive recruitment efforts targeting young and mid-career talent. Additionally, we experienced 58 resignations, with a notably high percentage of men aged 30-50 constituting 43% of total departures, likely influenced by industry competition and career decisions. This turnover pattern illustrates the distinctive traits of the industry and the challenges present in the regional talent market. We will persist in refining our recruitment strategies to respond to these evolving dynamics.

The present disclosure is confined to the Taiwan headquarters and does not currently encompass data from international locations or cross-regional mobility. Future initiatives will aim to integrate global HR systems to improve data consistency and representativeness. Data is obtained from internal HR systems and is subject to review by the Finance and HR departments. Certain historical data is augmented through questionnaires and interviews.

Looking forward, we will persist in enhancing talent decision-making through data-driven methodologies, integrate turnover management into sustainable performance metrics, and endeavor to cultivate a resilient and inclusive workplace environment that supports the company's long-term growth.

1 | Theme of Revelation and Reporting Period

In alignment with international disclosure standards, the Company presents information on the "Employee Hiring and Resignation Overview," emphasizing a transparent depiction of trends in human resource turnover. This report encompasses the total number and percentage of newly hired and departing employees, along with a detailed analysis categorized by gender, age, and region. The reporting period pertains to the fiscal year 2024 and seeks to furnish stakeholders with a thorough understanding of the Company's performance and trends in human resource management.

2 | Overview of New Personnel

In fiscal year 2024, the company onboarded 15 new employees, constituting 0.7% of its total workforce. A detailed analysis by age and gender indicates that there were 4 male and 4 female new hires under the age of 30; 4 male and 3 female new hires aged 30-50; and no new hires aged 50 and above. This data demonstrates that new hires are predominantly concentrated in the under-30 and 30-50 age brackets, with a relatively equitable gender distribution. This underscores the company's focus on attracting young and mid-career talent within its recruitment strategy, as well as its dedication to gender diversity.

3 | Overview of Previous Employees

In 2024, the company recorded 58 employee departures, accounting for 9.4% of its total workforce. A cross-sectional analysis by age and gender indicated that 7 males and 3 females under the age of 30 departed; 25 males and 10 females aged 30-50 left; and 11 males and 2 females aged 50 and over exited. Data analysis reveals a markedly higher rate of departures among men aged 30-50, possibly attributable to contract expiration, workforce adjustments, or personal career advancement. The company will persist in monitoring this trend and, through internal surveys and exit interviews, will seek to gain deeper insights into the underlying factors to enhance its human resources management strategy.

4 | Clarification of Disclosure Parameters and Limitations

The employee hiring and resignation data presented in this report pertains exclusively to full-time employees at our Taiwan headquarters and excludes information regarding outsourced personnel, short-term hires, or employees located overseas. This limitation arises primarily from the regional scope of our data collection system and the technical challenges associated with integrating data from employees outside our Taiwan headquarters. We remain committed to enhancing our global human resources data management system to improve the comprehensiveness and coverage of future disclosures.

2024 Employee Recruitment and Departure Overview Report

Clearly present trends in human resource flow in alignment with international disclosure standards.

Total count of new employees
15
0.7% of the total workforce

Net liquidity
-8.7%
Number of resignations - Number of new appointments

Total number of departing employees
58
9.4% of the entire workforce

Coverage
Taiwan Headquarters
Permanent employees

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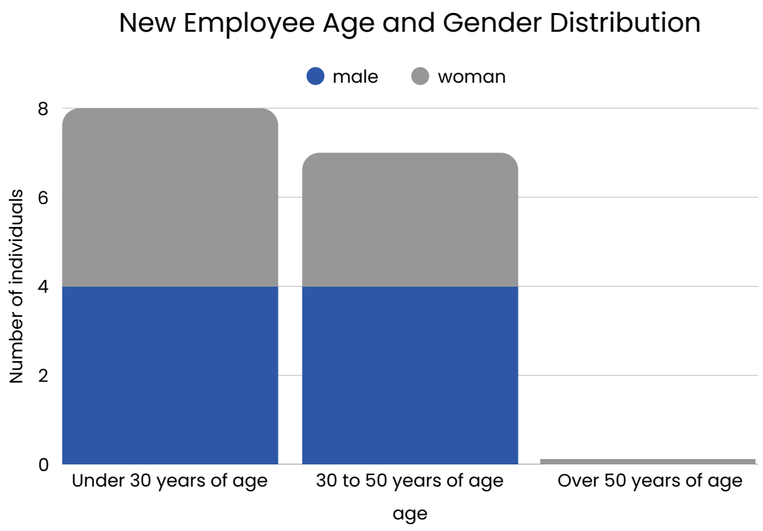
Distribution of new employees in 2024 (categorized by age and gender)

Age Groups	Number of Males	Male age demographic (%)	Number of Females	Female age demographic (%)	Total Number of Employees	Total percentage of each age group (%)
Under 30 years old	4	50%	4	57.1%	8	53.3%
30-50 years old	4	50%	3	42.90%	7	46.7%
Over 50 years old	0	-	0	-	0	-
Total	8	-	7	-	15	-



Distribution of employees departing the company in 2024 (categorized by age and gender)

年齡層	Number of Males	Male age demographic (%)	Number of Females	Female age demographic (%)	Total Number of Employees	Total percentage of each age group (%)
Under 30 years old	7	16.3%	3	20%	10	17.2%
30-50 years old	25	58.1%	10	66.7%	35	60.3%
Over 50 years old	11	25.6%	2	13.3%	13	22.5%
Total	43	-	15	-	58	-

Key Insights

New hires are predominantly found within the age brackets of under 30 and 30-50, exhibiting a relatively balanced gender distribution (53.3% male, 46.7% female). There are no new hires above the age of 50, indicating a recruitment strategy aimed at attracting young talent.

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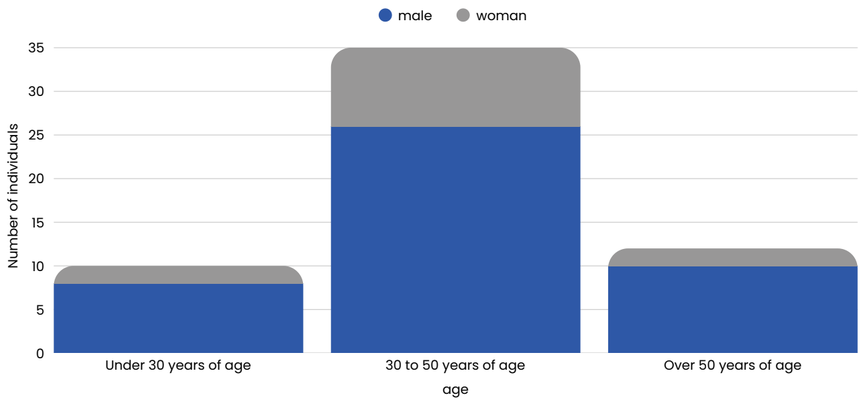
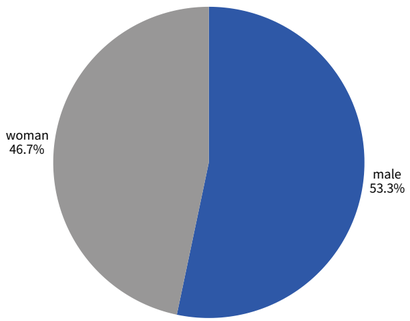
Age and gender demographics of departing employees



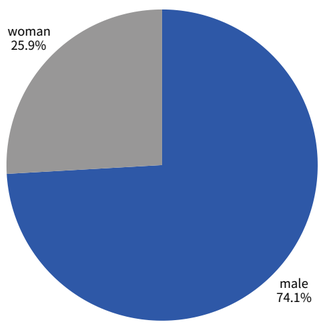
Gender distribution among newly hired employees

Gender distribution is relatively balanced, demonstrating diversity and gender equality



Gender distribution among departing employees

Male Employee Turnover Rate is Higher, Requiring In-Depth Cause Analysis



Key Insights

- The turnover rate among men aged 30 to 50 is notably elevated, representing 43% of the overall turnover.
- The overall turnover rate for men (74.1%) exceeds that of women (25.9%).
- May be associated with contract expiration, workforce adjustment, or career development.

Human Resource Management Strategy

- Emphasize the cultivation of emerging and essential talents.
- Dedicated to gender diversity and equity
- Transparent disclosure of human resources flow data

Planning for Improvement Measures

- Conduct comprehensive internal investigations and exit interviews.
- Optimizing turnover rates for males aged 30-50
- Continuously enhance human resource management strategies.

Disclosure Scope and Limitations

Scope of the Report

- Regular employees across multiple locations in Taiwan
- Comprehensive information for 2024
- Cross-sectional analysis by age and gender demographics
- Comprehensive statistics on new hires and resignations

Excluded from the scope

- Outsourcing and temporary employment
- Information pertaining to overseas bases
- Informal workforce statistics
- Several technical data integration challenges

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Welfare blueprint development: enhancing coverage and satisfaction

GRI 401-2 Benefits Offered to Full-Time Employees (Excluding Temporary or Part-Time Employees)

The Company adheres to a people-centric philosophy, viewing employee well-being as a fundamental pillar of sustainable operations. Our benefits system is integrated into our ESG governance framework, spearheaded by the Human Resources Department in collaboration with the Finance and Legal departments. We consistently report on implementation outcomes and progress in improvements to senior management. Additionally, we maintain an internal audit mechanism that employs satisfaction and coverage metrics to evaluate the effectiveness of our policies and ensure compliance with regulations and measurable results.

Currently, our welfare systems across all locations in Taiwan are uniform, structured in compliance with regulations such as the Labor Standards Act, without any regional disparities. This demonstrates both equity and effective management. Should we expand internationally in the future, we will implement suitable modifications in accordance with local laws and cultural contexts, ensuring a balance between consistency and local requirements.

This disclosure pertains to full-time employees across all locations in Taiwan, thereby ensuring a significant level of representativeness. Outsourced and temporary personnel were excluded due to challenges related to data management and system applicability. Future initiatives will enhance system integration and broaden the scope of disclosure. Benefits data is gathered and collaboratively compiled within the HR system, with certain elements also outsourced to third-party verification to uphold transparency and credibility.

Furthermore, we collect feedback through annual employee surveys and discussions with the union. We subsequently refine and optimize our policies to enhance employee engagement and satisfaction. Looking ahead, the company will persist in optimizing its benefits policies, expanding coverage, and innovating initiatives to foster a more inclusive and supportive work environment while implementing a people-oriented governance philosophy.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will comprehensively disclose the key benefits afforded to full-time employees, with the objective of highlighting our initiatives and accomplishments in promoting employee well-being and enhancing working conditions. This report encompasses the design and execution of the Company's benefits program for full-time employees throughout that year, ensuring transparency and adherence to international reporting standards.

2 | Differentiation of foundational structures and welfare systems

The company's benefits program is uniform across all locations in Taiwan, with no distinct variations between overseas sites. All benefits are designed in compliance with Taiwan's Labor Standards Act and relevant regulations, applying to all eligible regular employees. There are no region- or department-specific benefits programs.

3 | Standard welfare provision (by classification of welfare items)

The company provides a range of statutory and non-statutory benefits to full-time employees, aimed at safeguarding their rights and enhancing job satisfaction. Fundamental benefits, including labor insurance and national health insurance, are offered in accordance with legal regulations and are applicable to all full-time employees who have successfully completed their probationary period. Additionally, we provide group insurance for all regular employees to ensure comprehensive coverage. Parental leave is another significant benefit available to both male and female employees, in compliance with legal mandates, promoting a balance between work and family life. Employees have the option to contribute to the retirement fund system and can determine their level of participation after reviewing the relevant policies. However, the company has not introduced any employee stock ownership plans, employee stock options, or restricted stock options in recent years (2024 and prior). Employee compensation is exclusively disbursed in cash, with no stock issued as compensation or incentive. This decision is primarily guided by the company's overarching compensation policy and financial planning, aimed at ensuring the stability and equity of the compensation system.

4 | Instructions for Exclusion of Other Supplementary Benefits and Entity Benefits

In addition to statutory benefits, the Company provides a range of supplementary benefits designed to enhance employee well-being, including year-end bonuses, profit sharing, marriage allowances, volunteer leave, travel, and gifts for the three major festivals. These programs are accessible to all eligible regular employees and aim to cultivate a sense of belonging and motivation at work. However, certain physical benefits, such as sports facilities and childcare centers, are not included in this disclosure. This exclusion is primarily due to the fact that the provision and management of these facilities are generally considered non-core benefit programs, and their usage and cost-effectiveness are challenging to quantify comprehensively. We omit these programs from the main disclosure scope to ensure that the report concentrates on representative and traceable benefit programs.

5 | Disclosure of Limitations and Exclusions

This disclosure encompasses benefits information exclusively for regular employees at our Taiwan locations and excludes details regarding temporary or outsourced personnel. This limitation is primarily grounded in considerations of data integrity and consistency, ensuring a representative distribution of our principal operating locations and employee structure. We will persist in optimizing our data collection methods and gradually incorporate information on additional employee categories to enhance the comprehensiveness of this report.

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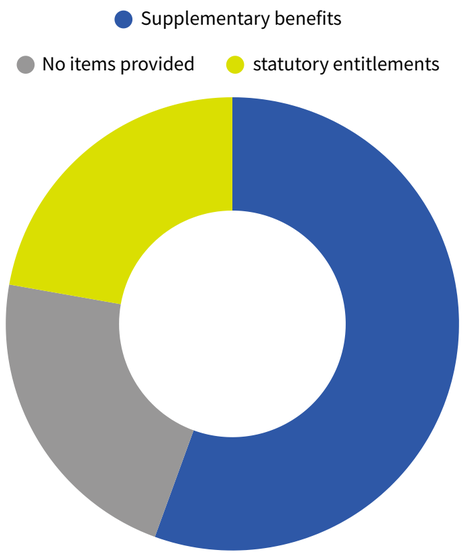
Welfare blueprint development: enhancing coverage and satisfaction

2024 Employee Benefits Program Infographic

Full-time employee benefits system comprehensively disclosed: standardized protocols at Taiwan headquarters.



Legislative welfare programs

- ✅ Employment Insurance
- ✅ National Health Insurance
- ✅ Parental leave (available to both men and women)
- ✅ Pension system (voluntary contribution)
- ✅ Group insurance (including dependents)

Supplementary benefits

- ✅ Annual bonus
- ✅ Employee dividends (monetary distribution)
- ✅ Matrimonial subsidy
- ✅ Employee travel
- ✅ Three Festival Gifts

No items provided

- ❌ Employee Stock Ownership Program
- ❌ Employee Stock Options
- ❌ Restricted Stock Units
- ❌ Sports amenities
- ❌ Childcare Facility

Welfare system provisions

100%
Taiwan Headquarters Unified Standards

full-time
Eligible employee classifications

12+
Primary welfare initiatives

0
Member Stock Ownership Plan

Welfare system implementation procedure

Employee Orientation → **statutory entitlements** → **Additional benefits** → **Ongoing protection**

Complete the probationary period. | **Automatic Application** | **Qualified for** | **Tenure**

Challenge Disclosure Restrictions: This disclosure pertains solely to benefits information for regular employees at the Taiwan headquarters and excludes temporary employees or outsourced personnel.
Employee stock ownership plans have not yet been instituted in accordance with the company's comprehensive compensation policy and financial planning considerations. All remuneration will be disbursed in cash to maintain system stability and equity.

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Family support system: parental leave and flexible arrangements.

GRI 401-3 Maternity and Paternity Leave

Embracing a people-centric philosophy, the company has integrated its parental leave policy into its comprehensive ESG framework, dedicated to assisting employees in balancing family responsibilities with career advancement. Beyond mere regulatory compliance, the policy's design prioritizes fairness and accessibility. Spearheaded by the Human Resources department and supported by cross-departmental collaboration, it also includes internal audits and regular evaluations to ensure the quality and effectiveness of its implementation.

The company consistently monitors and promotes the equitable exercise of parental leave rights among both male and female employees. Through internal outreach and supervisor training, we cultivate a cultural understanding of shared parenting responsibilities and reduce the influence of gender stereotypes. Additionally, we provide support measures such as flexible work hours, remote work options, and reinstatement counseling to facilitate employees' transition back to the workplace and improve their retention and engagement.

All application and reinstatement information is managed within the HR system. Missing data is supplemented through manual verification. Data limitations and consistency principles are disclosed to ensure transparency. Moving forward, we will continue to optimize our systems, establish annual reinstatement and retention targets, implement data tracking tools, and broaden the scope of our gender equality and family support initiatives to affirm our commitment to employee well-being and sustainable development.

1 | Theme of Revelation and Reporting Period

In 2024, the company published a detailed disclosure concerning its parental leave policies and associated employee retention, with the objective of highlighting our initiatives and accomplishments in fostering a work-family balance for employees. This report emphasizes parental leave eligibility, actual utilization, and data on return-to-work rates and long-term retention, underscoring our dedication to employee well-being and gender equality.

