

A large glass sphere sits on a patch of green grass in the foreground. Inside the sphere, a reflection of the HYC logo is visible, along with a reflection of the surrounding landscape. The background shows a cityscape with buildings and mountains under a clear sky.

HYC

A small white butterfly icon is positioned above the 'ESG' part of the title.

2025 ESG

SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT



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01

Report Information

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1-1 About This Report

Hsin Yung Chien Co., Ltd. (hereinafter referred to as HYC or "the Company") began publishing its ESG Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards in 2024. This report serves as a vital channel for communicating non-financial information, enabling the Company to review and continuously enhance its overall sustainability performance.

1-1-1 Reporting Basis

This report references the 2021 edition of the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI). It also takes into account and responds to the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Global Compact (UNGC), the United Nations Sustainable Development Goals (SDGs), the ISO 26000 Guidance on Social Responsibility, and the Sustainability Accounting Standards Board (SASB) Standards. In addition, this report has been prepared in accordance with the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies." These guidelines ensure clear disclosure of the Company's actions and achievements, providing transparent information to stakeholders. For relevant cross-reference tables, please refer to the Appendix.



1-1-2 Report Preparation Process

The report is coordinated by the General Manager's Office serves as the central coordinating unit, with a cross-departmental collaborative approach adopted throughout the process. The report preparation process is divided into four phases:

Phase	Key Tasks	Participating units
1 Planning	Identification of Reporting Boundaries, Reporting Period, Guidelines, and Scope of Material Topics	Office of the General Manager, Steering Sustainability Committee
2 Data Collection	Data collection, compilation, and source verification for each aspect	R&D, procurement, manufacturing, quality assurance, industrial safety, human resources, sales, finance
3 Writing and Review	Chapter writing, data cross-checking, internal audit review	Office of the General Manager, various data responsible Units, internal audit
4 Approval and Publication	Upon review by the Steering Sustainability Committee and approval by the Board of Directors, it will be released externally.	Steering Sustainability Committee, Board of Directors

All quantitative data in the report are derived from the key performance indicators provided in "1-4 ESG Sustainability Performance," serving as the sole authoritative source. Data referenced in each chapter are traced back to this table to ensure consistency. Disclosures involving international frameworks (TCFD/TNFD/SASB/IFRS) are also standardized based on this table to avoid discrepancies arising from multiple parallel frameworks.

1-1-3 Reporting Period and Frequency

This report is published annually, covering the period from January 1, 2025, to December 31, 2025. It encompasses the company's operational systems and activities, with a focus on the management and performance of all material topics. It will be simultaneously published on the Company's official website.

Current publication version | Issued in July 2026

1-1-4 Reporting Scope and Boundaries

The scope of this report covers HYC as the reporting boundary.

1-1-5 Restatements of Information

There have been no restatements of information in the 2025 ESG Sustainability Report.

1-1-6 External Assurance / Assurance Status

The overall report has not yet obtained a single third-party independent assurance; however, the Company's key ESG sustainability management systems and related KPI data are deeply integrated with the ISO 14001 Environmental Management System, ISO 14064 Organizational Carbon Inventory, ISO 14067 Product Carbon Footprint, ISO 45001 Occupational Safety and Health Management, and ISO 50001 Energy Management System. Each of these systems has received international standard third-party certification and verification, providing a foundation of evidence for the disclosures in the report and ensuring the credibility of energy-saving and carbon reduction data and projects.

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1. Third-party Certification and Verification Obtained

The Company has currently passed third-party certification/verification of the following international standards:

Standard / Certification	Item	Category	Corresponding Disclosure Section
ISO 9001	Quality Management System	Management System Verification	Product Quality & Service Management
ISO 14001	Environmental Management System	Management System Verification	Environmental Aspects Management (emissions, water, waste)
ISO 45001	Occupational Safety and Health Management System	Management System Verification	Occupational Health and Safety
ISO 27001	Information Security Management System	Management System Verification	Information Security Management
ISO 50001	Energy Management System	Management System Verification	Energy and Greenhouse Gas Management
ISO 14064-1	Organizational Greenhouse Gas Inventory	Data Verification	Greenhouse Gas Emissions (Scope I to IV)
ISO 14067	Product Carbon Footprint	Data Verification	Product Carbon Footprint Disclosure
C2C	Cradle to Cradle Product Certification	Product Certification	Circular Economy and Low-carbon Products

Certificate Photos:



ISO 9001



ISO 14001



ISO 45001



ISO 50001



ISO 27001



ISO 14064-1



ISO 14067



C2C

2. Third-party Verification of Greenhouse Gas Data

The Company's Greenhouse Gas Emissions (Scope I, II, III, IV) have been verified and certified by a third-party organization. The relevant assurance levels and scopes are detailed in the 4-12-4 Third-party Assurance section.

3. Planning for Internal Controls and Assurance Enhancement

The Company has established an internal control system for sustainability information, with plans for the internal audit unit to conduct reviews to ensure the accuracy and completeness of disclosed information. In the future, we will gradually enhance the assurance level following this path: in the short-term, focus on comprehensive ISO series certifications and verification of energy and greenhouse gases; in the medium-term, expand the scope of data verification to include critical environmental indicators such as water resources and waste, and obtain limited assurance for key chapters of the report; in the long-term, the goal is to achieve independent assurance for the entire report and progressively move towards reasonable assurance.



1-1-7 Responsible Unit for Sustainability Reporting

 Reporting Unit: HYC President's Office

 Telephone: 049-2263888

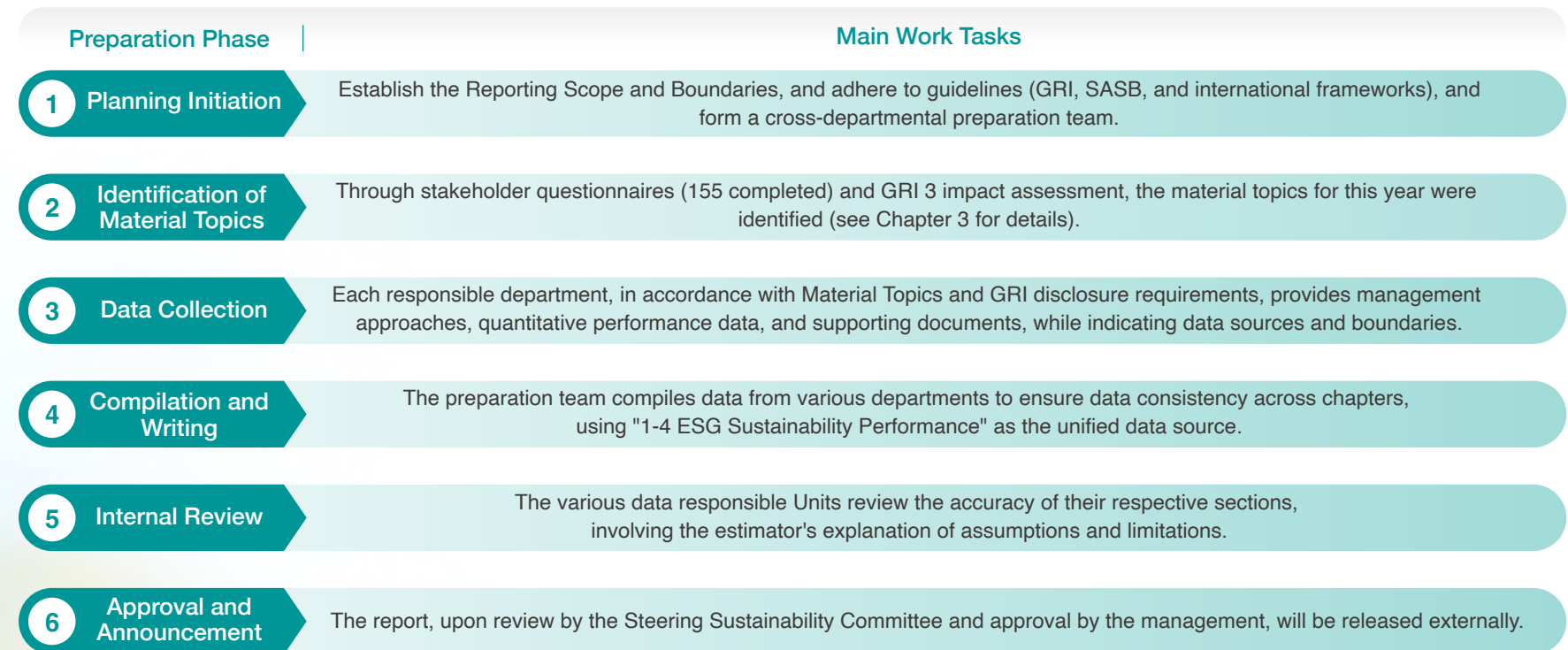
 Address: No. 294 Nan Kung 3rd Road,
Nantou, Taiwan

 Website: www.hyc-king.com



1-1-8 Report Preparation Process and Quality Management

The report is managed by the General Manager's Office as the preparation hub, collaborating with various responsible departments. The following process is implemented to complete data collection, compilation, review, and approval:



The disclosure of the Company's sustainability information follows the principles of consistency, traceability, and verifiability. All quantitative data maintain their original sources, calculation boundaries, and activity data references to ensure the quality of information and support subsequent third-party verification.

1-2 About the Company (Company Profile)

1-2-1 Company Information Overview

Item	Content
Company Name	Hsin Yung Chien Co., Ltd. (HYC)
Year of Establishment	Founded in 1964 in Taichung City, Taiwan. Moved to Nan Kung Industrial Zone in 1980.
Company Status	Listed on the Taiwan Stock Exchange; the largest rubber conveyor belt manufacturer in Taiwan.
Headquarters Address	No. 294 Nan Kung 3rd Road, Nantou, Taiwan
Main Products	Rubber Conveyor Belts, Rubber Dams, Rubber Sheets, Livestock Waterbeds, Custom Rubber Products; Electronic Grade Hot-Pressing Cushioning Pads; Thermoplastic Carbon Fiber Composite Products.
Main Business Divisions	KING Division, SILIEET Division, NEWSHEET Division
2025 Operating Revenue	1,596,478 thousand (an increase of 9% compared to 2024)
2025 Operating Profit	497,794 thousand (an increase of 12% compared to 2024)
2025 Net Income After Tax	450,996 thousand; EPS After Tax 5.78
2025 Total Assets	3,805,519 thousand; Debt-to-Asset Ratio 17%
Total Employees	116 individuals (including 31 foreign employees, among whom 4 are Vietnamese interns in Taiwan)
Market Distribution	Exported to over 40 countries worldwide, covering industries such as logistics, mining, steel, agriculture, electricity, and water conservancy.
Management System Certification	ISO 9001 、ISO 14001 、ISO 45001 、ISO 27001 、ISO 50001
System Verification	ISO 14064-1 、ISO 14067
Circular Economy Product Certification	The eco-friendly rubber conveyor belt product series has obtained the Cradle to Cradle (C2C) Bronze certification for Circular Economy Product Certification.
Social Welfare Investment Amount	2025 Social Welfare Investment Amount NT\$1,529 thousand

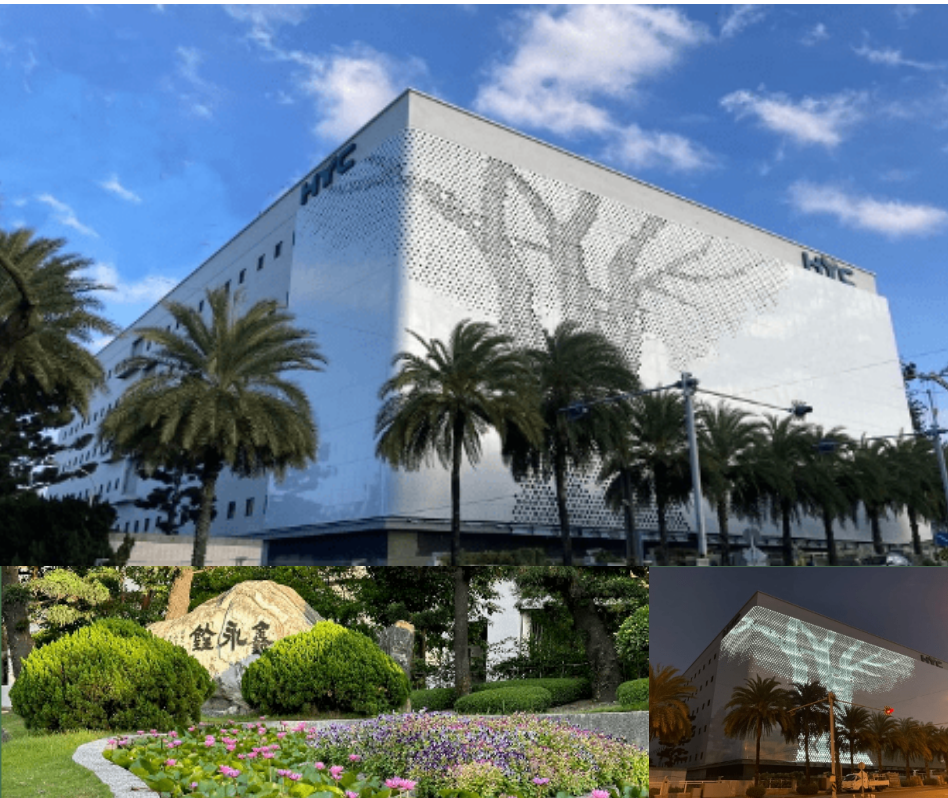


As of the publication date of this report, the Company is the largest manufacturer of rubber conveyor belts in Taiwan. Our products are designed and verified according to domestic and international standards such as CNS, JIS, ISO, DIN, BS, AS, ASTM, and MSHA. We have also obtained certifications for ISO 9001, ISO 14001, ISO 45001, ISO 27001, ISO 50001, and verifications for ISO 14064-1 and ISO 14067. The eco-friendly rubber conveyor belt product series has obtained the Cradle to Cradle (C2C) Bronze certification for Circular Economy Product Certification.

1-2-2 Company History

Hsin Yung Chien Co., Ltd. (HYC), established in 1964, is currently the largest manufacturer of rubber conveyor belts in Taiwan. HYC has consistently invested in advanced equipment and eco-friendly process innovations. As of the publication date of this report, HYC has obtained certifications for ISO 9001, ISO 14001, ISO 45001, ISO 27001, and ISO 50001, and verifications for ISO 14064-1 and ISO 14067. The eco-friendly rubber conveyor belt product series has obtained the Cradle to Cradle (C2C) Bronze certification for Circular Economy Product Certification.

Caption : Company's green landscaped environment



1-2-3 Main Products / Services

Various Rubber Conveyor Belts, Rubber Dams, Rubber Sheets, Livestock Waterbeds, Custom Rubber Products, Electronic Grade Hot-Pressing Cushioning Pads, Thermoplastic Carbon Fiber Composite Products.