2 | Statistics on the actual number of individuals taking leave

In fiscal year 2024, a total of five employees availed themselves of parental leave: three male employees and two female employees, indicating a balanced ratio between genders. We have noted that the parental leave policy positively influences the promotion of gender equality, as male employees increasingly engage in childcare responsibilities. This trend underscores our company's ongoing commitment to fostering gender balance within our workplace culture. Although the number of applicants remains relatively modest, it also highlights the potential for further enhancement in promoting and communicating the policy to employees.

3 | Return to work and reinstatement statistics

During the reporting period, of the five employees who applied for parental leave, four successfully resumed their original positions upon completion of their leave, while one employee remains on leave. According to the GRI guidelines (calculated solely for employees whose leave has concluded), the return-to-work rate stands at 100%. We are dedicated to supporting returning employees through flexible work arrangements and tailored reintegration plans to facilitate their adjustment to the work environment. For those still on leave, we will maintain flexible support and oversee their return-to-work arrangements to improve accessibility and satisfaction with the system.

4 | Employee retention count and retention rate

Of the four employees who returned to work, three have stayed with the company for a complete 12 months, resulting in a 75% retention rate. The company has implemented a systematic retention tracking mechanism that employs interviews and satisfaction surveys to gauge employee adaptation and identify potential reasons for departure. Additionally, we offer support resources to help employees manage their family and work responsibilities, thereby increasing their chances of long-term retention.

5 | Disclosure of Limitations and Exclusions

This disclosure is restricted to full-time employees at our Taiwan headquarters and excludes employees from our international operations or subsidiaries. Throughout the data collection process, we utilize our human resources system for centralized recording and verification to ensure data accuracy and consistency. For reinstatement or retention over multiple years, we will persist in optimizing our tracking mechanisms to improve the comprehensiveness of future disclosures.

Key Metrics Overview

Total number of candidates

5 people

Three men and two women

Physical reinstatement ratio

100%

All individuals who completed parental leave have been reinstated.

Overall retention rate

75%

The percentage of employees retained after 12 months of reinstatement.

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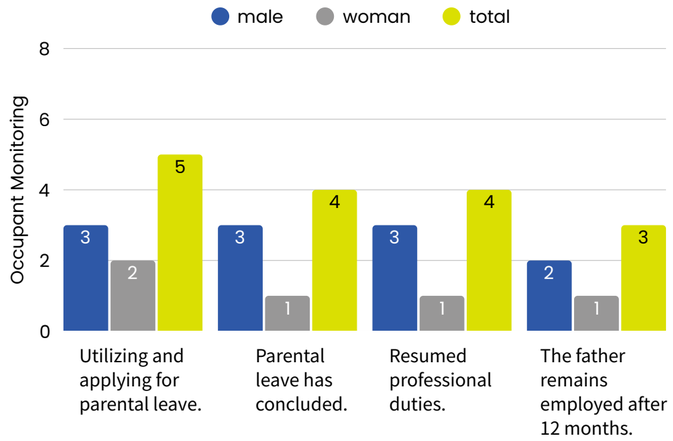
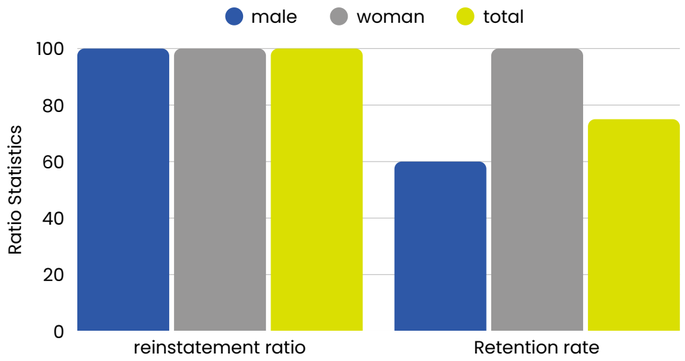
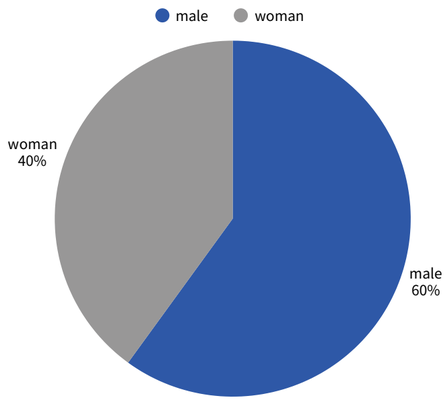
GRI 401-3: Statistics on Parental Leave Utilization (2024)





Gender Distribution of Parental Leave Applicants



Comprehensive data sheet

Indicator Items	Male staff	women employees	total
Number of Employees Qualified for Parental Leave (Full Year)	Not yet calculated	Not yet calculated	Not yet calculated
Number of Employees Who Actually Applied for and Used Parental Leave	3	2	5
Number of Employees Who Have Completed Parental Leave (as of the Disclosure Baseline Date)	3	1	4
Number of Employees Returned to Work (Reinstatement)	3	1	4
Return-to-Work Rate (Return to Work Rate)	**100%**	**100%**	**100%**
Number of employees still employed 12 months after returning to work	2	1	3
Retention Rate	67%	**100%**	75%

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GRI 401 Employment Relations

We regard human resources management as a fundamental component of corporate sustainability governance. We enhance employee turnover management, benefit system design, and childcare support mechanisms through institutionalized processes. Within the governance framework, the Human Resources department holds primary responsibility, and in collaboration with regular assessments by senior management, data on new hires and departures are integrated into sustainability governance indicators and aligned with risk management and business stability strategies. In 2024, we welcomed 15 new hires (8 men and 7 women) and experienced 58 departures (43 men and 15 women). Among the new hires, four men and four women were under 30 years old, while four men and three women fell within the 30-50 age range. No new hires were over 50 years old, indicating that our system does not discriminate based on age or gender. Departures were predominantly among men aged 30-50 (25, accounting for 43% of total departures). We have launched retention initiatives through interviews and cross-departmental feedback.

Our analysis of employee turnover includes age demographics: 7 men under 30 (12% of total turnover) and 3 women (5% of total turnover); 11 men over 50 (19% of total turnover) and 2 women (3% of total turnover). This structural trend informs our recruitment and career support strategies. We standardize the recruitment process to ensure fairness through an unbiased mechanism and cross-departmental review. Additionally, we implement an automated HR system to generate turnover reports, thereby enhancing data accuracy through monthly reviews and exception checks. Senior management consistently monitors key indicators and plans workforce reallocation to mitigate the loss of critical positions.

The benefits system encompasses basic benefits, including labor insurance, group insurance, and health checkups, which are available to all regular employees, along with provisions for family leave. Supplementary benefits, such as year-end bonuses and marriage allowances, are uniformly applied in accordance with system specifications. Items not deemed universal, such as childcare facilities, are excluded from disclosure to ensure data consistency. The development of benefits policies involves a collaborative effort among the Human Resources, Finance, and Legal departments, with annual audits and employee surveys informing policy revisions. At present, the system is confined to the Taiwan headquarters and factories, excluding non-regular employees and overseas locations. Future assessments will be undertaken to establish a globally consistent system.

Parental leave, recognized as a key indicator of gender equality, is applied with a gender-neutral threshold. In 2024, five employees—three male and two female—applied for and utilized parental leave. This trend illustrates the increasing involvement of male employees in childcare responsibilities and underscores the Company's steadfast commitment to achieving gender balance in the workplace. During the reporting period, of the five employees who applied for parental leave, four successfully returned to their original positions upon completion of their leave, while one employee remains on leave. According to GRI guidance (calculated solely for employees whose leave has concluded), the reinstatement rate was 100%. Among the four employees who returned, three have remained employed for a full 12 months following their reinstatement, resulting in a retention rate of 75%. We offer flexible reinstatement mechanisms and tracking systems, including adaptable work schedules and reintegration plans, to facilitate employees' transition back into the work environment. For those currently on leave, we will continue to provide support and monitor their reinstatement arrangements. Relevant information is documented in the HR system, with manual reviews and exception audits implemented to enhance consistency.

The scope of this disclosure is confined to regular employees at the Taiwan headquarters and excludes overseas operations or subsidiaries. Data collection is systematically recorded and verified through the human resources system to ensure accuracy and consistency. For reinstatement or retention over multiple years, we will persist in optimizing the tracking mechanism to enhance the comprehensiveness of future disclosures. Overall, we have established a human resources governance framework based on institutional maturity, featuring a clear division of responsibilities and internal control mechanisms encompassing data monitoring, decision-making participation, and policy revisions. Certain indicators have been incorporated into third-party audits. Moving forward, we will continue to enhance cross-regional applicability and system integration, while setting objectives such as improving employee satisfaction, parental leave retention rates, and retention effectiveness to bolster human capital resilience and affirm our long-term commitment to employee well-being.

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9.2 Labor-Capital Relations and Notification Mechanism

GRI 402-1 Minimum Notification Period for Operational Changes

Our company is dedicated to developing a comprehensive notification system for significant operational changes, focused on safeguarding employee rights and fostering labor-management harmony. In alignment with the Labor Standards Act and internal policies, our Taiwan headquarters has instituted a minimum notice period of 30 days. This is integrated into the human resources governance framework, with the Human Resources Department primarily tasked with its implementation. Senior management routinely assesses the system's effectiveness, and internal communication channels are established to guarantee timely and transparent information dissemination.

The company has revised its notice system to align with local regulations and labor practices. Internationally, notice periods vary from 14 to 45 days, and we are offering support to alleviate the effects of this change. Although notice periods have not yet been fully integrated into collective agreements, we have initiated discussions with employee representatives to consider the future incorporation of consultation mechanisms and dispute resolution processes.

Disclosure primarily focuses on regular employees at our Taiwan headquarters. Data is obtained from HR systems and policy archives, having undergone an internal review for consistency. Integration of data for overseas locations is currently in progress, with plans to establish a unified framework by 2026 to enhance disclosure. Moving forward, we will persist in optimizing system implementation and data governance to promote a more transparent and inclusive workforce.

1 | Theme of Revelation and Reporting Period

The Company will unveil its 2024 employee notification system for significant operational changes, emphasizing its initiatives and practices in labor relations management and the safeguarding of employee rights. The reporting period, spanning from January 1 to December 31, 2024, concentrates on the arrangements and execution of its employee notification system prior to major operational changes.

2 | Explanation of the Minimum Notice Period System

Prior to implementing any significant operational changes, the company provides employees with a minimum of 30 days' advance notice, in compliance with local regulations and internal policies. This protocol is fundamentally grounded in the pertinent provisions of Taiwan's Labor Standards Act and is further supported by the company's human resources management policies, ensuring that employees have adequate time to adapt to organizational changes.

3 | Disclosure of discrepancies in operational locations

Given the varied geographic distribution of our operations, notice periods differ based on local regulations and labor market practices. At our headquarters in Taiwan, the minimum notice period is 30 days, in accordance with local labor laws. In certain overseas locations, notice periods may range from 14 to 45 days, contingent upon local laws and regulations. These variations are largely attributable to mandatory labor regulations and labor-management negotiation practices across different regions. We are dedicated to ensuring the highest level of protection within the legal framework.

4 | Incorporation of collective agreements

Currently, the company has not fully integrated notice periods and associated procedures for significant operational changes into collective agreements. At our headquarters in Taiwan and certain international locations, these arrangements are primarily governed by company policies and local regulations, rather than through collective agreements. We are actively engaging with employee representatives and labor unions to investigate the potential for incorporating these elements into collective agreements in the future.

5 | Terms of the Agreement

As notice period procedures have not yet been integrated into collective agreements, the company presently lacks specific terms to disclose. Should such an agreement be established in the future, we will ensure that the terms encompass advance consultation mechanisms, notice periods, and employee participation rights, and we will publicly disclose them in a timely manner.

6 | Disclosure of Limitations and Exclusions

This disclosure primarily addresses information pertaining to regular employees at our Taiwan headquarters and excludes notification systems and implementation practices at our international subsidiaries. This limitation arises chiefly from the complexities involved in integrating data from our overseas locations and the absence of comprehensive regional standardization. The company will persist in enhancing its data collection and management systems to broaden the scope of future disclosures.

2024 Employee Alert System for Significant Operational Modifications

Labor-Capital Relations Management and Employee Rights Protection Practice Report

Minimum Notice Period Standards by Location

30

Taiwan Headquarters
In compliance with the Labor Standards Act and organizational policies

14–45

International locations
In compliance with the Labor Standards Act and organizational policies

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Change Management System: Employee Engagement and Communication Channels

Statistics on system coverage.

30	100%	0	Numerous foundations
Days of Taiwan's minimum notice period	Permanent employees	Collective Agreement Inclusion Initiative	Scope of operations and institutional disparities

Notification Procedure for Significant Operational Changes

1. **Confirm the modification.** — Significant Operational Transformation Decision Confirmed
2. **Evaluating impact** — Evaluate employee influence
3. **30 days prior** — Minimum Notice Period Advance Notice
4. **Communication and negotiation** — Employee Communication and Protection of Rights
5. **Implementing Change** — Formally execute operational modifications.

Present implementation of the system

- Legal foundation: Taiwan Labor Standards Act
- Notice period: a minimum of 30 days
- Scope of Application: Regular Employees of the Taiwan Headquarters
- Implementation Method: Corporate Policies and Regulatory Standards

Status of inclusion in the collective agreement

- Current status: Not yet completely integrated
- Implementation foundation: corporate policies and regional regulations
- Communication advancement: Engage in active negotiations with employee representatives.
- Future plans: Investigate the potential for inclusion

Differentiated management of international locations

- Notice period range: 14 to 45 days
- Reason for the discrepancy: Varying regulations across different locations.
- Management principles: optimal protection within the legal framework
- Unified standards: Consistently advance system integration

Limitation on information disclosure

- Primary focus: Regular employees at the Taiwan headquarters
- Exclusions: Information pertaining to overseas subsidiaries
- Limitation reason: Intricacy of data integration
- Improvement direction: Broaden the range of forthcoming disclosures.

Future System Enhancement Strategy

- **Collective Agreement Inclusion: Engage with employee representatives and trade unions to incorporate notice periods and associated procedures into collective agreements.**
- **Formulation of terms and conditions: encompassing the advance negotiation mechanism, announcement period, and employee participation rights.**
- **Overseas base integration: Enhance data collection mechanisms and standardize management protocols.**
- **Enhanced transparency: Broadened disclosure parameters to encompass the performance of international subsidiaries.**

Important Note: Our company is dedicated to offering employees the highest level of protection within the legal framework, ensuring they have sufficient time to respond to significant operational changes. Presently, our Taiwan headquarters implements a minimum notice period of 30 days, surpassing the minimum legal requirement and reflecting our commitment to employee rights.

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Agreement governance framework: notification mechanism and negotiation scope

GRI 402 Labor and Management Relations

Within our company's human resources governance framework, the notification system for significant operational changes is regarded as a crucial element of labor-management relations. Its purpose is to protect employee rights, reduce organizational risks, and promote a harmonious work environment through established processes. In fiscal 2024, in compliance with the Labor Standards Act and internal company policies, we instituted a minimum 30-day notice period at our Taiwan headquarters and created a dedicated unit tasked with implementation and internal communication to ensure timely and transparent information dissemination. This system is integrated into our human resources governance process, with the Human Resources department overseeing policy planning and monitoring, while senior management conducts regular reviews and adjustments, thereby establishing an institutional oversight and correction mechanism.

In light of our multi-regional operations, we have established flexible notice periods in accordance with local labor laws and market practices. Notice periods for international locations vary from 14 to 45 days, showcasing the company's adaptability and adherence to local regulations. Additionally, we are assisting employees in managing the uncertainties associated with change through enhanced communication and support initiatives, including departmental briefings, psychological counseling, and job transition assistance, underscoring our dedication to their well-being.

Currently, this system has not been fully integrated into the collective agreement. Notice periods and procedures are predominantly regulated by internal policies and guidelines. Nevertheless, we have engaged in discussions with employee representatives and the union to assess the potential for future inclusion in the agreement. This encompasses the establishment of negotiation mechanisms, public notice protocols, and participation rights. Such measures will enhance the legitimacy of the system and foster employee engagement, progressively transitioning from a policy-driven to a negotiation-driven approach.

Regarding the disclosed data, this statistic primarily focuses on full-time employees at our Taiwan headquarters. The data is derived from human resources systems and internal policy documents, having been reviewed by various departments for accuracy and consistency. Due to the incomplete integration of systems and policies at our overseas locations, the disclosure of related information remains limited. We have commenced a project aimed at system unification and data integration, with the expectation of completing the integration of our global system architecture and expanding our disclosure scope by 2026.