Milestones : Founded in 1964 in Taichung City, Taiwan. Moved to Nan Kung Industrial Zone in 1980.

- 1985** Awarded the "CNS Mark" by the Bureau of Standards, Metrology and Inspection (BSMI).
- 1994** Co-development with ITRI for plastic roller pressing and auto assembly equipment.
- 1995** Achieved ISO-9002 International Quality Standard Certification from the Ministry of Economic Affairs' Bureau of Commodity Inspection and Quarantine (now BSMI) and promoted Aramid (Kevlar) conveyor belts.
- 1996** President selected as the recipient of the 4th Outstanding SME President Award of the ROC.
- 1998** Implemented MIS Computer Real-time Information Management System and Computer Automatic Monitoring Production Management System.
- 1999** Introduced CIS Corporate Identity System.
- 2000** Awarded the 4th Rising Star Award by the Ministry of Economic Affairs.
- 2001** Introduced Asia's largest rolling mill.
- 2002** Factory II and the new office building opened; ERP Enterprise Resource Planning system implemented.
- 2003** Awarded the Golden Rooting Award.
- 2004** Company shares listed on the Emerging Stock Market.
- 2005** Awarded the National Award of Outstanding SMEs.
- 2006** Company shares listed on the Over-the-Counter (OTC) market.
- 2007** New Plant I and Plant III (Industrial Fabric Plant) completed construction.
- 2008** Plant IV and the company-wide automated warehousing system completed construction.



Caption : Awarded the Rising Star Award



Caption : Awarded the National Award of Outstanding SMEs.

Caption : Company's green
landscaped environment

2009

Obtained ISO-14001 Environmental Management System Certification from the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs.

2010

Company shares listed on the stock exchange; passed OHSAS 18001/TOSHMS Occupational Safety and Health Management System certification.

2011

Products received the iENA Gold and Silver Award.

Caption : Products received the iENA Gold and Silver Award.



2012

Won the "Industrial Park Beautifying Championship" for nationwide industrial park facilities.

2013

Selected as one of the winners of the "1st Mittelstand Award"; Silieet PCB/Solar buffer pad products officially entered production.

2014

The Newsheet Thermoplastic Composite Material was launched.

2015

Selected as one of the winners of the "3rd Mittelstand Award."

2016

The Newsheet department developed thermoplastic composite materials and collaborated with renowned brands.

2017

All factory rooftops installed with solar panels, becoming a green energy rooftop and Nantou County's largest single-volume solar power station; awarded the "Agricultural Construction Award" for Rubber Dams by the Council of Agriculture, Executive Yuan.

2018

The world's lightest and environmentally friendly recyclable thermoplastic composite luggage was launched; the President visited, encouraging companies to develop green energy technology and the circular economy.



Caption : Solar Panels Installed on All Plant Rooftops

2019

Factory V and the experimental building completed construction; **obtained ISO 45001 Occupational Safety and Health Management System Certification.**



Caption : ISO 45001 Occupational Health



2020

The Newsheet department collaborated with well-known European and American brands to develop carbon fiber thermoplastic (recyclable) related accessories for electric bicycles; awarded the "3rd Chinese Green Enterprise Gold Award"; awarded the "National Model for Supporting Children Award" by the Family Support Foundation.

2021

Independently initiated a COVID-19 emergency relief program to assist residents in the Nantou area facing hardships due to the pandemic.



Caption : Independently initiated Emergency Relief Program During the Pandemic

2023

New Factory IV completed construction; thermoplastic carbon fiber composite material application products received the "iF Design Award"; the Manager of the Management Department received the 29th "Outstanding Manager Award for the Central Region"; selected as one of "Nantou County's TOP 5 Enterprises" by Commonwealth Magazine's Cheers Happy Workers magazine survey.

2024

Thermoplastic carbon fiber wheelset received the "iF Design Award". First place in the "Gender Mainstreaming Benchmark Enterprises Award" by the Industrial Development Administration, Ministry of Economic Affairs.

2025

Achieved "ISO 50001 Energy Management System Certification" and established a self-use solar power generation system; the FY2024 ESG sustainability report received the Ministry of Labor Occupational Safety and Health Administration's "Outstanding Enterprise in Workplace Safety and Health Performance Disclosure Evaluation for 2025 Corporate Sustainability Reports"; obtained the "Certificate of Excellence in Workplace Health Promotion Self-Assessment" label; received the result of the 12th Corporate Governance Evaluation by the Financial Supervisory Commission, ranked in the 36% to 50% range (across all industries).



Caption : ISO 50001



Caption : Renewable Energy Certificate from Solar Power Generation

Subsequent events after 2026 (as of the publication date of this report)

Obtained ISO 27001 Information Security Management System Certification, completed ISO 14064-1 greenhouse gas inventory third-party verification, ISO 14067 Product Carbon Footprint third-party verification, and obtained the Cradle to Cradle Certified™ Circular Economy Green Product Certification for the eco-friendly rubber conveyor belt product series.

1-2-4 Business Operations



1. PURPOSE

"Starting from the conveyor industry, creating industrial value with Silieet Innovative Material and safeguarding the future environment with sustainable thinking."

Hsin Yung Chien Co., Ltd. (HYC) was founded in Taiwan, starting with the manufacturing of rubber conveyor belts, and has evolved from traditional manufacturing to become a professional high-value materials manufacturing enterprise. We believe that good materials are not just products; they can also enhance industry efficiency, reduce resource waste, and create long-term value for the environment and society. Today's HYC is not just a product supplier; it is also an important partner in helping customers solve problems, enhance competitiveness, and achieve sustainability goals.



2. POSITIONING

External Positioning



Silieet Innovative
Material



Sustainable
Manufacturing



Excellent
Quality

Providers of Sustainable Materials and Solutions

HYC focuses on material innovation, integrating R&D, manufacturing, and application capabilities to provide high-quality, high-performance, and sustainable materials and solutions for various industries, helping customers enhance competitiveness and create long-term value together.

Market Positioning

Not merely a manufacturer, but:

- Materials technology developer
 - Customer Problem Solver
- Creators of Sustainable Value
- Industry Upgrade Promoter



3. CORE VALUE

Integrity

Uphold commitment and quality to establish long-term customer trust.

Innovation

Continuously invest in research and development to create more efficient and eco-friendly materials technology.

Collaboration

Cross-departmental collaboration to jointly create the best solution.

Customer Success

Focusing on customer needs, creating win-win value.



4. VISION AND MISSION

Vision

Smart Innovation, Green Energy and Carbon Reduction, Co-creating Value to Become an Outstanding Sustainable Growth Enterprise

Mission

Breakthrough innovation, creating value, giving back to society, and pursuing sustainable management.

Brand Promise

Silieet Innovative Material, a Sustainable Future

Brand Spirit

Continuous Learning and Growth, Ongoing Improvement, Excellent Service, and Sharing of Achievements.

1-3 Business, Product Innovation, and Scale

Hsin Yung Chien Co., Ltd. (hereinafter referred to as HYC or "the Company") has been publishing its ESG Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards since 2024. This report serves as a vital channel for communicating non-financial information, allowing the Company to review and enhance its overall sustainability performance. We have also revamped our ESG website to publish the contents of this Report. This aims to enhance the accessibility, transparency, timeliness, completeness, and interactivity of the Company's sustainable development information for stakeholders. Furthermore, it will allow HYC to collect feedback from various parties, which will then be used to continuously optimize the report's content and presentation.