In our governance framework, we prioritize cross-departmental collaboration and adaptive adjustments. The Human Resources department is chiefly tasked with system implementation and data management, supported by a communication mechanism that guarantees employees receive timely updates regarding changes. Senior management conducts regular reviews of implementation progress and identifies potential risks to maintain a proactive and responsive system. To accommodate regional variations, we employ a modular system framework that harmonizes group standards with local flexibility, ensuring global governance consistency while honoring local requirements.

Looking forward, the company will persist in optimizing its notification system for significant operational changes, fortifying data governance capabilities, and improving employee engagement. We intend to integrate the notification period into a formal agreement framework to bolster the systematization and transparency of the process. Additionally, we will implement automated notification management tools to enhance real-time information synchronization across regional locations and improve management efficiency. Governance will also establish key performance indicators (KPIs) associated with the notification system, including employee satisfaction and information reach, as part of our annual sustainability management assessment.

Through these continuous efforts, we aim to establish a notification mechanism that integrates institutional stability, local flexibility, and a humanistic ethos. This will function not only as a compliance tool but also as a vital foundation for sustainable corporate development and the enhancement of employee trust. This represents not merely a substantive commitment to internal employee rights but also a fundamental action that reflects corporate governance maturity and sustainable value to external stakeholders.

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9.3 Training and Professional Development

GRI 404-1 Average annual training hours per employee

The Company is dedicated to improving transparency regarding the diversity of its Board and workforce, and will persist in disclosing the diversity of its governance and human resources by gender and age breakdown by 2024. We have incorporated diversity management into our ESG governance framework, with a cross-departmental team tasked with data collection and quality control. Board diversity objectives are established based on internal governance requirements and industry benchmarks to promote balance and diverse decision-making.

Our company transparently presents the distribution of age and gender. For instance, 69% of our board members are over 50 years of age, while 23% are women. Among employees aged 30 to 50, 67.9% are men and 10.1% are women. However, data regarding non-binary individuals and minority groups remains insufficient, with only 0.8% of individuals with disabilities reported. We will persist in refining our survey methodologies to enhance the comprehensiveness of our classifications.

The statistics encompass full-time employees at our Taiwan headquarters, serving as a representative sample of the company's operations. They exclude overseas and non-regular personnel. We validate the data through annual HR system records and self-administered questionnaires to ensure authenticity and consistency, while also publicly disclosing the limitations of this data.

The company has implemented a comprehensive disclosure framework linked to its grading system, prioritizing workplace equity and inclusion, and integrating this into its compensation and promotion system design. Moving forward, we will enhance the involvement of women and diverse groups, set diversity improvement objectives and monitoring systems, and cultivate a more inclusive governance and organizational culture.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will provide information regarding the diversity of its Board of Directors and employees, encompassing gender, age distribution, and the representation of minority or underrepresented groups. This disclosure seeks to illustrate the diversity and inclusiveness of the organization's governance and human resources management. The reporting period extends from January 1 to December 31, 2024. Data collection and analysis are performed annually to guarantee the completeness and consistency of the information.

2 | Board Diversity Disclosure (Gender and Age)

The gender and age distribution of our Board of Directors is as follows: Among individuals under 30, 0% identify as male, female, or non-binary; among those aged 30-50, 0% are male, 7.7% are female, and 0% are non-binary; and among those aged 50 and above, 69% are male, 23% are female, and 0% are non-binary. This distribution indicates that the age and gender composition of our Board is predominantly male in the older age brackets, while a notable proportion of women are involved in governance decision-making.

3 | Disclosure of vulnerable or minority groups within the board

0% of our board members identify as belonging to minority or underrepresented groups, including Indigenous peoples, LGBTQ+ individuals, or those with disabilities. We are dedicated to enhancing the diversity of our board and are committed to incorporating members from a broader range of backgrounds in governance moving forward.

4 | Employee Diversity Disclosure (Gender by Age)

The gender and age distribution of our employees is as follows: Among individuals under 30, 5.2% are male, 0.8% are female, and non-binary gender identification remains undisclosed. Among those aged 30-50, 67.9% are male, 10.1% are female, and non-binary gender information is not available. Among employees aged 50 and over, 13.9% are male, 2.1% are female, and non-binary gender information is also not available. This distribution indicates that our workforce is predominantly male, particularly within the 30-50 age range, while female representation is notable across all age categories. However, comprehensive data on non-binary gender identification is currently lacking.

5 | Disclosure of vulnerable or marginalized groups within the workforce

0.8% of our employees self-identify as members of a minority or underrepresented group (reported across all age demographics). This figure encompasses groups such as Indigenous peoples, LGBTQ+ individuals, and persons with disabilities, reflecting our dedication to embracing diverse backgrounds within our workforce and our continuous commitment to fostering an equitable and inclusive workplace.

6 | Principles of Classification and Definitions of Job Grades

Our company classifies its employees according to a full-time equivalent (FTE) system. The total headcount is determined through FTE conversions. Employees are divided into three tiers: senior management, mid-level management, and entry-level staff, in alignment with applicable guidelines. This classification aims to accurately reflect the varied distribution of employees across different job levels and to ensure that the statistical data aligns with the actual workforce structure.

7 | Reveal the scope and limitations of statistics

This disclosure pertains exclusively to full-time employees at our Taiwan headquarters and excludes overseas locations, contractors, and part-time employees. In terms of vulnerable groups, only five individuals with disabilities were represented. There is no available information concerning Indigenous people, LGBTQ+ individuals, or non-binary individuals. We will persist in enhancing our data collection scope and methodologies to ensure the thoroughness and precision of our disclosure.

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2024 Employee Training Evaluation Report

Reporting period: January 1, 2024 - December 31, 2024 Disclosure in accordance with international reporting standards, illustrating investments in human capital development and their effectiveness.

Statistics on system coverage.

Average training hours by gender

3.22 Hours (Masculine)

0.13 Hours (Women)

Training hours for non-binary employees are not recorded separately.

Board member development

33 Hours of training courses related to sustainability that emphasize ESG issues

Training hours for other positions have yet to be categorized into specific segments.

Training modalities and content scope

- Internal Training Programs
- External training
- Professional and technical programs
- Management Development
- AI-driven online education
- Occupational Safety and Health Training Programs

Statistical limitations and avenues for enhancement

Overseas bases: The training system has yet to be fully integrated and is not reflected in the statistics.

Third-party workers: The training of outsourced personnel and temporary employees is not reflected in the statistics.

Job classification: Senior, mid-level, and general staff training hours have not yet been specified in detail.

Improvement plan: The integration of overseas base data is anticipated to occur gradually over the next two years.

Statistical coverage and quality assurance

Coverage: Full-time employees of the Taiwan headquarters

Quality assessment methodology: Full-time equivalent (FTE) principle

Data source: internal reports and training system documentation

Quality Assurance: Consistently verify course hours with training providers.

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The relationship between effectiveness and retention: The impact of learning contributions on retention efficacy.

GRI 404-2 Employee Development and Transition Support Program

Embracing a people-centric philosophy, the company integrates employee development and career transition assistance into its ESG governance framework. The Human Resources department manages planning and collaborates with various departments, establishing development objectives in partnership with department heads to ensure the training system aligns with the company's strategic goals. Learning outcomes are also factored into performance evaluations to enhance the link between development and career support.

Training programs encompass both internal and external training, certification assistance, and language courses, incorporating ESG issues to facilitate employee adaptation to industry transformation. Support for career transitions, through internal transfers and retraining, offers tailored assistance for career changes, highlighting system flexibility and practicality.

The training system encompasses all regular employees and is structured according to rank and position to prevent uneven resource distribution. An internal application mechanism is established to guarantee equitable participation. Data is gathered through the training system and supervisor monitoring, complemented by regular satisfaction surveys. However, this initiative presently includes only regular employees, and discrepancies in external training records persist. Moving forward, we will enhance data integration and system evaluation, increase support and budgetary investment, and affirm our long-term dedication to human capital development and sustainable operations.

1 | Theme of Revelation and Reporting Period

In 2024, the company will provide information regarding employee competency development and transition support. This information will encompass the design and execution of competency training programs, the establishment of transfer and retirement support mechanisms, and the assessment of their effectiveness and applicability. The reporting period, spanning from January 1 to December 31, 2024, seeks to highlight the company's tangible actions and accomplishments in employee career development and human resources management.

2 | Content and Categories of Capacity Enhancement Programs

The Company has developed a comprehensive year-long education and training plan, offering a diverse array of courses and support resources tailored to the needs of various employee groups. For new hires, we provide extensive on-the-job training to facilitate their swift adaptation to the work environment and job expectations. For established employees, we organize professional skills training and management courses aligned with departmental requirements and individual career development plans. Furthermore, departments may request external training and certification subsidies to promote continuous enhancement of employees' professional competencies. Course offerings encompass internal training, external training, professional courses, certification subsidies, and language training, delivered through both in-person sessions and digital learning platforms. The primary objective is to bolster employees' technical skills, management capabilities, and emerging competencies necessary for navigating industry transformations. Additionally, we integrate ESG-related topics into select training content to enhance employees' awareness and practical skills in sustainable development. The Human Resources Department primarily oversees the promotion of training initiatives, leveraging internal company resources in collaboration with external professional institutions, and providing tuition subsidies and learning hour support to ensure full employee participation.

3 | Target Audience of the Capability Enhancement Program

Our company's capacity-building program encompasses all regular employees and is structured in a tiered format according to rank and job function. Specifically, the annual training plan includes new hires, professional and technical staff, and management roles, ensuring that employees at every level have access to pertinent learning resources. For new hires, the focus is on foundational skills and assimilation into the corporate culture; for professional and technical staff, the emphasis is on technological advancement and industry trends; and for management roles, the focus is on leadership and strategic thinking. Resource allocation is determined by departmental requirements, employee seniority, and job characteristics, aiming to achieve a balance between equity and targeted support.

4 | Content and Types of Employment Change and Transition Support

The company has implemented job transfer management measures to provide employees with a robust support mechanism for job transitions. Prior to a job transfer, we will engage in comprehensive consultations with employees to ensure they fully understand the requirements and developmental trajectory of the new position. Employees may also apply for career training courses as necessary to enhance their adaptability. Support options include pre-job transfer retraining and outsourced training, designed to facilitate a seamless transition to new roles or fields. These measures are promoted by the Human Resources Department and are applicable to employees transferred due to organizational needs or personal career advancement, ensuring transparency and operational efficiency within the system.

5 | Who qualifies for job change and transition support?

Our transfer and transition support programs primarily focus on our permanent employees, especially those changing roles due to internal transfers or personal career development aspirations. We offer tailored training and consultation programs to ensure these employees can fully harness their potential in their new positions. For each transfer type, support measures are customized to align with the employee's professional background and objectives, thereby enhancing adaptability and stability throughout the transition.

6 | Overview of the Effectiveness Evaluation Mechanism

To guarantee the efficacy of our training and transition programs, the company administers satisfaction surveys following each training session, collecting employee feedback regarding the course content, instructor performance, and overall learning experience. Additionally, department heads consistently monitor employee learning outcomes and their application, evaluating whether training effectively enhances performance and facilitates job transitions. Effectiveness assessments are predominantly carried out through an internal questionnaire system and supervisor interviews. Feedback is systematically compiled to guide future program modifications, ensuring that training resources genuinely address the needs of both employees and the organization.

7 | Coverage of third-party workers

Currently, our capacity-building and job transition support programs primarily focus on regular employees and do not extend to non-regular workers, such as temporary or outsourced personnel. These training and support resources are designed mainly for directly employed regular employees, while the principles and mechanisms for engaging third-party workers remain under evaluation and planning. We will continue to assess the feasibility of these programs to ensure more comprehensive support for all relevant workers in the future.

8 | Scope of Disclosure and Statistical Limitations

The statistical data released by our company pertains solely to training and job transition support for regular employees. Temporary and outsourced employees are excluded from the annual statistics. Additionally, certain records of external training courses may exhibit inconsistencies due to cross-departmental or external collaboration, thereby compromising the integrity of the data. To mitigate these limitations, we will enhance internal data integration and cross-departmental coordination moving forward, while also exploring the potential to include a broader range of workers in the statistical coverage to improve the comprehensiveness and accuracy of our disclosures.

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The relationship between effectiveness and retention: The impact of learning contributions on retention efficacy.

2024 Employee Development and Transition Assistance Report

Reporting period: January 1, 2024 - December 31, 2024. This period encompasses the design and execution of capacity-building programs, the implementation of the transition and retirement support mechanism, as well as the evaluation of effectiveness and relevant targets.

Capacity Development Initiative

In-house training
Corporate culture and fundamental competencies

External training
Collaborative programs with professional institutions

Professional Programs
Technological advancements and industry developments

License grant
Tuition assistance and educational support

Language education
Enhancement of global competencies

ESG programs
Sustainable Development Cognitive Framework

Coverage Object and Hierarchical Design

New personnel
Integration of fundamental skills and organizational culture

Specialized and technical staff
Technological advancements and industry developments

Management tier
Leadership and strategic thinking enhancement

Transferred personnel
Internal transfer or professional development needs

Effectiveness assessment framework

Evaluation techniques and instruments

Satisfaction Assessment
Course material, instructor effectiveness, and feedback on the learning experience

Supervisor Monitoring
Learning outcomes and their application in professional performance

Survey system
Internal data aggregation and analytical platform

Interview evaluation
Consistently compile feedback to inform course modifications.

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Assessment Governance Framework: Curriculum Evaluation and System Enhancement

GRI 404-3 Proportion of employees receiving regular performance and career development evaluations

In 2024, the Company further enhanced its performance evaluation system, bolstering employee development and organizational effectiveness through a systematic management framework. Spearheaded by the Human Resources Department and integrated within the corporate governance structure, this system promotes cross-departmental collaboration and precise goal setting, while upholding fairness and consistency through internal audits. Evaluations encompass various dimensions, including work performance, professional competencies, and team contributions, ensuring representative and traceable outcomes.

The program predominantly pertains to regular employees, exhibiting coverage rates of 87% for men and 13% for women. Participation rates for senior, mid-level, and junior management roles attained 100%, 98%, and 93%, respectively. Nevertheless, data disaggregated by gender remains inadequate, and non-binary individuals as well as outsourced personnel are excluded from the evaluations. This feasibility will be assessed in the future. Implementation standards are uniform across regions and departments, ensuring comparability with historical data and reflecting the system's stability.

Data collection amalgamates system records and supervisor reports, ensuring transparent and consistent methodologies for calculation and boundary assumptions. Assessment outcomes are integrated into training, promotion, and compensation decisions, thereby reinforcing the system's strategic function in fostering human capital development. Moving forward, the company will persist in optimizing the system, broadening its applicability, and enhancing overall performance through annual evaluations and action plans.

1 | Theme of Revelation and Reporting Period

In 2024, the company comprehensively unveiled its formal employee performance evaluation system, intending to highlight its initiatives and accomplishments in human resources management and career development support. The subsequent information details the system's design, implementation frequency, and pertinent statistics, illustrating the company's transparency and dedication to performance management.

2 | Overview of the Formal Assessment System

The company performs annual performance evaluations for all managerial employees, adhering to its internal assessment protocols. This system not only establishes a standard for measuring employee performance but also closely associates promotions, training initiatives, and compensation distributions, ensuring that evaluation outcomes effectively facilitate employee career advancement and the attainment of organizational objectives.

3 | Gender Statistics Unveiled

In the 2024 performance evaluation, 87% of male employees received evaluations, whereas 13% of female employees did. Due to incomplete data collection, the gender classification of certain employees is presently designated as "not available." We are actively striving to enhance data completeness to ensure that future disclosures comprehensively encompass all relevant groups and address the needs of diverse gender identification.

4 | Disclosure of employment grade statistics

By job grade, 100% of our senior management received performance evaluations, 98% of our mid-level management received performance evaluations, and 93% of our entry-level employees received performance evaluations. This data underscores our comprehensive performance management coverage for employees across all levels, utilizing internal job grade definitions as the statistical foundation to ensure the applicability of our appraisal system to all employees.

5 | Fundamentals of Statistics

The statistical foundation for the company's performance evaluation ratio aligns with the disclosed total number of employees, incorporating only regular employees in the calculation. This approach guarantees the consistency and comparability of the data, thereby facilitating cross-analysis with other human resources-related metrics.

2024 Employee Performance Assessment Framework

Comprehensive and transparent management of human resources and support for career development.

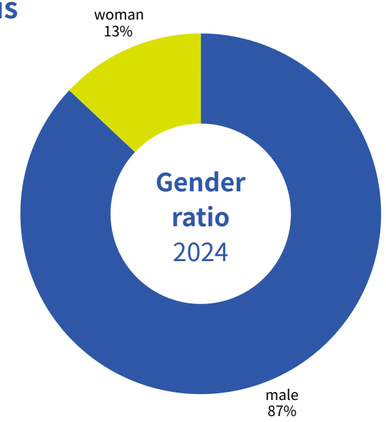
① System Overview

Assessment frequency
Executed annually
Thorough performance evaluation

Applicable Targets
Managerial level and higher
All full-time employees

Assessment Objective
Promotion and training initiatives and reward allocation

② Gender statistical analysis



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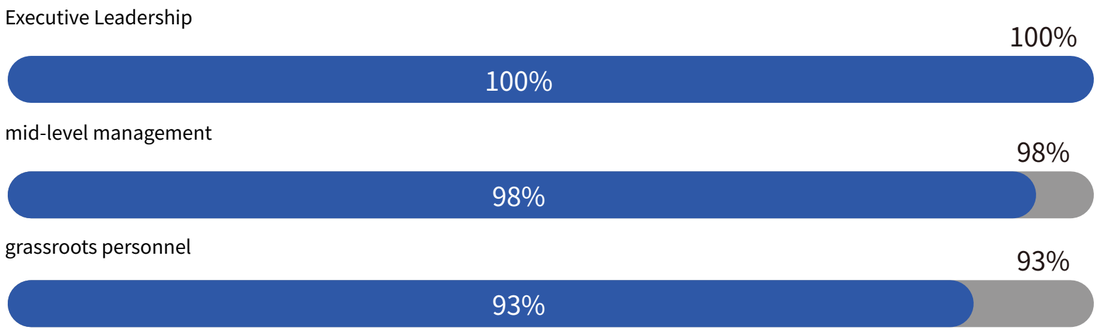
③ Job grade assessment coverage rate



④ Essential statistics

33	97%	3
Assessment frequency	**Comprehensive coverage**	**Job categorization**
Annual comprehensive assessment	Average for all full-time employees	Advanced, intermediate, and grassroots

⑤ Institutional attributes and constraints

Institutional benefits
- Tightly interwoven with promotion, training, and reward systems.
- Extensive coverage across all job levels (93%-100%)
- Implementing standardized internal evaluation methods
- Foster employee career advancement and the attainment of organizational objectives.

Areas for enhancement
- The gender information for certain employees requires completion.
- Excludes informal employees, including outsourced, dispatched, and intern personnel.
- The assessment scope is confined to regular employees.
- Potential expansion of the continuous review system's scope

6 | Overview of the foundation for job classification
Our company classifies job levels into senior, mid-level, and entry-level positions. Senior roles consist of key decision-makers, mid-level roles include department heads and managers, while entry-level roles encompass general operations and executive-level employees. This classification guarantees that performance evaluations are effectively differentiated and managed according to distinct roles and responsibilities.

7 | Coverage for third-party personnel
Our existing performance evaluation system does not encompass non-contingent employees, including outsourced personnel, temporary staff, or interns. The evaluation primarily focuses on regular employees, largely reflecting the appropriateness of system design and management resources. We will contemplate broadening this coverage in the future based on actual requirements.

8 | Clarification of Disclosure Parameters and Limitations
The company's performance evaluation data for 2024 encompasses only regular employees. Certain temporary or dispatched personnel are excluded from the formal evaluation system. This limitation arises mainly from considerations regarding the system's scope and the completeness of the collected data. We will persist in reviewing the system's scope and endeavor to enhance the comprehensiveness of the data.

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GRI 404 Training and Development

We have established a comprehensive closed-loop management framework within our human capital governance system, which includes training, performance evaluation, and career transition support, thereby ensuring institutional consistency and traceability in all resource allocation and management decisions. Led by our Human Resources department, we align our training initiatives with the requirements of our business units and ESG objectives, creating a tiered curriculum structure that spans from entry-level to senior-level positions. This is executed through a blend of internal and external resources, supplemented by tuition subsidies and online learning support to enhance our employees' diverse functional and managerial competencies. Our performance management system prioritizes connectivity, featuring formal annual assessments for all employees at the managerial level and above. The outcomes are directly tied to promotions, training opportunities, and compensation structures, further underscoring the company's enduring commitment to talent development.

Our governance framework underscores distinct responsibilities and data integration. The Human Resources department is chiefly tasked with the planning and execution of internal regulations and practices. Additionally, we engage collaboratively with the ESG Governance Group to enhance the integration of training resources and sustainability concerns. For instance, the Board of Directors allocates an average of 33 hours to ESG training, reflecting a strategic consensus among senior management. We also emphasize data consistency and well-defined boundaries. Currently, all training and performance data pertain exclusively to regular employees at our Taiwan headquarters, with average training hours calculated based on the full-time equivalent principle. We assess data quality through internal audit mechanisms, merging satisfaction surveys with learning application tracking to ensure quantifiable training inputs and outputs.

In terms of gender and grade equity, significant disparities currently exist in training resource participation; for instance, men average 3.22 hours of training, whereas women average only 0.13 hours. We have recognized this gap and have initiated a plan to address it. Moving forward, we will promote additional online resources and project-based training to enhance women's participation. Concerning performance evaluation coverage, 100% of senior management, 98% of mid-level managers, and 93% of junior staff are male, with a composition of 87% male and 13% female. This indicates that while the system is representative, there remains an opportunity for improvement in gender balance. We are also considering the incorporation of non-binary gender classifications and short-term personnel evaluation systems to foster inclusivity.

To facilitate job transfers and skills transformation, we have implemented a "Job Transfer Management System" for regular employees. This system encompasses retraining, negotiation, and external training to assist employees in transitioning seamlessly within the organization. Assessments are conducted in alignment with departmental requirements and employee preferences. Although this system currently excludes outsourced and third-party personnel, we have commenced a feasibility assessment and data integration plan, with intentions to broaden disclosure and application over the next two years. To uphold the integrity of this system, we will also continue to enhance the review of training supplier data and the reconciliation of participation records to mitigate the risk of data discrepancies and improve reporting transparency.

Looking ahead, we will refine our human capital strategy along three primary dimensions: governance depth, data consistency, and system scalability. Specifically, we will: 1. Reassess job grade definitions in alignment with international standards and enhance conformity with GRI standards; 2. Fortify data integration across our international locations to improve global governance consistency; and 3. Persist in incorporating ESG considerations into training design and resource allocation to cultivate the essential competencies for sustainable organizational transformation. Through these initiatives, we are dedicated to establishing a fair, flexible, and strategically focused human capital governance system, enabling every employee to experience support, growth, and recognition within the framework, thereby collaborating with the company towards a sustainable future.

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Pay Ratio Performance: Annual Assessment and Variance Evaluation

GRI 202-1 Ratio of the standard salary of frontline employees to the local minimum wage, disaggregated by gender.

Our company employs a systematic approach to guarantee that all employees receive compensation exceeding the local minimum standard, integrating this into our ESG governance framework and annual review process. For instance, at our headquarters in Taiwan, we have implemented a minimum wage review mechanism in accordance with the Labor Standards Act, which encompasses both entry-level and non-employee personnel. Salary data is subject to audit and is compared based on hourly wages. In 2024, the entry-level ratio for men was 1.27, for women 1.22, and for non-employee personnel averaged 1.35, thereby ensuring fairness and transparency.

The system encompasses seven non-employee categories, including temporary staff, interns, and outsourced personnel, surpassing the statutory threshold. We are also monitoring the implementation status of our international locations. Although some have not yet been incorporated into the disclosure, we intend to broaden our review and remedial actions to achieve full transparency.

The company consistently engages with stakeholders regarding the efficacy of its system and regional variations, thereby enhancing transparency and fostering trust. Through annual system improvements, we have noted a persistent reduction in the disparity between outsourced wages and legal standards, underscoring the company's dedication to maintaining dignity in the workplace and equitable compensation. These initiatives illustrate the company's commitment to integrating integrity and respect into its daily governance, ensuring that every employee perceives the consideration inherent in the system.

1 | Theme of Revelation and Reporting Period

Our company reports the ratio of entry-level employees to minimum wages by gender in compliance with GRI 202-1, with the reporting period set for 2024.

2 | Proportion of male entry-level employees to minimum wage

The ratio of the Company's minimum wage for male entry-level employees to the local minimum wage in 2024 was 1.27, demonstrating that our salary level substantially exceeds the statutory benchmark.

3 | Proportion of female entry-level employees to minimum wage

The ratio of the Company's minimum wage for female entry-level employees to the local minimum wage in 2024 is 1.22. In the context of gender pay equity, we uphold a comparable ratio to guarantee fairness.

4 | Non-employee compensation monitoring and verification system

Our company employs a salary monitoring and verification system for non-employees, including dispatched and outsourced personnel. The annual salary review has indeed encompassed all current employees, with the average salary to minimum salary ratio standing at 1.35.

5 | Reference Basis for Minimum Wage and Variations

Our company's minimum wage is determined by the standards established by the Taiwan Labor Standards Act. All our locations adhere to minimum wage requirements in compliance with local laws and regulations. This year, only our headquarters in Taiwan is subject to the minimum wage standards outlined by the Taiwan Labor Standards Act. We have not disclosed any variations in the minimum wage systems at our other locations.

6 | Definition of Principal Operation Locations

Our company designates a significant operating location as one that employs over 5% of the total workforce or is situated in a regulatory-sensitive area, such as the Taiwan headquarters or major production facilities. This criterion establishes the framework for defining operations, compensation, and sustainability disclosures.

7 | Non-employee statistics and salary conversion metrics

During the reporting period, the Company employed seven non-employee individuals, which included one on-site technician, one visually impaired masseur, and five outsourced consultants. Salary comparisons were conducted utilizing hourly wages as the unit of measurement.

8 | Clarify the rationale behind restrictions and exclusions

The statistical scope covers the Taiwan headquarters, with overseas sites excluded from this salary comparison.

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Local talent governance: management selection framework and succession strategy

GRI 202-2 Proportion of local residents in senior management positions

The company has implemented institutionalized metrics to foster the inclusion of local talent in management roles. These metrics are integrated into annual HR evaluations and senior management KPIs, thereby reinforcing ESG governance. This framework encompasses managers at the associate level and higher, applicable across all operational locations, ensuring that decision-makers align with local needs, thereby enhancing operational resilience and local relationship management.

We define "local" according to the county or city of the household registration or permanent residence, ensuring both administrative rationality and cultural sensitivity. At our headquarters in Taiwan, this standard significantly enhances regional economic participation and talent retention, while simultaneously reducing turnover and bolstering organizational cohesion through local appointments.

Key locations were chosen for their representativeness, accounting for over 10% of revenue or employing more than 300 individuals. This disclosure emphasizes our Taiwan headquarters, as numerous international sites are in the initial phases of development and information remains incomplete. We will broaden our disclosure scope and advance local leadership initiatives in the future, underscoring our enduring commitment to inclusive recruitment and transparency.

1 | Theme of Revelation and Reporting Period

The Company reveals the percentage of local residents holding senior management positions in compliance with GRI 202-2. This disclosure pertains to the 2024 reporting period.

2 | Percentage of local senior management (%)

In primary operational regions, the percentage of local residents employed by the Company in senior management positions stands at 0.33%. This figure illustrates our commitment to utilizing local talent in critical roles. The statistical rationale is derived from a comprehensive analysis of annual human resources data, ensuring both consistency and representativeness.

3 | Definition of Senior Management

The Company defines senior management as individuals at the associate manager level and above, including general managers, deputy general managers, and associate managers, as well as heads of business units and other supervisory roles with strategic decision-making authority. This definition includes leaders of all operating units to ensure that the spectrum of job levels accurately represents involvement in strategic decision-making.

4 | Definition and Division Logic of "Local"

The company defines "local" as employees who possess household registration or permanent residence in the same county or city as the factory or location. This classification is grounded in county-level administrative divisions and considers legal residency requirements to align with the local context of various locations, thereby underscoring connections with the local community.

5 | Definition of Principal Operation Locations

The Company designates a significant operating location as a plant, branch, or subsidiary whose output value constitutes over 10% of the Company's total operations or employs more than 300 individuals. This criterion for determination integrates factors such as employee count and revenue contribution to identify locations that exert the most substantial influence on the Company's overall operations.

6 | Method of Calculation and Data Foundation

The calculation method relies on the annual human resources statistical roster, utilizing full-time employee data as the foundational statistic while excluding dispatched and temporary personnel. This data source guarantees the annual consistency of the statistical cycle and is integrated with the internal human resources management system.

7 | Disclosure of Limitations and Exclusions

During this period, our company only accounted for senior executives at our Taiwan headquarters. Overseas locations were not included in this period's statistics due to the ongoing development of data collection processes abroad. We are advancing the Local Leadership Program to enhance local appointments and cultural integration as a focus for future improvement.

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Local talent selection system: definition and appointment process for senior management

GRI 202 Market Position

The company is actively enhancing its governance systems to ensure equitable compensation and the recruitment of local talent, seamlessly integrating these initiatives into its ESG governance framework and fundamental human resources management. In relation to the minimum wage system, we have instituted an annual review process in compliance with Taiwan's Labor Standards Act, encompassing all entry-level employees and non-employees. Through interdepartmental collaboration, we consistently assess the salary structure and validate applicable standards. The system encompasses seven categories of non-employees: dispatched workers, outsourced personnel, interns, masseuses, and consultants. It employs hourly wages as the conversion unit to maintain consistency and comparability with minimum standards. This year, the average minimum wage for male entry-level employees was 1.27, for female employees it was 1.22, and for non-employees it was 1.35—all surpassing the statutory standards and demonstrating the company's dedication to equitable compensation and gender equality.

Key operating locations are identified as those with a workforce of 5% or more, or situated in regulatory-sensitive areas, to ensure the system encompasses representative regions. Presently, disclosure is centered on our headquarters in Taiwan, with plans to incorporate overseas locations into the review and disclosure process beginning next fiscal year. Upon identifying salaries that fall below the benchmark, we initiate an immediate response mechanism in accordance with our standard operating procedures to adjust salaries, thereby ensuring compliance and equity. Additionally, we maintain regular communication with external stakeholders, including labor unions and regulatory agencies, through written reports.

In relation to the recruitment of local talent, we define "local" as individuals who reside or hold registered permanent residence in the county or city of the location. Our statistical calculations also encompass associate managers and higher positions, including general managers, deputy general managers, and heads of business units, to strengthen organizational cultural ties and facilitate local decision-making. This year, 33% of managers at our Taiwan headquarters are local. The Human Resources department reviews the roster, excluding temporary and dispatched personnel, to ensure the accuracy and consistency of the data.

We have integrated minimum wage standards and local hiring practices into our key performance indicators and annual performance review metrics, aligning them with senior management evaluation processes to ensure both operational efficacy and governance effectiveness. Additionally, we are advancing the "Local Leadership Program" to cultivate local management talent, with plans to extend this initiative to our international locations in the future, thereby achieving the dual objectives of global standards and local integration.

The depth of our governance framework is evident in data traceability and standardized operating procedures. For instance, we maintain a transparent process for salary conversion and ratio calculation, which is integrated with internal control mechanisms to improve the efficiency of system audits. Additionally, we perform annual trend analyses to evaluate the effectiveness of fairness enhancements. Notably, the disparity between outsourced workers and the minimum wage has diminished annually, illustrating the gradual efficacy of the system.

Through institutionalized governance, the company has integrated compensation and appointment matters into the foundation of sustainability. This approach not only enhances human resource stability but also aligns with the principles of social equity and inclusion. We will persist in enhancing information disclosure and system implementation, advancing toward our objective of becoming a more resilient and transparent sustainable employer.

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9.4 Diversity, Equity, and Inclusion

GRI 405-1 Diversity within governance structures and personnel

In 2024, the Company will persist in enhancing transparency and disclosure concerning the diversity of its Board and workforce. This will be accomplished through a gender and age classification system that underscores the varied distribution of governance and human resources. We have embedded diversity management within our ESG governance framework, with the Human Resources department and a cross-departmental team collaborating to collect and analyze data, while internal audits guarantee data consistency and quality. Our Board structure planning includes targets for gender and age balance, leveraging industry benchmarks and internal requirements to foster diverse decision-making.

The current disclosure pertains to full-time employees at our Taiwan headquarters, serving as a representative sample. However, it does not yet encompass overseas locations or part-time staff. We will progressively broaden the scope of this data to enhance its comprehensiveness. Gender and age data are primarily sourced through cross-references with the HR system and self-administered questionnaires. The disclosure of the proportion of individuals with disabilities is voluntary, ensuring transparency and authenticity in information sources. Institutionally, we have implemented a job classification and workplace diversity mechanism, which is linked to compensation and promotion systems to reinforce equitable management. Moving forward, the company will continue to refine its data surveys on non-binary genders and underrepresented groups, while establishing a tracking and review mechanism to actively foster an inclusive culture and sustainable governance.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will provide information regarding the diversity of its Board of Directors and employees, encompassing gender, age distribution, and the representation of minority or underrepresented groups. This disclosure seeks to illustrate the diversity and inclusiveness of the organization's governance and human resources management. The reporting period extends from January 1 to December 31, 2024. Data collection and analysis are performed annually to guarantee the completeness and consistency of the information.