1-3-1 KING Division — Rubber Conveyor Belts, Rubber Dams, Livestock Waterbeds, Rubber Sheets, Custom Rubber Products

a Smart Manufacturing | Low-Carbon Circulation | Sustainable Prosperity

The KING Division is our company's earliest and largest core business unit, dedicated to the research, development, and manufacturing of rubber conveyor belts, rubber dams, rubber sheets, livestock waterbeds, and custom rubber products. The products utilize advanced formulations and structural technologies, possessing properties such as heat resistance, flame retardancy, abrasion resistance, cold resistance, anti-static properties, impact resistance, tear resistance, moisture resistance, water resistance, oil resistance, and acid-alkali resistance. They are widely applied in critical industries such as logistics and parcel delivery, mining and cement, steel and ports, agriculture and livestock, power systems, and water conservancy engineering. The products are designed and verified according to domestic and international standards such as CNS, JIS, ISO, DIN, BS, AS, IS, SABS, ASTM, MSHA, and GBT, with the ISO management system as the operational foundation. This division leverages high quality, customization, engineering integration, and rapid response as its core competencies to avoid falling into mere price competition. It has long served both domestic and international industries, earning the trust of government engineering units and large enterprises.



Value Proposition of the Business Division

Reduce customer downtime and replacement frequency through durability and high reliability.
Respond to special operating conditions with formulation and structural design.
Support the long-term operations of global customers with consistent quality.



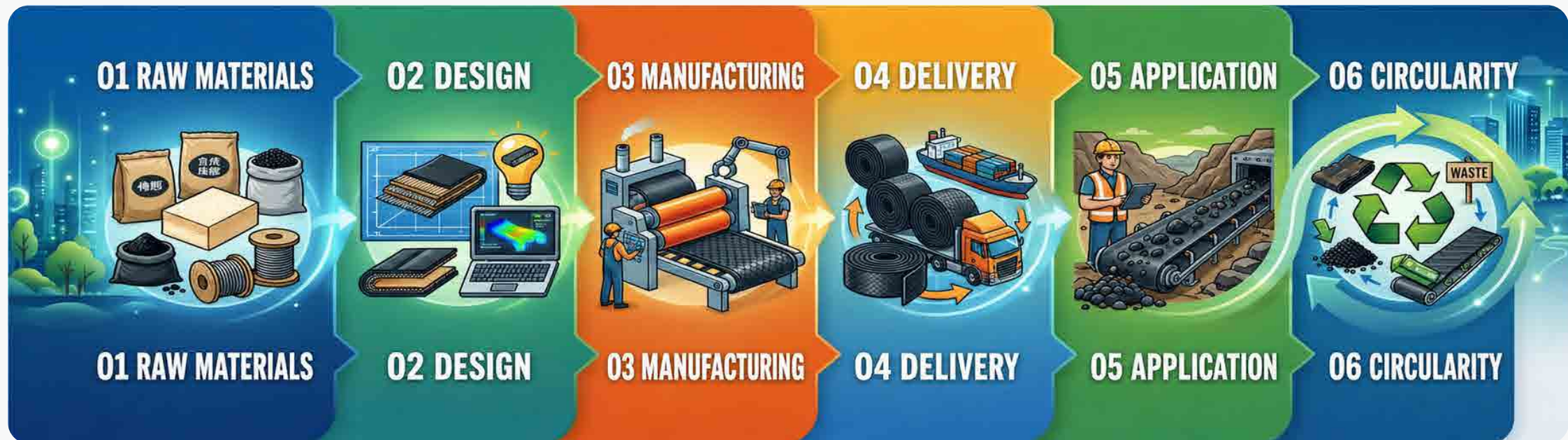
ESG Sustainability Proposition

Replace short-term price comparison with product life cycle value.
Reduce environmental impact through energy, material, and process efficiency.
Gradually establish capabilities for recovery, reuse, and circular design.

b Complete Value Chain : From Materials to Circularity

KING Division presents its value creation method through "The Sustainable Journey of a Conveyor Belt." Sustainable value is not limited to what happens within the factory; more durable products can reduce replacement frequency and minimize waste. More consistent quality can decrease downtime and rework losses. Better packing and logistics planning can lower transportation resource consumption, while recycling-oriented design can create conditions for the next lifecycle of materials. In each phase of the value chain, there is a simultaneous inclusion of business value, environmental impact, and risk management responsibilities.

Phase	Key Focus Areas	Sustainable Link
1 Raw Material	Responsible procurement, regulatory tracking, supply risk management	Source Traceability, EUDR Response
2 Design	Formulation, Durability, Energy Efficiency, Recyclability	Extended Lifespan, Reduce Material Consumption
3 Manufacturing	Automation, Energy Management, Digital Quality	Reduce energy consumption per unit product and rework.
4 Delivery	Packaging, containerization rate, transportation coordination	Reduce logistics resources and transportation emissions.
5 Application	Reliability, downtime risk, lifecycle cost	Reduce customers' operating costs and environmental footprint.
6 Circular Economy	Recycling, material reuse, design feedback	Create value for the next lifecycle of materials.



C E - Environmental Aspect : Extended Lifespan, Reduced Carbon Emissions, Circular Reuse, and Green Materials

The department fully incorporates high-durability and low-carbon process design concepts into its products to achieve green benefits throughout the product lifecycle. The heat resistance, abrasion resistance, impact resistance, and tear resistance of rubber conveyor belts' durable characteristics not only reduce overall maintenance and replacement costs but also decrease operational downtime and repair costs. This further enhances operational efficiency, extends equipment lifespan, and reduces carbon emissions and resource consumption. The value of rubber compound design lies not only in meeting physical property specifications but also in balancing abrasion resistance, heat resistance, oil resistance, flame resistance, tear resistance, low rolling resistance, processing stability, and service life. The formula is the core that connects material, process, product performance, and environmental benefits.

Design objectives	Value to Customers	Sustainability Benefits
Wear-resistant and fatigue-resistant	Extend Usage Cycle, Reduce Replacement Frequency	Reduce material consumption, waste, and downtime
Low resistance and stable operation.	Reduce driving load and energy consumption.	Reduce indirect emissions during the usage phase.
Heat resistance, oil resistance, and flame resistance.	Respond to customers' procurement and carbon management needs.	Reduce accidents, scrapping, and unplanned losses.
Introduction of recycled or low-carbon materials	Improve safety and reliability under specific operating conditions.	Reduce reliance on virgin resources.

From the product development phase, sustainability is considered, with proactive promotion of the integration of green materials and the application of Circular Economy principles. Most products have already incorporated Recycled Rubber, eco-friendly carbon black, and EUDR-compliant natural rubber. Efforts are also underway to gradually reduce the use of consumables and plastics, in response to plastic reduction policies and global supply chain regulations. The department is simultaneously promoting carbon footprint assessments and carbon labeling to enhance product transparency and support customer confidence in green procurement.



Caption : Eco-friendly Recycled Carbon Black | Eco-friendly recycled rubber

EcoCore™ Low-Carbon Circular Materials Development Platform (In Progress)

EcoCore™ is positioned as the development platform for low-carbon and circular materials in this department, rather than a single product specification. Subsequent verification should be based on multiple criteria, including material sourcing, product performance, durability, process compatibility, carbon footprint, and recyclability feasibility. Before completing formal certification and data verification, the Company does not make external claims about the absolute carbon reduction ratio.

In terms of energy management, rubber mixing, calendaring, vulcanization, and related processes are characterized by energy intensity. The division follows the ISO 50001 energy management logic to continuously identify significant energy uses, set improvement plans, track performance, and enhance equipment efficiency. Specific measures include improving equipment efficiency and insulation, managing standby and peak electricity usage, improving the efficiency of compressed air and steam thermal energy, and reducing unit product energy consumption through production scheduling and yield improvement.