2 | Board Diversity Disclosure (Gender and Age)

Our company's Board of Directors comprises 13 members, with the following diversity distribution: 92.31% (12 members) are male, 7.69% (1 member) are female, and 0% (0 members) identify as non-binary. In terms of age, 0% (0 members) are under 30, 38.46% (5 members) are aged 30-50, and 61.54% (8 members) are 50 and older. Concerning minority or underrepresented groups, 0% (0 members) identify as Indigenous, LGBTQ+, or individuals with disabilities. This distribution highlights the predominance of older males on our Board of Directors, while also acknowledging the notable presence of women in governance roles. The data is based on the total number of Board members in 2024 and pertains exclusively to our Taiwan headquarters.

3 | Disclosure of vulnerable or minority groups within the board

0% of our board members identify as belonging to minority or underrepresented groups, including Indigenous peoples, LGBTQ+ individuals, or those with disabilities. We are dedicated to enhancing the diversity of our board and are committed to incorporating members from a broader range of backgrounds in governance moving forward.

4 | Employee Diversity Disclosure (Gender by Age)

The gender and age distribution of our employees is as follows: Among individuals under 30, 5.2% are male, 0.8% are female, and non-binary gender identification remains undisclosed. Among those aged 30-50, 67.9% are male, 10.1% are female, and non-binary gender information is not available. Among employees aged 50 and over, 13.9% are male, 2.1% are female, and non-binary gender information is also not available. This distribution indicates that our workforce is predominantly male, particularly within the 30-50 age range, while female representation is notable across all age categories. However, comprehensive data on non-binary gender identification is currently lacking.

5 | Disclosure of vulnerable or marginalized groups within the workforce

0.8% of our employees self-identify as members of a minority or underrepresented group (reported across all age demographics). This figure encompasses groups such as Indigenous peoples, LGBTQ+ individuals, and persons with disabilities, reflecting our dedication to embracing diverse backgrounds within our workforce and our continuous commitment to fostering an equitable and inclusive workplace.

6 | Principles of Classification and Definitions of Job Grades

Our company classifies its employees according to a full-time equivalent (FTE) system. The total headcount is determined through FTE conversions. Employees are divided into three tiers: senior management, mid-level management, and entry-level staff, in alignment with applicable guidelines. This classification aims to accurately reflect the varied distribution of employees across different job levels and to ensure that the statistical data aligns with the actual workforce structure.

7 | Reveal the scope and limitations of statistics

This disclosure pertains exclusively to full-time employees at our Taiwan headquarters and excludes overseas locations, contractors, and part-time employees. In terms of vulnerable groups, only five individuals with disabilities were represented. There is no available information concerning Indigenous people, LGBTQ+ individuals, or non-binary individuals. We will persist in enhancing our data collection scope and methodologies to ensure the thoroughness and precision of our disclosure.

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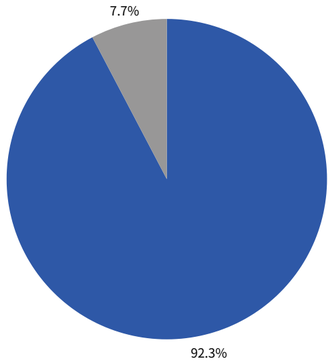
2024 Diversity Framework for Board and Staff

Gender equity | Age demographics | Inclusion of marginalized groups | Diversity in leadership

Board diversity assessment

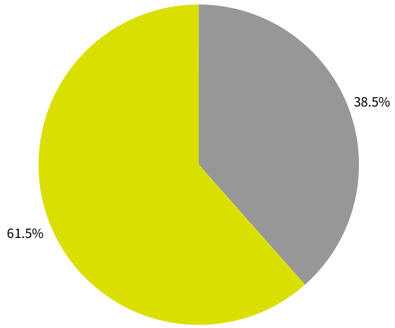
Prepared in accordance with the GRI 405-1 standard

13
Total number of board members



Gender distribution

male	92.31%
woman	7.69%
Non-binary gender identity	0%



Age distribution

Under 30 years of age	0%
30 to 50 years of age	38.46%
Over 50 years of age	61.54%

Marginalized or at-risk populations
0%
Representation of marginalized or disadvantaged groups, including Indigenous peoples, LGBTQ+ individuals, and persons with disabilities.

illustrate
This infographic is predicated on a total board composition of 13 members, with all percentages rounded to two decimal places. This data adheres to GRI 405-1: Diversity of Governance Units and Employees, offering a thorough analysis of gender, age demographics, and other pertinent diversity indicators.

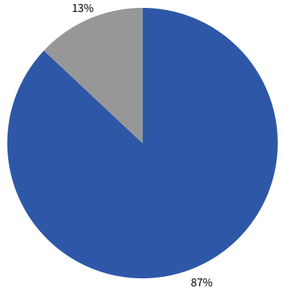
Employee diversity assessment

As of the conclusion of 2024 (excluding international subsidiaries)

610
Total employee count

603
Permanent employment

7
Interim and contracted



Overall gender distribution

male	87%
woman	13%

Comprehensive examination of age and gender demographics

Age Groups	Male Proportion	Female Ratio
Under 30 years old	5.2%	0.8%
30-50 years old	67.9%	10.1%
Over 50 years old	13.9%	2.1%

Key Attributes:
Men aged 30 to 50 constituted the predominant demographic, accounting for 67.9%. Women across all age groups participated. Data regarding non-binary genders has not yet been comprehensively gathered.

Analysis of Employment Types

98.9%
Permanent employment ratio (603 individuals)

1.1%
Temporary and outsourced ratio (7A)

Data Description
This infographic is derived from employee data as of the conclusion of 2024 and excludes employees from overseas subsidiaries. The data indicates that our workforce is primarily composed of permanent staff, predominantly male, and largely concentrated within the 30-50 age demographic. Information regarding non-binary gender identity is presently under development, and we will persist in enhancing our diversified data collection methods.

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Key indicators of a diversified structure

Proportion of women serving on boards of directors
7%
Governance level diversity metric

Percentage of female employees
13%
Overall workforce gender diversity

Proportion of at-risk groups among employees
0.8%
Involvement of minority or marginalized groups

Description of statistical methodologies

FTE Statistical Standards

This indicator is computed utilizing the full-time equivalent (FTE) system to guarantee the accuracy and consistency of the data.

Employee classification principles and job grade definitions.

Senior Executives
Executive Leadership
Strategic Decision-Making and Organizational Governance

mid-level executives
Middle Management
Departmental management and oversight of execution

grassroots personnel
Frontline Personnel
Daily operations and professional implementation

Description of the statistical framework

Full-Time Equivalent (FTE)

The Company employs the FTE system (Full-Time Equivalent) for employee statistics, transforming all employee working hours into full-time equivalents.

Diversification improves future planning.

Board diversity
Continue to prioritize enhancing the diversity of the board of directors and endeavor to incorporate a greater number of diverse members in governance moving forward.

Data collection enhancement
Enhance the breadth and techniques of data collection, incorporating statistics on international sites and part-time personnel.

Assistance for at-risk populations
Establish more comprehensive statistical mechanisms for indigenous peoples, LGBTQ+ individuals, non-binary groups, and others.

Fostering an inclusive environment
Continue to foster an equitable and amicable work environment while promoting inclusivity in the workplace.

Disclosure Clarity
Enhance the thoroughness and precision of disclosures to guarantee comprehensive and transparent information.

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Pay equity assessment: analysis of gender distribution and job classification

GRI 405-2 Ratio of base salaries and compensation of women to men

The company will persist in its efforts to promote gender pay equity through 2024, systematically evaluating pay ratios for senior, mid-level, and entry-level employees, with a particular emphasis on gender disparities in both administrative and technical roles. For full-time employees (FTEs) at our Taiwan headquarters, the female-to-male pay ratio stands at 1.11 for senior positions (attributable to the limited number of women in such roles), 0.99 for mid-level positions, and 0.84 for entry-level positions, highlighting ongoing gender disparity within the entry-level framework. Compensation components encompass base salary, bonuses, allowances, retirement benefits, and long-term incentives to ensure comprehensive and comparable data.

The company has integrated gender pay analysis into its human resources and compensation governance frameworks, with collaboration among the HR, Finance, and Sustainability teams. It routinely evaluates policies and market benchmarks to maintain gender neutrality. Data is obtained from internal HR systems and is compiled and analyzed for quality assurance. However, data for specific functions and international locations has yet to be consolidated.

This disclosure utilizes full-time employees at our Taiwan headquarters, excluding outsourced personnel and international locations, to represent essential operations. In the event of discrepancies, the company offers clarifications and is committed to ongoing improvements, such as enhancing female representation in technical positions and reducing the pay gap at the entry level, thereby demonstrating our enduring commitment to gender equality.

1 | Theme of Revelation and Reporting Period

In 2024, the Company undertook a thorough evaluation and disclosure of gender pay equity. This report seeks to illustrate the pay ratios of women in comparison to men across various job grades and functional categories, underscoring our dedication to gender equality and pay equity through transparent data presentation. The reporting period, spanning from January 1 to December 31, 2024, emphasizes the analysis and elucidation of the fundamental disparities in pay structures.

2 | Gender Pay Ratio for Senior Executives (Administrative/Technical)

At the senior management level, the base salary ratio for women to men in the executive function category stands at 1.11, with the total compensation ratio also at 1.11, suggesting that female executives earn marginally higher salaries than their male counterparts. Concerning technical functions, although specific data is not currently available for disclosure, we are actively engaged in collecting pertinent information to uphold the integrity of future reports.

3 | Gender Pay Ratio for Mid-Level Executives

At the mid-level executive tier, the company's female-to-male base salary ratio stood at 0.99, with the total compensation ratio also at 0.99, signifying near parity in remuneration between men and women. This outcome demonstrates that the company has progressively attained gender pay equity throughout the functional distribution and seniority framework of mid-level management, with no notable disparities attributable to gender.

4 | Gender pay ratio for frontline personnel (administrative/technical/production)

At the entry-level employee tier, the base salary ratio for women to men in administrative positions stands at 0.84, with the total compensation ratio also at 0.84, signifying that women receive lower remuneration than their male counterparts. In terms of technical and production roles, although specific data is presently lacking, we will persist in enhancing our data collection efforts. The pay disparity in administrative positions may be attributed to gender variations in job distribution. For instance, women are more frequently engaged in clerical tasks, whereas men are more often involved in technical or shift-based roles, leading to divergent pay structures.

5 | Compensation Structure and Statistical Foundation

Our company's compensation ratio calculations encompass base salary, fixed allowances, bonuses, retirement benefits, long-term incentives, and additional benefits. All compensation and benefits components are incorporated into the comparison to guarantee comprehensive data. The statistical analysis is exclusively based on full-time employees (FTEs) at our Taiwan headquarters, excluding outsourced personnel and employees located overseas. This approach aims to concentrate on the compensation structure of essential operational cores while ensuring data consistency and comparability.

6 | Explanation of Abnormal Ratios and System Supplement

At the senior management level, the female pay ratio stands at a relatively high 1.11, largely attributable to the limited number of female executives in senior roles, which skews the overall average and reflects the gradual enhancement of female representation in management. At the mid-level management tier, the male-female pay ratio is nearly equal at 0.99, signifying that the Company has established a relatively equitable compensation framework at this level. Conversely, at the entry-level employee tier, the female pay ratio is comparatively low at 0.84, primarily due to the predominance of women in clerical roles, while men are more frequently engaged in technical or manual labor, leading to a disparate compensation structure. To address this issue, the Company will persist in evaluating the rationality of functional distribution and compensation design.

7 | Reveal statistical exclusions and limitations

Our company's compensation ratio statistics are computed on a standardized full-time equivalent (FTE) basis, excluding temporary employees, outsourced personnel, and staff at international locations to ensure data representativeness and consistency. For undisclosed details, the values presented in the main table serve as the foundation. We will persist in refining the scope of our data collection to improve the comprehensiveness of future disclosures.

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DEI: Governance and Compensation Equity

GRI 405 Workforce Diversity and Equal Opportunity

The Company has implemented a comprehensive governance system for diversity and equal opportunity, addressing aspects such as gender and age diversity, the inclusion of underrepresented groups, and pay equity within its human resources and ESG governance framework. A cross-departmental team is collaboratively responsible for data collection, policy development, and effectiveness monitoring, ensuring that the system's design is closely aligned with operational strategy. At the Board level, we establish gender and age targets based on industry benchmarks and governance requirements. Currently, the 30-50 age group consists of 30.77% male and 7.69% female. Individuals aged 50 and above comprise 61.54% male and 0% female, indicating a gradual increase in female participation in governance, although older age groups remain predominantly male. In terms of employee structure, based on full-time equivalents (FTEs), the gender distribution among the 610 employees is 87% male and 13% female. The age distribution reveals that men under 30 represent 5.2% and women 0.8%, men aged 30-50 account for 67.9% and women 10.1%, while men aged 50 and above constitute 13.9% and women 2.1%. This illustrates a predominance of middle-aged men, yet women are represented across all age groups, indicating a certain level of organizational diversity. Specific data regarding the distribution of senior, mid-level, and entry-level employees is pending further collection.

Our company has integrated employee grading and grade management into its governance framework, aligning these processes with compensation and promotion systems to uphold principles of fairness and transparency. In terms of the inclusion of underrepresented groups, five employees have disabilities, accounting for 0.8%. Although the percentage of board members who self-identify as Indigenous, LGBTQ+, or other minority groups currently stands at 0%, we have established improvement objectives and will progressively incorporate members from diverse backgrounds to enhance governance diversity. All disclosed data pertains exclusively to full-time employees at our Taiwan headquarters, utilizing full-time equivalents (FTEs) as the standardized statistical basis. This data is corroborated through employee self-administered questionnaires and cross-referenced with the HR system, ensuring both accuracy and confidentiality. Any data gaps are publicly addressed to maintain transparency and consistency in disclosure.

In terms of pay equity, the gender pay ratio across various administrative levels is as follows: 1.11 women to men at senior levels (primarily influenced by a small number of high-level women affecting the average), 0.99 at mid-level, and 0.84 at the grassroots level (related to the functional structure). This indicates an increasing proportion of women at senior levels, a more balanced mid-level, and a pay gap at the grassroots level due to differences in gender functional distribution. Concerning institutional linkages, we integrate the findings of gender pay analysis with training, job adjustments, and promotion mechanisms to enhance improvement initiatives. To address the grassroots pay gap, we advocate for internal training and functional advancement to assist women in transitioning into technical roles and promotion opportunities, incorporating this into our annual gender equality objectives. Moreover, management consistently engages in pay review meetings to ensure that policies align with actual needs. Regarding data quality, we utilize actual internal salary data for statistical analysis and disclose the calculation logic and components to ensure stakeholders comprehend the institutional foundation and governance philosophy.

Moving forward, we will persist in optimizing our employee classification system and data collection processes, gradually broadening disclosure to encompass overseas locations and non-regular employees, while enhancing data integrity and international comparability. For non-binary genders and minority groups, we will refine questionnaire design and internal communications to improve response rates and classification accuracy. To convey the effectiveness of our systems, we will employ charts and graphs for illustration, including bar graphs depicting salary ratio distribution and pie charts representing the diverse demographics of our workforce. Additionally, we will augment the implementation of our systems with photographs of practical scenarios to enhance visual communication. Overall, our company has established a robust data logic and system connectivity in human resources governance, emphasizing governance consistency from the board of directors to the grassroots level. Moving forward, we will continue to integrate data analysis, system optimization, and visual disclosure to fulfill our long-term commitment to workplace equity and diversity inclusion, thereby laying a solid foundation for the organization's sustainable development and international competitiveness.

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9.5 Non-discrimination and Grievance Resolution

GRI 406-1 Instances of discrimination and the remedial actions implemented by the organization

The company is dedicated to safeguarding employees' rights to freedom of association and collective bargaining, integrating labor rights protection into its comprehensive ESG governance framework. Our human rights policy explicitly affirms our commitment to upholding international labor standards. This policy is collaboratively executed and monitored by the Human Resources, Legal, and Procurement departments to ensure uniform implementation and cross-functional cooperation. Our system encompasses both internal operations and supply chain management, reflecting our dedication to labor rights throughout the entire value chain.

In terms of risk identification, the company has implemented a supplier evaluation and regular auditing system, ensuring compliance through annual reviews and on-site inspections. Although we have not identified suppliers from high-risk countries, we are continually enhancing our assessment tools and fortifying our early warning capabilities, while considering regional legal and cultural variances.

To enhance our operational capacity, we mandate that all suppliers sign a commitment letter regarding human rights and responsibilities. Violators will be subject to counseling or termination of their cooperation, contingent upon the severity of the infraction. Internally, we have instituted a labor union and a labor-management meeting system in compliance with legal requirements, creating a platform for employee involvement in decision-making and consultation, thereby ensuring that their voices are acknowledged and addressed.

In the future, we will further broaden the system's scope to encompass international and outsourced locations, while enhancing data transparency and stakeholder communication to foster a labor-management environment that harmonizes compliance with inclusivity.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will deliver a thorough disclosure concerning the safeguarding of freedom of association and collective bargaining rights, with the objective of highlighting our governance practices and tangible actions in upholding labor rights. This report encompasses the Company's identification of pertinent risks, the execution of protective measures, and the public disclosure of policy positions throughout the reporting period, illustrating our dedication to the rights and interests of our employees and supply chain partners.

2 | Protective Measures and Response Mechanisms

In fiscal year 2024, the company continued to enhance its protections for freedom of association and the right to collective bargaining. All suppliers were mandated to sign corporate social responsibility (CSR) and human rights commitments to ensure their operations comply with standards for safeguarding labor rights. In alignment with the company's annual evaluation policy, we routinely assess suppliers and conduct on-site inspections as necessary. Should violations be identified, the company will offer guidance and opportunities for improvement, while serious infractions will lead to the termination of the partnership. Additionally, the company maintains an internal labor union and labor-management meeting mechanisms to legally protect employees' rights to freedom of association and collective bargaining, ensuring that employee perspectives are thoroughly articulated and incorporated into decision-making.

3 | Public Statements and Policy Positions

Our company unequivocally endorses freedom of association, collective bargaining, and the safeguarding of labor rights within its policies, establishing these as fundamental principles of corporate governance. On significant labor-management matters, our General Manager engages directly with the labor union to facilitate transparent communication and representative decision-making. This stance is integrated into our human rights policy and communicated to both internal and external stakeholders, underscoring our dedication to labor rights.

4 | Clarification of Disclosure Parameters and Limitations

This report exclusively addresses regular employees at our Taiwan headquarters and omits data from all overseas branches and outsourced suppliers. Additionally, we have not yet identified any suppliers within our supply chain situated in high-risk countries or industries. We will persist in refining our data collection and risk assessment processes to broaden disclosure and improve the integrity of this information.

2024 Workplace Discrimination Incident Oversight

Management strategies to ensure a fair and inclusive workplace and results reporting.

0

Number of discrimination incidents

Officially accredited. Thoroughly accounted. Consistently overseen.

① Definition of Types of Discrimination

In accordance with the International Labor Organization (ILO) Convention No. 111 and internal regulations, explicitly delineate the standards for different forms of discriminatory conduct.

Gender discrimination	Age discrimination	Religious bias	Disabilities
Zero incidents	Zero incidents	Zero incidents	Zero incidents

Natives	Marital Status	National differences
Zero incidents	Zero incidents	Zero incidents

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② Various avenues for lodging complaints

Formal request
Submit official written documents

e-mail
Accessible digital grievance platform

Confidential mailbox
Safeguarding the identity of the complainant

Staff Meeting
Opportunities for face-to-face communication

Customer Service Hotline
Immediate reporting hotline

Supervisor Report
Report directly to the supervisor.

③ Processing mechanism

1. **Complaint acknowledgment**
Human Resources Department and Internal Audit Unit Processing

2. **Investigation Protocols**
Conduct Investigation and Evidence Collection According to Procedures

3. **Results**
Reporting Investigation Results to Management and Board of Directors

4. **Follow-up Care**
Deliver essential care and support.

Future development dedication

Institutional enhancement
Continue to enhance the management mechanism for discrimination incidents and establish medium- and long-term tracking objectives and performance metrics.

Broadened scope
Gradually integrate international locations and additional employee groups to enhance management consistency.

Enhancement of education
Enhance internal education and cultural development to exemplify dedication to workplace inclusion and diversity.

Preventive Mechanism
Introducing employee training and the promotion of a code of conduct to mitigate discrimination risks at their origin.

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Complaint Process Standards: Mediation and Resolution Procedures

GRI 406 Non-Discrimination

Our anti-discrimination management initiatives in fiscal 2024 exhibited a high degree of governance maturity and system integration, fully realizing the principle of workplace equality through a systematic framework. In alignment with ILO Convention No. 111, we defined discrimination across multiple dimensions, including gender, age, religion, disability, Indigenous status, marital status, and nationality. This framework has been thoroughly integrated into our internal personnel policies and ESG governance structure. The governance process, collaboratively overseen by Human Resources and the Audit Unit, includes complaint processing, investigation execution, and the reporting of findings to senior management and the Board of Directors, thereby ensuring transparent governance and clear accountability.

Although no formal incidents of discrimination were reported in fiscal 2024, we upheld the effectiveness and high standards of our investigative procedures, underscoring our commitment to mitigating risks even in the absence of incidents. We provide various channels for grievances, including anonymous mailboxes, emails, employee discussions, and supervisor reports, to offer employees a broad array of opportunities to express their concerns. All grievances are documented and monitored through a systematic internal platform, which includes a multi-tiered audit and regular review process to ensure that data sources are traceable and the outcomes of the resolution process are credible.

This policy is applicable to full-time employees at our headquarters in Taiwan. Data governance relies on our internal HR system, with regular updates and audits ensuring the consistency and currency of data quality. Although it presently excludes overseas locations, outsourced personnel, and part-time staff, we have commenced cross-regional assessments aimed at gradually broadening the policy's scope and establishing a globally consistent anti-discrimination governance framework.

In developing preventative measures, we incorporate codes of conduct, education and training, and workplace climate surveys into our HR and internal audit frameworks, cultivating a culture of inclusion and respect from within. Training encompasses not only the identification of discrimination and reporting procedures but also heightens awareness of potential subtle forms of discrimination. Annual symposiums and employee relations surveys further enhance these systems, reinforcing grassroots engagement and feedback.

In regard to system consistency, we have implemented a formal policy outlining the criteria and procedures for identifying incidents of discrimination. All cases that proceed to the investigation phase must be validated by the audit unit for appropriateness and subsequently reported to management. Counseling for complainants and follow-up support measures are offered as needed. Regardless of whether incidents arise, the system undertakes quarterly drills to ensure operational flexibility and heightened sensitivity.

Looking forward, we will persist in optimizing the discrimination management system, concentrating on three primary areas: (1) broadening the scope of application and coverage to improve the integrity of governance boundaries; (2) establishing medium- and long-term indicators, such as anonymous complaint accessibility scores and education and training participation rates, as benchmarks for assessing the effectiveness of the prevention mechanism; and (3) enhancing system transparency and external communication, disclosing system deficiencies and future improvement directions through reporting, thereby reinforcing stakeholder trust.

We assert that anti-discrimination systems must transcend mere incident response and become a fundamental aspect of our corporate culture. Through thoughtful system design, interdepartmental collaboration, and continuous monitoring, we are dedicated to cultivating a diverse, inclusive, and equitable workplace, enhancing internal resilience, and establishing a robust foundation for sustainable governance.

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9.6 Freedom of Association and Collective Bargaining

GRI 407-1 Operations or suppliers potentially at risk regarding freedom of association and collective bargaining

Our company is dedicated to upholding human rights and fundamental labor rights, actively safeguarding freedom of association and collective bargaining, and integrating these principles into our Environmental, Social, and Governance (ESG) framework. This commitment is explicitly detailed in our Human Rights Policy, with the Human Resources, Procurement, and Legal departments collaboratively responsible for policy implementation and oversight, ensuring that the system is enforced throughout our supply chain and protecting the rights of workers across our value chain.

To enhance risk management, we have implemented a supplier evaluation and auditing mechanism that verifies compliance with labor standards through annual assessments and on-site inspections. Although no high-risk suppliers have been identified thus far, we are continually refining our risk assessment tools to address potential challenges stemming from regional regulations and cultural variances. In terms of action mechanisms, we mandate that suppliers sign a human rights commitment letter, and depending on the severity of any infractions, we may undertake measures such as counseling or termination of collaboration. Internally, we have established a labor union and a labor-management meeting system to facilitate channels for employee expression and consultation. The General Manager actively participates in discussions on significant issues to enhance representativeness in decision-making.

Looking forward, we will persist in broadening the scope of disclosure and governance mechanisms, improving information transparency and system consistency, and ensuring the sustained implementation of labor rights alongside the stable development of labor-management relations.

1 | Theme of Revelation and Reporting Period

In 2024, the Company will deliver a thorough disclosure concerning the safeguarding of freedom of association and collective bargaining rights, with the objective of highlighting our governance practices and tangible actions in upholding labor rights. This report encompasses the Company's identification of pertinent risks, the execution of protective measures, and the public disclosure of policy positions throughout the reporting period, illustrating our dedication to the rights and interests of our employees and supply chain partners.

2 | Protective Measures and Response Mechanisms

In fiscal year 2024, the company continued to enhance its protections for freedom of association and the right to collective bargaining. All suppliers were mandated to sign corporate social responsibility (CSR) and human rights commitments to ensure their operations comply with standards for safeguarding labor rights. In alignment with the company's annual evaluation policy, we routinely assess suppliers and conduct on-site inspections as necessary. Should violations be identified, the company will offer guidance and opportunities for improvement, while serious infractions will lead to the termination of the partnership. Additionally, the company maintains an internal labor union and labor-management meeting mechanisms to legally protect employees' rights to freedom of association and collective bargaining, ensuring that employee perspectives are thoroughly articulated and incorporated into decision-making.

3 | Public Statements and Policy Positions

Our company unequivocally endorses freedom of association, collective bargaining, and the safeguarding of labor rights within its policies, establishing these as fundamental principles of corporate governance. On significant labor-management matters, our General Manager engages directly with the labor union to facilitate transparent communication and representative decision-making. This stance is integrated into our human rights policy and communicated to both internal and external stakeholders, underscoring our dedication to labor rights.

4 | Clarification of Disclosure Parameters and Limitations

This report exclusively addresses regular employees at our Taiwan headquarters and omits data from all overseas branches and outsourced suppliers. Additionally, we have not yet identified any suppliers within our supply chain situated in high-risk countries or industries. We will persist in refining our data collection and risk assessment processes to broaden disclosure and improve the integrity of this information.

Protections and enforcement measures

Execution of the letter of commitment
All suppliers endorse commitments to corporate social responsibility and human rights.

Ongoing assessment
Annual supplier assessments and random inspections

Counseling Enhancement
Identify issues and offer avenues for enhancement and guidance.

Termination of collaboration
Termination of collaboration in the event of serious circumstances.

Identification Evaluation → Sign the agreement. → Ongoing oversight → Enhancement Initiatives

Internal assurance framework

Trade unions and labor-management symposiums
Safeguard employees' rights to freedom of association and negotiation in compliance with legal standards.

Employee Engagement
Thoroughly articulate viewpoints and integrate them into the decision-making process.

labor-management discussions
The general manager is actively engaged to facilitate transparent communication.

Regulatory Adherence
Enforce the law rigorously to safeguard fundamental rights.

Decision-making representation
Ensure procedural equity and inclusiveness.

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The connection between human rights and the supply chain: a pragmatic approach from oversight to innovation.

GRI 407 Freedom of Association and Collective Bargaining

Our company has consistently regarded freedom of association and the right to collective bargaining as fundamental components of corporate governance. We have developed a comprehensive institutional framework to safeguard the essential labor rights of our employees and supply chain partners. In 2024, we showcased tangible actions and institutional design in areas such as risk identification, protective measures, and policy positions, thereby implementing international labor standards and enhancing our corporate social responsibility.

In our institutional design, we have integrated the principles of freedom of association and the right to collective bargaining into our human rights policy. The Human Resources, Procurement, and Legal departments collaboratively oversee its implementation, ensuring cohesive execution within our internal operations and supply chain management. We mandate that all suppliers sign a human rights commitment as a prerequisite for collaboration and ensure adherence through annual assessments, document reviews, and on-site inspections. In cases of violations, we adopt a tiered approach that may include counseling, improvement plans, or termination of partnership, depending on the severity of the infraction, to establish a traceable and resilient management system.

Internally, we have established a labor union and a labor-management meeting mechanism in compliance with legal requirements, enabling employees to engage in the negotiation process and express their views. The General Manager personally oversees significant labor-management matters to ensure a representative and transparent communication framework. Additionally, we have implemented standard operating procedures, encompassing issue screening, discussion protocols, and decision-making documentation, to improve the traceability and governance maturity of the negotiation process.

To enhance the preventative capacity of our system, we have implemented a supplier classification and risk identification framework. Although we do not currently identify any high-risk suppliers, we have established risk tiers based on industry type, operational scale, and geographic location. Additionally, we have developed assessment indicators aligned with International Labor Organization standards to improve early warning capabilities and preparedness. Suppliers are also required to submit regular self-assessment reports, which are subsequently verified through on-site audits to ensure that protective measures are both operational and measurable.

Looking forward, we will further broaden our disclosure scope to encompass information pertaining to our international branches and outsourcing sites, thereby enhancing information integrity and global consistency. Additionally, we intend to implement digital tools, including the establishment of a supply chain risk monitoring platform, to improve our capacity for real-time identification and proactive management. In terms of employee engagement, we will foster union vitality and facilitate effective two-way communication through training initiatives and satisfaction surveys.

In terms of accountability mechanisms, we have instituted internal audits and external feedback loops to facilitate system adjustments and optimization. We also assess implementation performance through a division of responsibilities and annual tracking indicators to ensure the system's sustainability and effectiveness. While this report presently focuses solely on full-time employees at our Taiwan headquarters, we recognize the necessity for broader applicability and will progressively extend the system to our global operations to ensure consistent labor rights protection across all regions.

The established system of freedom of association and collective bargaining incorporates environmental, social, and governance considerations and is advancing toward institutionalization, digitization, and internationalization. We assert that the true realization of our long-term commitment to workers' rights and the establishment of stable labor-management relations can only be achieved through a governance mechanism characterized by standardized processes, risk assessments, accountability, and information disclosure.

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Sustainable Development Goals (SDGs)

Go Green | Environmental Conservation: A Sustainable Commitment

Key themes, objectives, and associated SDGs

SDG Number	Corresponding Targets	2024 Achievements
SDG 7.3	Improving Energy Efficiency	Energy intensity is 2.65 GJ per million dollars in revenue
SDG 12.2	Sustainability Management and Natural Resource Utilization	Total energy consumption was 15,201 GJ
SDG 12.4	Ensuring Environmentally Friendly Management of Chemicals and Waste	Total non-greenhouse gas emissions are 0 tons
SDG 13.2	Incorporating Climate Change Response Measures into Policies and Planning	Scope 2 Greenhouse Gas Reduction Achieved 224 tCO_2e

Go Sharing | A Society of Shared Benefits, Ongoing Care

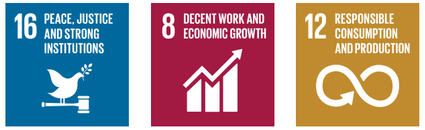
Key themes, objectives, and associated SDGs

SDG Number	Corresponding Targets	2024 Achievements
SDG 3.9	Significantly Reduce the Impact of Hazardous Chemicals and Pollution on Health and Well-being	Injury Rate ≦ 0.21 per Million Work Hours
SDG 5.1／5.5	Eliminate Gender Discrimination, Ensure Women's Full Participation in Leadership and Decision-Making	Female ratio on the Board of Directors ≥ 23%, with female employee ratio ranging from 10.1%–13.7%
SDG 8.8	Protecting Workers' Rights, Providing a Safe and Secure Work Environment	Safety Training Completion Rate 100%, Zero Significant Occupational Safety Incidents
SDG 10.2	Promoting Social, Economic, and Political Inclusion	Disadvantaged groups account for ≥ 0.8% (including 5 employees with disabilities)
SDG 16.7	Ensuring Inclusive, Participatory, and Representative Decision-Making Mechanisms	Zero discrimination incidents

Go Responsible in Economics | Promoting Integrity and Responsible Management

Key themes, objectives, and associated SDGs

SDG Number	Corresponding Target Description	2024 Achievements
SDG 16.5	Significantly Reduce All Forms of Corruption and Bribery	Anti-corruption reporting case resolution rate of 50%
SDG 16.6	Establishing an Effective, Responsible, and Transparent Governance System	First-tier Supplier Compliance Signature Rate Reaches 100%
SDG 8.8	Protect Labor Rights, Provide a Safe and Secure Work Environment	Employee Business Ethics Training Completion Rate Reaches 98%
SDG 12.6	Encouraging Companies to Introduce Sustainable Practices and Include Them in Reporting Disclosures	Sustainability Policy Integrated into Operational Processes, Covering Governance, Procurement, and Human Resources



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Go Green | Environmental Conservation: A Sustainable Commitment

Key themes, objectives, and associated SDGs

SDG Number	Corresponding Targets	2024 Achievements
SDG 7.3	Improving Energy Efficiency	Energy intensity is 2.65 GJ per million dollars in revenue
SDG 12.2	Sustainability Management and Natural Resource Utilization	Total energy consumption was 15,201 GJ
SDG 12.4	Ensuring Environmentally Friendly Management of Chemicals and Waste	Total non-greenhouse gas emissions are 0 tons
SDG 13.2	Incorporating Climate Change Response Measures into Policies and Planning	Scope 2 Greenhouse Gas Reduction Achieved 224 tCO_2e

Related GRI metrics:

- GRI 302-1 | Energy Consumption Within the Organization
- GRI 305-2 | Indirect Energy (Scope 2) Greenhouse Gas Emissions
- GRI 305-4 | Intensity of Greenhouse Gas Emissions
- GRI 305-5 | Reduction of Greenhouse Gas Emissions

2024 Progress Report

- Tongtai Precision Machinery regards environmental protection as fundamental to sustainable development. By 2024, the company aims to showcase tangible outcomes through energy management and emission control at its Luke Plant 1 in Kaohsiung, Taiwan.
- Total energy consumption amounted to 15,201 GJ, with 100% derived from non-renewable sources (as calculated from Taipower's invoices), reflecting a decrease of 23.7% compared to the baseline year of 2018 (19,922.565 GJ).
- Energy intensity is 2.65 GJ per million yuan of revenue (based on revenue of $5,739 million).
- Total Scope 2 emissions amounted to 2,413.58 tCO_2e, with electricity contributing 2,000.28 tCO_2e (82.9%) and refrigerants contributing 413.3 tCO_2e (17.1%). This reflects a reduction of 1,570.933 tCO_2e from the baseline year of 2018 (3,984.513 tCO_2e), representing a decrease of 37.5%.
- Non-greenhouse gas emissions, including ozone-depleting substances, remained at 0 metric tons, reflecting effective management of environmental risks.
- Greenhouse gas emissions intensity was 0.421 tCO_2e per million yuan of revenue (0.458 overall), calculated in accordance with ISO 14064-1, the GHG Protocol, and the EPA's emission factor of 0.474 tCO_2e per MWh.