Aligned with the United Nations Sustainable Development Goals:

- SDG 9 Industry, Innovation, and Infrastructure
- SDG 12 Responsible Consumption and Production
- SDG 13 Climate Action



**S - Social Aspect : Product Safety, Public Protection, Equipment Upgrades, and Knowledge Transfer**

Caption : Application of rubber dams in water management systems

The KING brand has been deeply rooted in the industry for many years, always prioritizing occupational safety and social responsibility. The rubber conveyor belt products comply with industrial safety standards in multiple countries, featuring flame resistance and anti-static properties suitable for high-risk process environments, effectively reducing the risk of fire and personnel injury. Rubber dam products are widely used in agricultural irrigation, flood prevention infrastructure, and water resource management, playing a vital role in both public welfare and national infrastructure. These applications help secure drinking water supplies and stabilize crop production, while also mitigating disaster risks posed by extreme weather.

The sustainability of the manufacturing site begins with ensuring that employees work safely and continue to grow. The business unit, in accordance with the spirit of the Occupational Safety and Health Management System, promotes the standardization and permit management of high-risk operations, equipment protection, lockout/tagout mechanisms, near-miss incident reporting, safety training sessions, and management inspections with improvement tracking. It also invests in multiple equipment upgrade projects to continuously improve the working environment for employees.

In terms of talent and technology inheritance, the business unit promotes competency maps and skill certification, mentorship systems with standard operating manuals, digitization and version control of technical documents, and cross-departmental problem-solving with the accumulation of engineering experience.

**Aligned with the United Nations Sustainable Development Goals:**

- SDG 3 Good Health and Well-being
- SDG 6 Clean Water and Sanitation
- SDG 8 Decent Work and Economic Growth
- SDG 11 Sustainable Cities and Communities





G - Governance Aspect : Taiwan R&D, International Quality, Flexible Supply

All KING brand products are manufactured in Taiwan and serve global industries, with sustainability governance principles implemented throughout all stages from development and production to shipment. Facing international market demands, the division has flexible customization capabilities, allowing adjustments according to regulations in markets such as Europe, the United States, and Japan, enhancing global competitiveness and brand trust.

In terms of quality governance, the department believes that quality is not the final inspection result, but a system collaboratively formed from customer requirements, structural design, formulation, process parameters, and verification methods. The product life cycle mindset requires not only confirming "whether it meets specifications" but also ensuring "whether it can operate reliably and continuously at the customer's site."

In terms of smart manufacturing and digital quality, the department continues to advance automation, equipment networking, process data integration, and digital quality. The aim is not merely to pursue unmanned operations but to reduce human variation, enhance traceability, shorten abnormal response times, and maintain manufacturing stability in a labor-scarce environment.



Aligned with the United Nations Sustainable Development Goals:

SDG 8 Decent Work and Economic Growth

SDG 9 Industry, Innovation, and Supply Chain Resilience

SDG 17 Partnerships for the Goals



Caption : Application of rubber conveyor belts



Caption : Application of Livestock Waterbeds

f Customer Value: From Price to Lifecycle Cost

For industrial customers, the procurement price of a conveyor belt is usually only a part of the total cost. Downtime, maintenance, replacement labor hours, energy consumption, material losses, waste disposal, and safety risks often determine the true lifecycle cost.

Product Value	Reducible Customer Costs or Risks
Extended lifespan	Reduce replacement frequency, spare parts requirements, and waste generation.
Stability in linearity and joint quality	Reduce Deviation, Downtime, and On-Site Correction
Heat resistance, oil resistance, or flame resistance suitable for working conditions	Reduce degradation, fire, and unplanned downtime risks.
Low resistance and stable operation	Reduce driving load and energy consumption.
Rapid technical support	Reduce problem assessment and recovery time

Principle of Avoiding Overstatement

Energy-saving, carbon-reduction, safety, or social benefits of products must be determined based on actual working conditions, system design, service life, and comparison benchmarks. Unless supported by tests, measurements, or third-party data, the Company does not use absolute or guaranteed benefit claims.

g Circular Economy: From Waste Back to Materials

Vulcanized rubber has durability advantages, but it also makes recycling more challenging. The direction of circular design includes extended lifespan and reparability, reducing unnecessary material complexity, enhancing material identification and product traceability, and assessing the applicability of recycled materials at different levels.

Circular processes	Promotion Content
Extended Lifespan	Reduce replacement and waste through durable design
Recovery Identification	Establish material and product history
Reverse logistics	Concentration, classification, and transportation planning
Materials handling	Mechanical recycling, Thermal Cracking, or other pathway assessments
Reuse	Introduce appropriate applications based on performance classification
Design feedback	Feedback on recycling information into the design of the next generation of products

In terms of the recycling network, the division is currently evaluating the establishment of a waste conveyor belt recycling mechanism through regional cooperation. The Taiwan region plans to collaborate with legally qualified recycling and materials handling partners to evaluate mechanical recycling, thermal cracking, or other pathway assessments, with necessary conditions including traceable flow, legal processing, and demonstrable environmental benefits. In the U.S. market, recycling, temporary storage, and transportation solutions are assessed based on customer-concentrated areas, with feasibility depending on state regulations, reverse logistics costs, economies of scale, and partner capabilities. At the multinational level, plans are made to provide feedback on customer retirement information, material types, and handling results into product design. Cradle to Cradle (C2C) can serve as an integrated reference framework for material health, circularity, energy, water, and social fairness.



h 2030 Path to Sustainable Value

The 2030 roadmap of this business unit adopts the principle of "first establishing reliable data, then setting quantitative commitments." The timeline for each aspect should be reviewed on a rolling basis in accordance with the Company's capital expenditure, technology maturity, regulatory requirements, and customer needs.

Period	Phase	Key Focus Directions
2026–2027	Infrastructure	Improve carbon inventory, energy data, raw material risk classification, supplier ESG information, AI knowledge base structure, and recycling feasibility assessment.
2027–2028	Products and Processes	Expand Product Carbon Footprint, low-carbon material verification, digital quality and energy efficiency improvement; establish key product life cycle data.
2028–2029	Value chain collaboration	Collaborate with customers and suppliers to establish carbon reduction, recycling, and material circulation projects; strengthen logistics and retired product information.
2029–2030	Scaling and Disclosure	Transform experiences into replicable processes, set approved quantifiable goals, undergo necessary verification, and continuously improve.

i Conclusion

As the starting point and core of HYC, the KING department demonstrates strong resilience in the fields of rubber conveyor and hydraulic applications through its long-term technical expertise, solid manufacturing capabilities, and sustainability mindset. The department promotes sustainability through value chain integration: starting with responsible sourcing of raw materials, enhancing product lifespan through formulation design and engineering verification, reinforcing consistency with smart manufacturing, Energy Management, and digital quality, and ultimately extending to low-carbon transportation, full lifecycle value for customers, and material recycling. In the future, KING will continue to deepen its focus on low-carbon materials, the EcoCore™ concept, Product Carbon Footprint, AI knowledge management, and cross-regional recycling collaboration. By establishing long-term value in the rubber industry through a careful, traceable, and continually improving approach, it aims to become a strong backbone for the sustainability of global infrastructure and supply chains.

永續輸送，帶動發展

Sustainable Conveyance. Driving Development.



Smart Manufacturing | Low-Carbon Circulation | Sustainable Prosperity

Every Conveyor Belt Creates Sustainable Value.

From raw materials, design, and manufacturing, to customer applications and circular recycling, a complete and sustainable value chain is created to produce longer-lasting, more reliable, and lower environmental impact products.



1-3-2 SILIET Division — Electronic-grade Hot-press Cushioning Pad

Siliet Innovative Material, Sustainable Value



a E - Environmental Aspect: Eco-Innovation, Resource Conservation

The Siliet department focuses on the development of polymer Siliet hot-press cushioning materials, using high-toughness and high-temperature-resistant fibers as the core, combined with polymer composite processing. This results in electronic-grade lamination materials characterized by high strength, low friction, dimensional stability, high-temperature resistance, and long lifespan. These materials can be reliably used in temperatures ranging from -70°C to 280°C and are widely applied in high-temperature lamination processes for PCB, FPCB, CCL, LCD, solar panels, composite materials, probe cards, smart cards, and substrates. By integrating RFID lifecycle management and cloud tracking mechanisms, the product enhances usage efficiency, reduces waste, and strengthens supply chain management. Its reusable, lightweight, and automated production features align with the development trends of Industry 4.0 and sustainable manufacturing.



Caption : Hot Press Cushioning Pad Product



Aligned with United Nations Sustainable Development Goals :

SDG 12 Responsible Consumption
and Production

SDG 13 Climate Action

SDG 15 Life on Land

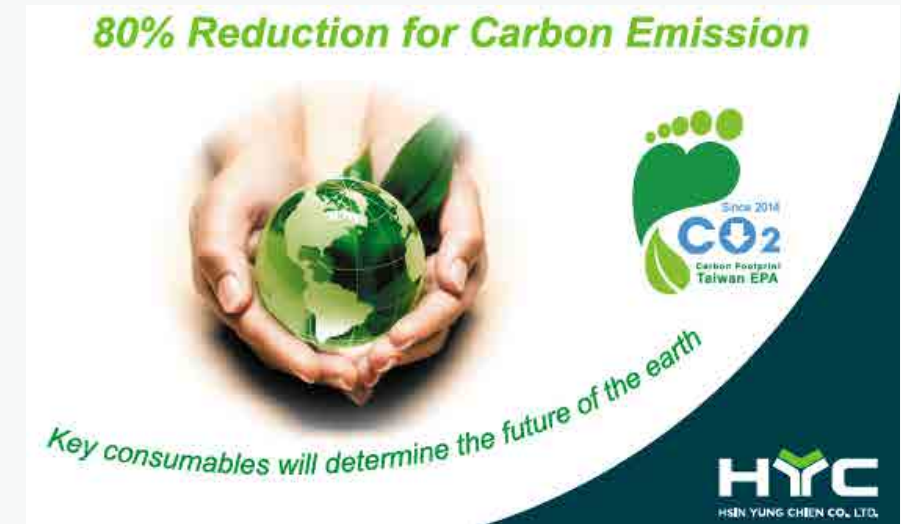


Eco-Innovation, Effective Carbon Reduction

The product offers advantages such as reusability, high-temperature resistance, and a paperless design, making it a suitable replacement for kraft paper, aluminum foil, and burning iron plates used in traditional PCB manufacturing. This significantly reduces the use of consumables, carbon emissions, and water resource consumption. The product lifecycle management system incorporates RFID technology to enhance material usage efficiency and improve the accuracy of lifespan monitoring, preventing unnecessary scrapping and reducing material wastage. It also promotes a paperless transformation in process and warehouse management, assisting enterprises in advancing Circular Economy and green manufacturing.

Implementation

- Reduce the use of kraft paper by over one million tons annually, preventing the logging of more than 30 million trees.
- Significantly saving water resources required for paper production (over 500 million liters)
- Reduce CO₂ emissions, mitigating the impacts of climate change and soil and water conservation.



b S – Social Aspect : Product Safety, Performance Enhancement, Cloud-based Tracking, Clean Manufacturing

Through uniform heat conduction and pressure distribution, the product improves lamination efficiency and process yield, supporting customers in advancing towards smart manufacturing and green transformation. To enhance management efficiency, Silieet has introduced an "RFID and cloud tracking system" to establish comprehensive product lifecycle management. This enables material traceability, automated inventory management, lifespan monitoring, and digital management, effectively reducing material waste, human error, and management costs, while simultaneously improving supply chain transparency and process efficiency.

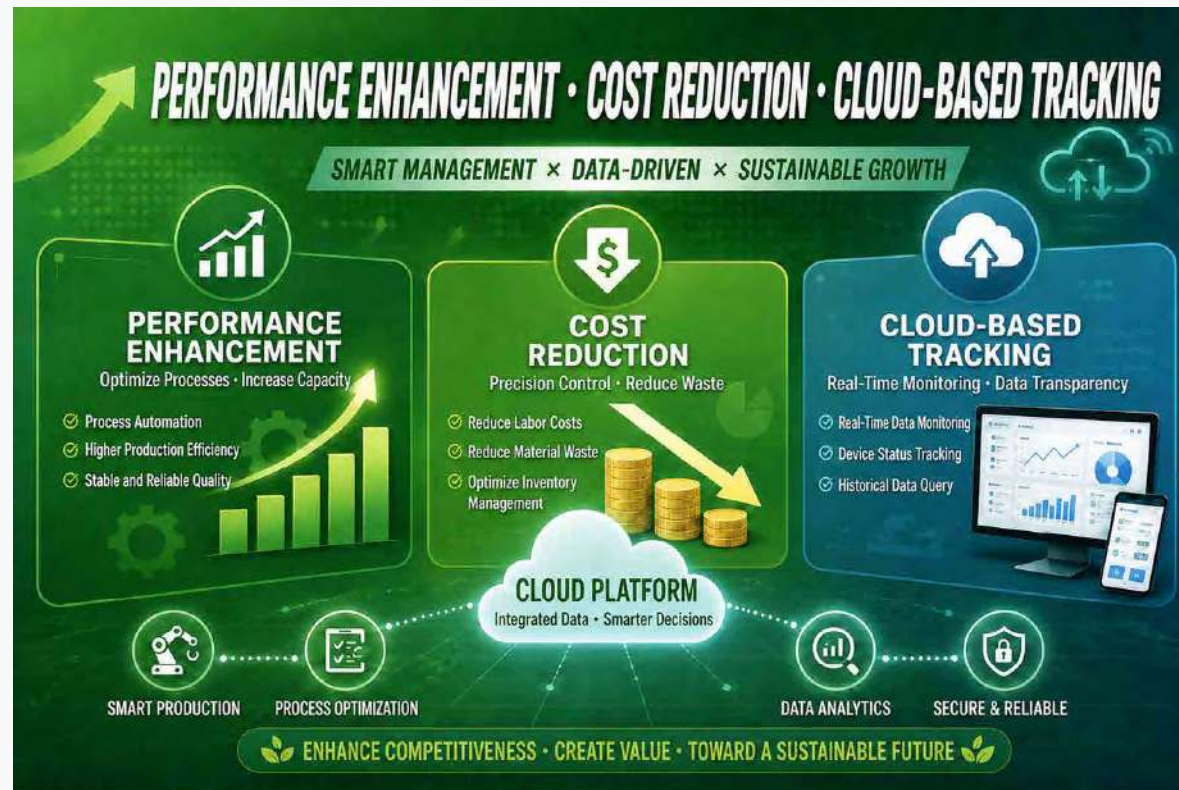
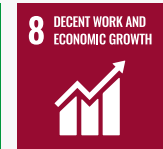


Aligned with United Nations Sustainable Development Goals :

SDG 3 Good Health and Well-being

SDG 8 Decent Work and Economic Growth

SDG 9 Industry, Innovation, and Infrastructure



Caption : RFID Frequency Management System



G – Governance Aspect : Local R&D, Local Production, Quality Assurance

Silieet products are developed, manufactured, and technically serviced entirely in Taiwan, with an annual production capacity of 400,000 square meters, ensuring stable supply and offering professional application technical support to rapidly meet the customization needs of various industries. Products received the iENA Gold and Silver Award, showcasing their globally leading technical prowess and innovative value. The product features low friction, anti-static properties, high cleanliness, and uniform hot pressing, effectively reducing contamination risks, enhancing lamination quality and product yield, while ensuring process safety, product quality, and operational efficiency. It supports customers in advancing towards smart manufacturing and low-carbon transformation.