Core Activities and Governance Structures

- Energy Efficiency Optimization Strategy:

Luke Plant 1 replaced LED lighting fixtures and air conditioning inverters while optimizing its cooling tower system. The resulting energy savings were monitored through the ERP system and Taipower billing data, and were validated by the Metal Industry Center.

- Governance Framework:

The Sustainability Committee monitors environmental performance quarterly; the Environmental Management Department is tasked with reviewing and tracking emissions data; the Finance Department supplies revenue and intensity benchmarks; and the ESG Department is accountable for calculating and validating emission factors.

Performance Data Summary

Indicators	Data (2024)	Compared to the base year (2018)
Total Energy Consumption	15,201 GJ	Decreased by 23.7%
Scope 2 Total Emissions	2,413.58 tCO_2e	Reduction of 1,570.933 tCO_2e
Greenhouse Gas Reduction	224 tCO_2e	
Emission Intensity	0.421 tCO_2e/Million (Total 0.458)	
Non-Greenhouse Gas Emissions	0 tons	
Data Coverage Scope	Taiwan Kaohsiung Luchu Plant 1, 100% Coverage	Internal Audit and Third-Party Verification

Global Initiatives and Prospective Strategies

- Tongtai Precision Machinery has developed an emissions inventory system in accordance with ISO 14064-1 and the GHG Protocol. In 2024, the company will concurrently assess the possibility of joining the UN Global Compact program, thereby reinforcing its dedication to environmental stewardship. By 2025, the company intends to:
- Assess imported renewable energy options, including power purchase agreements and green electricity certificates.
- Expanding the implementation scope to encompass greenhouse gas inventories;
- Summarize the environmental performance of international locations to mitigate reporting limitations.

Diversified communication and internal advancement

External promotion:

- Energy-saving case studies were disseminated via Facebook, LinkedIn, and ESG e-newsletters, reaching more than 7,300 individuals and generating over 334,000 interactions. Additionally, a video highlighting energy-saving enhancements was created under the theme "Energy Saving Dongtai" to bolster external recognition.

Internal Education:

- Through the Sustainability Zone and e-newsletter, we published more than 70 articles addressing energy literacy and everyday environmental practices, achieving a 98% employee completion rate. These articles are accessible in multiple languages.

Practical Case: Luke Plant 1 Energy Efficiency Optimization Project

- In 2024, the manufacturing workshop at Luke Plant 1 in Kaohsiung successfully installed 100 energy-efficient LED lamps and 10 air-conditioning inverters, resulting in a reduction of emissions by 224 tCO_2e, an estimated savings of NT$500,000 in electricity expenses, and a 30% enhancement in lighting brightness.
- An internal survey revealed that 90% of employees reported an enhancement in their work comfort and a noticeable impact from carbon reduction efforts, specifically aligning with SDGs 7.3, 12.4, and 13.2.

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Key themes, objectives, and associated SDGs

SDG Number	Corresponding Targets	2024 Achievements
SDG 3.9	Significantly Reduce the Impact of Hazardous Chemicals and Pollution on Health and Well-being	Injury Rate ≦ 0.21 per Million Work Hours
SDG 5.1／5.5	Eliminate Gender Discrimination, Ensure Women's Full Participation in Leadership and Decision-Making	Female ratio on the Board of Directors ≥ 23%, with female employee ratio ranging from 10.1%–13.7%
SDG 8.8	Protecting Workers' Rights, Providing a Safe and Secure Work Environment	Safety Training Completion Rate 100%, Zero Significant Occupational Safety Incidents
SDG 10.2	Promoting Social, Economic, and Political Inclusion	Disadvantaged groups account for ≥ 0.8% (including 5 employees with disabilities)
SDG 16.7	Ensuring Inclusive, Participatory, and Representative Decision-Making Mechanisms	Zero discrimination incidents

Related GRI metrics:

- GRI 403-2 | Hazard Identification, Risk Assessment, and Incident Investigation
- GRI 405-1 | Diversity of Governance Bodies and Personnel
- GRI 406-1 | Incidents of Discrimination and Remedial Actions

2024 Progress Report

Dong Tai Precision Machinery integrates social responsibility into the core of its corporate culture, focusing on occupational safety, equal participation, and social inclusion in 2024, deepening substantive contributions to SDGs 3, 5, 8, 10, and 16. Practical measures cover internal safety governance, diversity initiatives, and community integration:

Occupational Safety:

- The Occupational Safety and Health Committee convenes quarterly meetings, with employee participation reaching 98% (based on HR system data), focusing on high-risk operations (such as warehouse noise control) and external contractor management.

Diversity and Inclusion:

- Promoting anti-discrimination training, covering aspects such as gender, age, and religion, aligned with ILO Convention No. 111. Organized a forum for vulnerable groups, including 5 employees with disabilities who participated and provided feedback through questionnaires.

Performance Data Summary

Indicators	2024 Achievements
Injury Rate	0.21 per Million Work Hours (HR System Data)
Safety Training Completion Rate	100% (Learning Management System Data)
Diverse Composition	Female Directors 23%; Female Employees 10.1%–13.7%
Proportion of Vulnerable Employees	0.8%, including 5 employees with disabilities (HR system data)
Discrimination Incidents	0 cases (recorded by HR and Audit Unit)
Coverage of Information	Taiwan Headquarters (including full-time and dispatched employees), coverage rate of 96%, verified by internal audit

Addressing global initiatives

Tongtai Precision Machinery is diligently aligning with international standards and will implement anti-discrimination policies in accordance with ILO Convention No. 111 by 2024, encompassing the protection of labor rights. Additionally, it will disclose social risk information following the TCFD framework and establish organizationally inclusive development objectives to enhance its governance capabilities in diversity and equality.

Multimedia promotion and social engagement

External promotion:

- Through platforms including Facebook, Instagram, LinkedIn, and e-newsletters, we disseminated cases on occupational safety management and diversity and inclusion, achieving over 7,300 impressions and engaging 334,000 individuals.
- The promotional themes emphasize "Safe Dongtai" and "Diversity and Inclusion," complemented by the sharing of case studies, including videos on drainage improvement.

Exhibition involvement:

- In 2024, a total of nine exhibitions focused on sustainability were conducted, drawing more than 9,200 attendees; the Dongtai Supply Chain Conference engaged 121 key stakeholders in participation.

Internal education and value transmission

Promotional document:

- More than 70 educational materials have been disseminated via the Sustainability Zone, internal e-newsletters, and audio/video content, addressing subjects such as "Safety Awareness," "Diverse Values," and "Daily Work Rights."

Implementation outcomes:

- The employee training completion rate achieved 98%, with multilingual versions available; the overall satisfaction rate of the symposium reached 92.3%, thereby enhancing internal recognition of the inclusive culture.

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Challenges and Enhancements

challenge:
- The percentage of vulnerable employees remains relatively low at 0.8%, and international locations have not yet been incorporated into social performance disclosures.

Enhancement strategy:
- By 2025, the program will extend to international locations, aiming to elevate the participation rate of disadvantaged groups to 20% and implement a third-party social audit mechanism to enhance global consistency.

Report limitations:
- This year's report exclusively addresses the Taiwan headquarters. Data on social performance and inclusion for global locations is anticipated to be included in 2025.

Case Study: Kaohsiung Luke Plant 1 Occupational Safety and Inclusion Initiative
By 2024, Dongtai Luke Plant No. 1 will perform daily occupational safety inspections and convene regular meetings of the Occupational Safety and Health Committee. To mitigate noise-related workplace hazards, 200 pairs of earplugs will be supplied, and a shift rotation system will be established, maintaining the injury rate at 0.21 per million work hours.
The program also facilitated accessible meeting spaces. Five employees with disabilities engaged in a focus group discussion, and 90% reported satisfaction: "The accessible meeting room enables me to express my opinions with confidence." The program recorded no incidents of discrimination throughout the year, underscoring the effectiveness of the system design and its successful support of SDGs 3.9, 5.1, 8.8, 10.2, and 16.7.

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Go Responsible in Economics | Promoting Integrity and Responsible Management

Key themes, objectives, and associated SDGs

SDG Number	Corresponding Target Description	2024 Achievements
SDG 16.5	Significantly Reduce All Forms of Corruption and Bribery	Anti-corruption reporting case resolution rate of 50%
SDG 16.6	Establishing an Effective, Responsible, and Transparent Governance System	First-tier Supplier Compliance Signature Rate Reaches 100%
SDG 8.8	Protect Labor Rights, Provide a Safe and Secure Work Environment	Employee Business Ethics Training Completion Rate Reaches 98%
SDG 12.6	Encouraging Companies to Introduce Sustainable Practices and Include Them in Reporting Disclosures	Sustainability Policy Integrated into Operational Processes, Covering Governance, Procurement, and Human Resources

Related GRI metrics

- GRI 102-16 (equivalent) | Values, Principles, Standards, and Code of Ethics
- GRI 203-1 | Investment in Infrastructure and Support Services
- GRI 405-1 | Diversity of Governance Bodies and Personnel

2024 Progress Report

Tongtai Precision Machinery considers honest governance and responsible management to be the foundational elements of corporate economic development. In 2024, the company will emphasize integrity training, supply chain compliance, diversity and inclusion, and community engagement to fulfill its multifaceted governance commitments.

Integrity management and compliance governance:

- The completion rate for employee integrity training attained 98%, with 100% of first-tier suppliers executing contracts and codes of conduct. Additionally, simulated anti-corruption training was implemented, encompassing both employees and entry-level suppliers.

Diversity, Inclusion, and Community Engagement:

- The organizational structure is characterized by diversity, with women representing 23% of the board of directors, 10.1% to 13.7% of the workforce, and 0.8% of employees from disadvantaged groups, which includes five individuals with disabilities.

Governance framework and allocation of responsibilities:

- The Board of Directors supervises the overall process, while the Sustainability Committee is responsible for review and monitoring. The Human Resources Department manages training and implementation, the Procurement Department facilitates the signing of the supply chain code of conduct and compliance management, and the ESG Team coordinates cross-departmental collaboration and audit execution.

Performance Data Summary

Indicator Items	Data (2024)
Supplier Compliance Signature Rate	100% (Human Resources and Procurement Department Report)
Employee Integrity Training Completion Rate	98% (Learning Management System Data)
Anti-Corruption Reporting Case Resolution Rate	50% (HR and Audit Unit Records)
Diverse Composition	Female board members 23%, female employees 10.1%-13.7%, disadvantaged group proportion 0.8% (5 people)
Scope of Coverage	Taiwan Headquarters 96% of Full-time and Dispatched Employees, Data Verified by Internal Audit

Addressing global initiatives

Tongtai Precision Machinery advocates for anti-discrimination and inclusion policies in accordance with ILO Convention No. 111, encompassing both its workforce and supply chain. Additionally, it provides disclosures regarding social and governance risks in alignment with the TCFD framework, incorporating sustainability policies into its governance framework and operational procedures to enhance economic transparency and accountability.

Multimedia promotion and stakeholder engagement

External Communication:

- We advocate for integrity, governance, and inclusiveness through platforms such as Facebook, Instagram, LinkedIn, and e-newsletters. Our themes encompass "Safe Dongtai" and "Diversity and Inclusion," and we produce videos highlighting drainage improvement cases.

Internal Advancement:

- Over 70 articles were published throughout the year in the Sustainability Zone and eNewsletter, addressing topics such as "Integrity and Competence," "Responsible Management," and "The Value of Compliance." The training completion rate achieved 98%, with multilingual versions accessible. Internal discussion groups indicated a satisfaction rate of 92.3%.

Challenges and Enhancements

challenge:

- The percentage of disadvantaged employees is relatively low (0.8%), and international locations have not yet been fully incorporated into performance statistics.

Improvement strategies:

- In 2025, we will enhance our sustainability management initiatives to international locations, with the objective of increasing the involvement of marginalized groups and implementing third-party social and governance auditing mechanisms to ensure global consistency.

Limitations:

- This year's disclosure is confined to the Taiwan headquarters, with global base data and performance to be provided subsequently.

Practical Case: Integrity Management and Supply Chain Compliance Initiative

- By 2024, Tongtai Precision Machinery will fully implement integrity governance and supply chain responsibility management, achieving a 100% signing rate of the Code of Conduct among first-tier suppliers and a 98% coverage rate for employee anti-corruption simulation training.
- The survey revealed that 90% of respondents felt that "integrity training enhances compliance awareness and fosters cooperation."
- The plan effectively mitigates operational and supply chain non-compliance risks, enhances risk prevention capabilities, and specifically supports SDGs 16.5, 16.6, 8.8, and 12.6.

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SASB Sections

SASB Indicators	Key Points for Disclosure	Most Corresponding GRI Articles
SASB RT-IG-130a.1 | Energy Management (2024)	Total Energy Consumption (GJ), Grid Electricity Proportion, Renewable Energy Proportion	302-1 (Energy Consumption within the Organization), 302-3 (Energy Intensity), 302-4 (Reduction of Energy Consumption), 3-3 (Management Approach)
SASB RT-IG-320a.1 | Workforce Health & Safety (2024)	Total Recordable Incident Rate, Fatality Rate, Near-Miss Rate	403-9 (Work-Related Injuries and Fatalities), 403-2 (Hazard Identification/Incident Investigation)
SASB RT-IG-410a.1～410a.4 | Use-phase Fuel Economy & Emissions (2024)	Product Usage Period Fuel Consumption/Fuel Efficiency and NOx, PM	302-5 (Reduction of Energy Requirements for Products and Services), (Quantifying Greenhouse Gas Emissions During Use) 305-3 Scope 3: C11 Use of Sold Products
SASB RT-IG-440a.1 | Key Material Risks and Mitigation Strategies Materials Sourcing (2024)	Key Material Risks and Mitigation Strategies	301-1/301-2 (Material Consumption/Recycled Materials), 308-1/308-2 (Supplier Environmental Assessment), 414-1/414-2 (Supplier Social Assessment), 3-3 (Management Approach)
SASB RT-IG-440b.1 | Remanufacturing Design & Services (2024)	Remanufactured/Refurbished Product and Service Revenue	301-3 (Reclaimed Products and Packaging), 306-4 (Waste Resource Utilization; Recycling/Reuse Process), 3-3
SASB RT-IG-000.A | Activity Metrics – Units Produced by Product Category (2024)	Production Volumes by Product Category	2-6 (Activities and Value)
SASB RT-IG-000.B | Number of Employees in Workforce (2024)	Total Number of Employees in Service	2-7 (Employees), 2-8 (Non-employee Workers)

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SASB RT-IG-130a.1 | Energy Management (2024)

Period and Boundary

- Reporting period: January 1, 2024 – December 31, 2024
- Organizational boundaries: Aligned with consolidated financial statements, encompassing all principal operating locations.

Methods and Data Sources

- Unit of measurement: GJ (accompanied by kWh)
- Conversion factor: 1 kWh = 0.0036 GJ (as per DEFRA 2023, adopted by the company)
- Taipower invoices and ISO 50001 Energy Management System (EMS)
- Energy accounting principles: This includes purchased electricity; no steam, heat, or cold water was acquired this year, and no on-site fuel (diesel, gasoline, LPG, or natural gas) was utilized; no energy was sold, nor was self-generated energy consumed.
- Renewable Energy Assertion: Renewable energy is recognized solely when Renewable Energy Certificates (RECs) or Guarantees of Origin (GOs) are obtained and subsequently cancelled; if they are not held or cancelled in 2024.