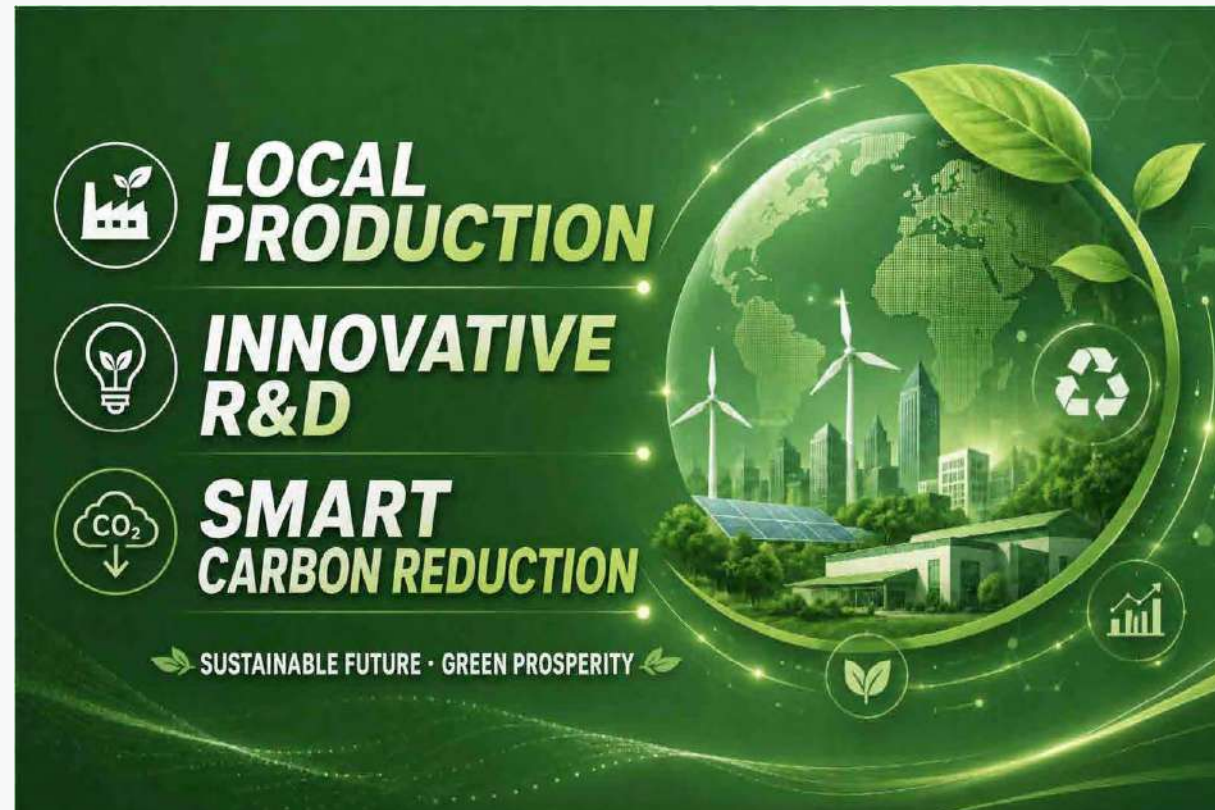


Aligned with United Nations
Sustainable Development Goals (SDGs):

SDG 9 Support Domestic Technology Development
And Industrial Diversification



Caption : iENA Gold and Silver Award





e

Conclusion

Silieet is not only pioneering in material innovation but is also a key driver for environmental protection and industrial sustainability, providing comprehensive solutions that balance efficiency, cleanliness, and sustainability for the electronics industry.

d

Assisting the PCB industry in sustainable transformation: transitioning from kraft paper to Silieet

According to estimates, a publicly listed PCB manufacturer in Taiwan uses over 1,200 tons of kraft paper annually. If a complete transition were to occur in the Greater China region, it is estimated that paper consumption could be reduced by over 1.67 million tons, which is equivalent to protecting the forest resources of nearly 28,000 areas the size of Daan Forest Park.



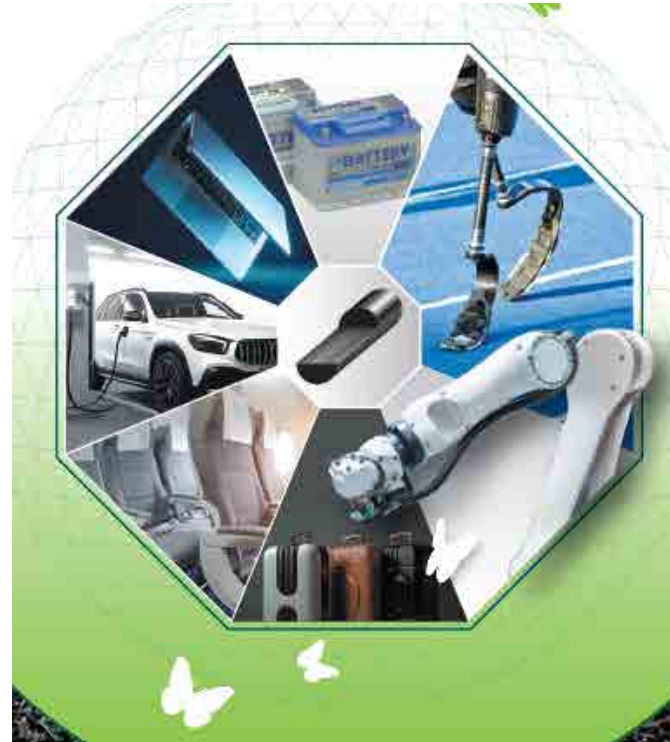
1-3-3 Newsheet Division — Thermoplastic Carbon Fiber Composite Material

Eco-friendly Materials, High-efficiency Solutions, Circular Economy

The thermoplastic carbon fiber material developed by Newsheet combines high specific strength, high specific rigidity, excellent impact resistance, fatigue resistance, corrosion resistance, and weather resistance. It can effectively replace steel, aluminum alloys, and certain engineering plastics, reducing weight while maintaining or even enhancing structural performance. The material has excellent thermoplastic processing characteristics, accommodating a variety of automated processes including high-speed stamping, thermoforming, continuous molding, machining, laser cutting, ultrasonic welding, and injection over-molding. This significantly shortens manufacturing cycles, reduces reliance on manual labor, and increases product consistency and mass production efficiency.