Indicator outcomes (reported in compliance with SASB requirements)

Indicators	2022	2023	2024
Total Energy Consumption	21121.9 GJ	32879.71 GJ	15,201.4 GJ
Thereof: Grid electricity purchase ratio (Percentage grid electricity)	100%	100%	100%
Percentage of Renewable Energy	0%	0%	0%

Supplementary Remarks

- The rooftop solar equipment was leased to a third party and subsequently resold to Taipower. No renewable electricity certificates were acquired or canceled, thus it is not reflected in the company's renewable energy share.
- Should new fuels or energy sources, such as steam, heat, or cold, be introduced in the future, they will be incorporated, and the proportion calculated will be revised based on the higher heating value (HHV).

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SASB RT-IG-320a.1 | Workforce Health and Safety (2024)

Period and Boundary

- Reporting period: January 1 – December 31, 2024
- Organizational Scope: Headquarters in Taiwan (manufacturing and management units); encompasses both in-house employees and contract/subcontract personnel under company oversight. International locations will be incorporated in subsequent years.
- Management System: Functions in compliance with occupational safety and health regulations and ISO 45001; 100% coverage of work activities and locations, with 96% coverage of personnel (excluding temporary visitors and off-site laborers).

Definition and Methodologies

- Indicator calculation (based on SASB): Rate = (number of cases × 200,000) ÷ total annual working hours; only "work-related" incidents are included.
- Adopting a framework: The definitions of recordable injuries, near misses, and first aid are derived from the company's occupational safety and health policy, referencing ISO 45001 and local regulations.
- Data sources include the accident reporting system, medical registration system, and attendance/contract working hours. Internal and external audits are performed at least annually.
- Record highlights for 2024: 2 reportable work-related injuries (employee), 0 fatalities; 0 contractors.

Indicator Results (Rate Basis = per 200,000 working hours; categorized by employees/contractors)

Indicator (per 200,000 work hours)	2022 Own Employees	2022 Contract/Outsourced Employees	2023 Own Employees	2023 Contract/Temporary Workers	2024 Own Employees	2024 Contract/Outsourced Personnel
TRIR (Total Recordable Injury Rate)	**1.98**	**N/A**	**0.5**	**N/A**	**0.042**	**0**
Fatality rate	0	N/A	0	N/A	0	0
Near-Miss Frequency Rate (NMFR)	—	—	—	—	**0**	**0**
Number of Recordable Occupational Injuries according to OSHA	11	0	3	0	2	0
Number of Fatalities	0	0	0	0	0	0

Note: Should the number of near misses be updated or corrected in the future, NMFR = (Number of near misses × 200,000) ÷ Total annual work hours for the group. All rate values are calculated based on every 200,000 work hours, and only work-related incidents are included.

System and Implementation | Aligned with GRI 403-2

- Hazard identification and frequency: Daily inspections, monthly departmental self-assessments, and annual supervisory audits encompassing all manufacturing, warehousing, and research and development areas.
- Non-routine reporting and anti-retaliation: An anonymous mailbox and on-site reporting mechanisms are established, accompanied by a clearly defined anti-retaliation policy. Upon the occurrence of an accident or anomaly, an investigation is promptly initiated and thoroughly documented.
- Risk Assessment and Enhancement: Employing a risk matrix methodology, 28 corrective action orders were issued in 2024, resulting in a 100% completion rate, primarily addressing unsafe conditions rather than near misses.
- Employee Participation: The joint labor-management Occupational Safety and Health Committee convenes quarterly, comprising labor representatives who account for at least one-third of the total membership. Accident investigations and recommendations for improvement are disseminated internally.
- Training and Coverage: Onboarding, equipment operation, emergency response, chemical training, and additional topics; 480 participants, multilingual instruction, compensated for work hours, with an average satisfaction rating of 4.7/5.
- Contract management: safety regulations for on-site operations, pre-construction training, and work permits; 8 on-site operations in 2024, with no violations.
- Workers' rights: Ensure the right to decline hazardous work and to report concerns.

Near-miss reporting system and subsequent action plan

- Definition: Near Miss = An atypical occurrence that had the potential to result in harm or loss but ultimately did not.
- 2024 Result: No near-miss incidents reported, NMFR = 0.000 (employees and contractors).
- Beginning in 2025, incorporate the "Is it a near miss (Y/N)" and "Personnel Type" fields into the notification form, along with monthly case counts and quarterly NMFRs; ensure that NMFRs are included in the regular KPI review conducted by the Occupational Safety and Health Committee.

Disclosure Scope and Limitations

- This year's disclosure scope pertains to the Taiwan headquarters; the coverage rate for work activities and locations is 100%, while the coverage rate for personnel stands at 96% (excluding temporary visitors and off-site administrative subsidiaries).
- The integration of international base data and contract hours, along with the denominator-based statistics, will be incorporated and progressively enhanced in the coming years.

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SASB RT-IG-410a.1–410a.4 | Use-phase Fuel Economy and Emissions (2024)

Conclusion: Not relevant

Our company's principal offerings for the fiscal year 2024 include electrically powered machine tools and automation systems. We do not manufacture or sell the following products; consequently, Sections 410a.1 through 410a.4 are not applicable:
- 410a.1 Sales-weighted fuel efficiency for medium and heavy-duty vehicles (L/100 ton-km)
- 410a.2 Sales-weighted fuel efficiency for non-road equipment (L/hour)
- 410a.3 | Sales-weighted fuel efficiency for stationary generators (kJ/L, harmonic mean)
- 410a.4 | Sales-weighted NOx and PM emissions for diesel engines (g/kJ)

Supplementary Remarks
- This topic evaluates the performance of the "use phase" of sold products. The company's internal operational energy consumption for vehicles, forklifts, and generators has been detailed in RT-IG-130a.1 (Energy Management) and falls outside the purview of this topic.
- The results of product energy-saving improvements have been reported in GRI 302-5 (e.g., following the implementation of TIMS/TFMS, the average energy consumption scenario for primary models has declined by approximately 10%).
- The methodology for Scope 3 (C11 Use-life emissions of sold products) has been established, with the initial data disclosure anticipated in Q4 2025. This methodology will align with the measurement boundaries and assumptions outlined in 302-

Footnote on Methodology Update: Beginning in 2024, the scope of 410a.1-410a.4 will be revised to align with SASB definitions. The operational fuels and emissions previously reported under 410a.* have been reclassified under RT-IG-130a.1 (Operational Energy Consumption) and GHG Scope 1. This topic has been designated as "Not Applicable."

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SASB RT-IG-440a.1 | Sourcing of Critical Materials (2024)

Period and Boundary

- Period: January 1 – December 31, 2024
- Scope: Primarily the Taiwan headquarters (Tier-1 and strategic suppliers) and essential direct materials; Tier-2 and overseas locations will be incorporated gradually.
- Governance: A multidisciplinary team comprising procurement, research and development, manufacturing, quality assurance, and sustainability/audit is tasked with identification, assessment, and reporting, accompanied by at least an annual review and ongoing adjustments as required.

1. Methodology for Identifying Essential Materials

- Assessment Matrix: Evaluation based on "supply risk x business impact" (high/medium-high/medium).
  - Supply risks include supply concentration and delivery timelines, geopolitical factors and regulations (such as export controls and conflict minerals), price volatility, ESG considerations, and the potential for substitutability.
  - Business impact: the significance of the Bill of Materials, the risk of production line downtime, quality and verification standards, and the costs associated with switching.
- Data sources: Procurement and inventory (SAP/ERP), contract and delivery fulfillment, exception/material shortage notifications, supplier documentation, and audit outcomes (308/414).
- Critical value: Individuals attaining the "high" level will be incorporated into the list of critical materials, and countermeasures along with monitoring indicators will be established.

II. Essential Materials and Risk Assessments in 2024

Materials/Components	Purpose	2024 Risk Level	Key Risk Drivers	Existing / New Countermeasures
Rare Earth Permanent Magnet (NdFeB)/Servo Motor	Main Axis / Drive	High	Supply Concentration, Geopolitical/Regulatory, Price Fluctuations	Multi-sourcing, Long-term Contracts + Safety Stock; Assess Induction Motor Alternatives; Place Advance Orders
Linear Guide / Ball Screw	Positioning/Feed	Mid-to-High Range	Long Lead Times, High Quality Thresholds, High Concentration	Second Source Introduction, Backup Part Numbers, Local Maintenance Parts, and Spare Parts Inventory
Main Axis and High-Tier Bearings	Cutting Core	Mid-to-High Range	International Major Manufacturer Supply and Delivery Fluctuations	Long-term contracts, strategic inventory, alternative specification verification, preventive maintenance
Controller/Driver (Semiconductor)	Control/Communication	C	Chip Cycle, Regulations, and Certification	Compatibility Alternative List, Firmware Compatibility Verification, Strategic Inventory
Steel Materials / Castings	Body Structure	C	Energy/Freight Cost Fluctuations and Quality Stability	Diversified Procurement, Framework Contracts, Priority Adoption of Suppliers with Renewable Certificates (Note 1)

Note 1: The percentage of recycled content (GRI 301-2) has not yet been quantified. We intend to implement the SAP flag and upload certification by 2025, with disclosure commencing in 2026.

3. Mitigation Strategy and Execution

1. Multi-sourcing and localization: High-risk items should originate from a minimum of two qualified sources; local spare parts and repair capabilities will be progressively implemented.
2. Contracts and Inventory: Establish long-term agreements for essential components and determine safety inventory days; implement early ordering and pre-allocation of critical materials for products subject to significant delivery variability.
3. Design substitution and standardization: Standard components are prioritized, and alternative designs are pre-validated to mitigate the risk of being constrained by specific regulations.
4. Supplier ESG Management (aligned with GRI 308/414):
   - The environmental screening coverage for new suppliers is 100% (Tier-1+ strategy; suppliers that do not pass the screening will be excluded from the list).
   - Environmental assessments of current suppliers: A total of 150 suppliers were evaluated, with two recognized for their environmental impacts (approximately 1.3%). Two-thirds of these suppliers implemented improvements, and none were discontinued.
   - The social screening coverage rate for new suppliers stood at 31% (59/190); 59 existing suppliers underwent social assessments, revealing no significant negative impacts. Furthermore, 100% of general non-compliance cases were addressed, resulting in zero terminations.
5. Early warning and project monitoring: Implement delivery and shortage alerts, along with an expedited process for alternative material testing concerning high-risk materials; integrate unusual events into quarterly assessments.
6. Circularity and Material Efficiency: Material input will be managed in accordance with GRI 301-1 (2024: 5,874.36 metric tons). Currently, packaging recycling is not measured (GRI 301-3); however, plans are in progress to implement a weighing and approval process with 3PL/recyclers.

IV. Key Performance Indicators and Principal Work Priorities for 2025–2026

- KPI (monitoring):
  - Dual-source coverage for high-risk materials
  - Tier-1/Strategic Provider ESG Evaluation Scope (Environmental 308-2/Social 414-2)
  - Enhance completion and termination rates.
  - Key components strategic inventory days compliance rate
- milestone:
  - 2025: Finalize the development of recycled content data (SAP flag + supplier certification); broaden overseas/Tier-2 assessment coverage.
  - 2026: Reveal the recycled content ratio (301-2) and packaging recovery rate (301-3) for the first time; finalize the standardization of the key material list for international locations.

V. Scope and Limitations of Disclosure

- This year's coverage emphasizes Taiwan headquarters, Tier-1 suppliers, and essential material suppliers; one-time collaborations, logistics, and Tier-2 suppliers remain inadequately addressed.
- Certain data are estimated based on consistency assumptions, and the calculation methodology is disclosed; subsequent on-site verification and third-party collaboration will be employed to improve data quality.

GRI analysis

- 3-3 Management Approach: Governance, Processes, Boundaries, and Commitment to Continuous Improvement (entire chapter).
- 301-1/301-2/301-3: Material input, recycled content (in development), packaging recovery (in development).
- 308-1/308-2: Assessment of new suppliers' environmental practices, evaluation of environmental impact, and enhancement of current suppliers.
- 414-1/414-2: Evaluation of new suppliers' social practices, assessment of social impact, and remediation of current suppliers.

Note (Consistency Check): This chapter exclusively addresses "Critical Material Risk and Management." Operational energy consumption and emissions are detailed in RT-IG-130a.1 (Energy Management) and the GHG section, respectively. RT-IG-410a.* (Use-Phase Fuel Economy) is not applicable and has been explained separately.

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SASB RT-IG-440b.1 | Remanufacturing Design and Services (2024)

Period and Boundary
- Period: January 1 – December 31, 2024
- Boundary: Revenue derived from product sales and remanufacturing or refurbishment services offered to external entities. This does not include general maintenance, parts replacement, warranty repairs, resale of used products, packaging recycling, or in-plant waste recycling.

Indicator Definition and Methodology
- Indicator: Revenue generated from remanufactured or refurbished products and services (sales or services utilizing scrapped or used products as inputs, undergoing standardized processes and inspections, and guaranteeing performance and warranty comparable to that of new products).
- Data source: ERP/general ledger-specific accounts and sales material number groups (Reman/Refurbished/Exchange code); to prevent double counting, repair services and parts sales are excluded.

2024 Results

Projects	Amount (New Taiwan Dollars)	Proportion of Consolidated Revenue
Recycled/Refurbished Product Revenue	0	0.00%
Recycling/Refurbishment Service Revenue	0	0.00%
Total (440b.1)	**0**	**0.00%**

Reference base: 2024 consolidated revenue of NT$5,739.35 million.
Supplementary clarification (in comparison to GRI)
- GRI 301-3: At present, only packaging materials are recycled or reused; systems for product return and recycling have yet to be implemented; consequently, 440b.1 remains at 0.
- GRI 306-4: In-plant waste recycling (e.g., 14.14 metric tons of plastic packaging) is processed through operational activities and is excluded from this indicator.

Present circumstances and subsequent actions
- The pilot program for the remanufacturing and refurbishing of a single model was not initiated in 2024, and no associated revenue was generated.
- The viability of "trade-in/core component retrieval" will be assessed in relation to product and market demand. The timeline and methodology will be communicated separately following the completion of the feasibility evaluation and ERP account setup. Should the program not be launched, this indicator will be reported as 0.

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SASB RT-IG-000.A | Activity Metrics – Units Produced by Product Category (2024)

Period and Boundary

- Period: January 1 – December 31, 2024
- Boundary: In alignment with the consolidated financial statements, only fully delivered machines and equipment to external parties are included.
- Excluded: Parts manufacturing, repair and refurbishment services, software licensing, and reproduction or refurbishment.

Measurement Principles

- The quantity of units (or seats) delivered is utilized for recognition; display units and work-in-progress units are excluded.
- If a project encompasses multiple devices, each device will be counted individually. If the entire line is disclosed separately, it will be classified as a "seat/line" and will not be counted again with the entire machine.
- Returns are recorded as write-offs in the same fiscal year; resales conducted by agents are excluded.

Production volume by product category (units)

Product Categories	2022	2023	2024
Machining Center	1,215	737	**683**
Computer Numerical Control Lathe	588	321	**169**
Printed Circuit Board Processing Machine	118	46	**77**
Specialized Machine	24	18	**13**
Other Equipment	5	4	**4**
Total	**1,950**	**1,126**	**946**

Remark

- The product category names align with the annual report: integrated machining centers, computer numerically controlled lathes, printed circuit board processing machines, special-purpose machines, and additional equipment.
- This table serves as a quantitative background indicator for GRI 2-6 Activities and Value Chain, corresponding to the Revenue Structure outlined in the Annual Report.

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SASB RT-IG-000.B | Employee Count (2024)

Period and Boundary

- Period: January 1 – December 31, 2024
- Boundary: Excludes international subsidiaries; the statistical scope encompasses the Taiwan headquarters and local operational sites.
- Measurement: Derived from the headcount at the end of the period (not FTE).

Number of employees engaged (SASB 000.B)

- Total employees: 610 (all full-time positions)
- Part-time/No guaranteed hours: No
- Gender distribution: Male 87% | Female 13%
- Regional distribution: Entirely situated in Taiwan.

Additional context: The average age is 40.2 years, and the average years of service is 10.5 years; compared to 2023, this figure reflects a decrease of 6.87%**, indicating a stable human resource structure.
GRI 2-8 | Non-employee personnel (excluded from the total employee count)

- Number of non-employee workers at the conclusion of the period: 7 (designated and overseen by the Company).

Type	Number of People	Description
Intern	1	Academic-Industry Collaboration Internship, participating in projects and learning according to the plan.
Visually Impaired Massage Therapists	1	On-site professional service personnel providing physical and mental care for employees.
Outsourced Consultants	4	Technical, quality management, and legal professional consultants.
On-Site Technical Support Personnel	1	Manufacturing process technology personnel working with strategic partners, providing long-term on-site support.

Data benchmark Statistical base date: 31 December 2024.
Employees are regarded as possessing formal employment contracts, while non-employee workers are defined as individuals engaged in long-term partnerships who are managed and assigned tasks by the company.

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