The products are currently applied in

- Construction engineering formwork system
- High-end luggage
- Bicycle frames, rims, and components
- Components related to drones and unmanned vehicles
- Hydrogen storage pressure vessel
- Fuel cell system components
- Electric Vehicle Structural Components
- Smart manufacturing equipment



Caption : Composite Material Product Application Industries



Through comprehensive material research and development, mold design, process integration, and product development capabilities, NEWSHEET has established a one-stop integrated service from raw materials to semi-finished and final products, providing customers with high-efficiency, high-quality, and sustainable composite material solutions.

a

E - Environmental Aspect

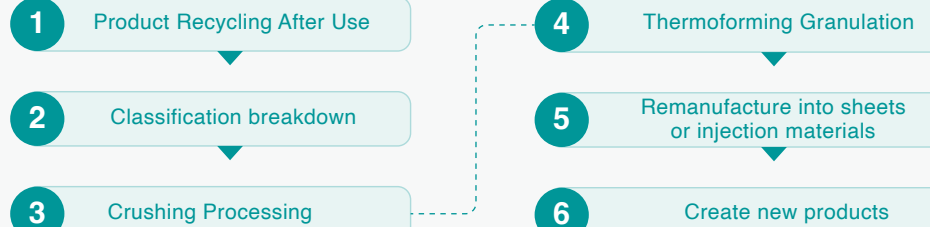
Recyclability, Carbon Reduction, and Circular Utilization

Facing the global net-zero emissions and ESG sustainability wave, the Newsheet department fully integrates the concept of circular material design, with "material life cycle management" at its core, to create thermoplastic composite materials that are recyclable, refurbishable, and reusable.



Caption : The product recycling process

The product recycling process includes:



Form a complete recycling system.

Additionally, as thermoplastic material processing does not require chemical cross-linking reactions, it can prevent the emission of a large amount of volatile organic compounds, reducing the generation of hazardous waste. The product weight can be reduced by 30-70% compared to metals. When applied to transportation vehicles, it can effectively lower energy consumption and carbon emissions during the use phase, aligning with the product's full lifecycle carbon reduction strategy.

Environmental benefits

- The material can be 100% recycled and reused.
- Reduce consumption of new raw materials.
- Reduce landfill and incineration of waste
- Reduce VOC emissions.
- Reduce carbon emissions.
- Support the supply chain of circular materials.
- Enhancement of corporate ESG Sustainability Performance



Aligned with the United Nations
Sustainable Development Goals:

SDG 12 Ensure sustainable consumption and production patterns

SDG 15 Life on Land



b

S – Social Aspect

Build a Circular Materials Value Chain, Enhance Sustainable Competitiveness

The Newsheet department's products can be repeatedly processed and recycled into pellets, which not only promote the circular use of raw materials but also give rise to new industrial processing models. This mechanism not only reduces the overall manufacturing industry's resource dependency but also fosters upstream and downstream collaboration, strengthening sustainable industry chain connections. This business unit not only provides high-performance materials but also actively constructs a comprehensive circular material supply system, connecting material suppliers, processing manufacturers, brand owners, and end recyclers to collectively build a circular economy ecosystem.



The company also collaborates with academic and research units to promote talent development and industry-academia cooperation, facilitating the development of high-performance composite materials technology and enhancing domestic industry autonomy and international competitiveness.



Aligned with the United Nations Sustainable Development Goals:



SDG 9 Industry, Innovation, and Infrastructure



C G – Governance Aspect

Local Research and Development, Smart Manufacturing, Sustainability Governance

The department insists on independently developing core technologies, with the Taiwanese R&D team autonomously completing everything from material formulation, fiber layering design, process development, mold design, to product verification, establishing comprehensive smart manufacturing capabilities and a Supply Chain Management system.

Through a comprehensive traceability mechanism, establish full lifecycle management of materials from raw materials, production, use, recycling, to remanufacturing, enhancing supply chain transparency and corporate governance capabilities.



The Company also continuously invests in Innovation Research & Development, allocating substantial resources annually to new materials, high-efficiency processes, and Smart Manufacturing technologies, accumulating numerous patents and technological achievements while participating in international exhibitions and technical exchanges. The thermoplastic carbon fiber composite material products developed by this department, which integrate innovative design, material performance, and sustainability concepts, have been recognized with the international iF Design Award for two consecutive years. This fully demonstrates the company's international competitiveness in material innovation, product design, and sustainability governance. In the future, the company will continue to develop towards smart factories, Digital Transformation, circular material platforms, and low-carbon supply chains, aiming to build a representative thermoplastic composite material brand in Asia.



Caption : Recognized by the international iF Design Award for innovation.

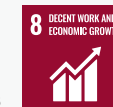


Caption : March 2025 Paris Composite Materials Exhibition showcases technical capabilities



Aligned with the United Nations Sustainable Development Goals:

- SDG 8** Promote inclusive and sustainable economic growth
- SDG 9** Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
- SDG 12** Ensure sustainable consumption and production patterns



Conclusion

With thermoplastic carbon fiber composites as its core, the Newsheet department develops green materials that integrate high strength, recyclability, and ease of processing, embodying circular economy and low-carbon design principles.



1-4 ESG Sustainability Performance

2023-2025 ESG Key Performance Indicators



Environmental

ESG Indicators / Highlights	2023	2024	2025	Trend
Greenhouse Gas Emissions (Scope I + II, Metric Tons CO ₂ e)	8,336.656 Scope 1:3,223.831 Scope 2:5,112.825	7,380.872 Scope 1:3,108.702 Scope 2:4,272.170	7,462.184 Scope 1:3,235.524 Scope 2:4,226.659	-10.5% (compared to the 2023 baseline year)
Greenhouse Gas Emission Intensity (Metric Tons CO ₂ e/ Million NT\$ Revenue)	5.35	5.03	4.67	-12.7% (compared to the 2023 baseline year)
Carbon Emission Intensity (Product Carbon Footprint kgCO ₂ e)	—	—	3.66	
Renewable Energy Usage (Solar Self-Generated and Self-Consumed kWh)	(In system planning.)	218,050	298,610	Enhance
The ratio of renewable energy to total electricity (%)	—	2.5% (218,050/8,857,494)	3.2% (298,610/9,215,614)	Enhance

[Energy Management]

Total Energy Consumption (GJ)	82,514.79	75,127.87	77,448.84	-6.14% (compared to the 2023 baseline year)
Energy Intensity (GJ / Million NT\$ Revenue)	52.32	51.95	48.51	-7.28% (compared to the 2023 baseline year)

[Water Stewardship]

Total Water Withdrawal (cubic meters)	10,344	10,999	13,122	Increase
Wastewater Discharge (cubic meters)	8,275	8,799	10,498	Increase
Number of Energy-saving Projects: Cumulative Electricity/Energy Savings: Inverter replacement Water-Saving Improvement Plan for Cooling Towers.	Initiate the Water-Saving Plan	Evaporation/Splash/Discharge Three Corrective Actions are being implemented.	Gas/electricity/ add inverter replacement	In progress

Environmental

ESG Indicators / Highlights	2023	2024	2025	Trend
[Waste Management and Circular Economy]				
Total Waste (metric tons)	562.94	514.88	562.65	+ Increase 
Waste Rubber Recycling and Reuse (metric tons)	—	462.16	521	↑ Enhance 
The ratio of green products to total purchases (%)	40.75%	41.82%	32.98%	 ★★★★★
The ratio of recycled rubber to total purchases (%)	10.37%	7.17%	6.82%	 ★★★★★
Water Saving Rate (vs Base Year)	Base Year	—	Target 5%	 ★★★★★
Green landscaping coverage rate in the plant area	—	—	20%	 ★★★★★



 Social

ESG Indicators / Highlights	2023	2024	2025	Trend
[Employee Human Resources]				
Total Employees (People)	104 Foreign nationals : 25	108 Foreign nationals : 26	116 Foreign nationals : 31	 Growth 
Average Employee Training Hours (Non-Manager, Hours/Person)	49.4	49.7 Manager : 27	55 Manager : 62.4	 Enhance 
The ratio of female managers (%)	3 female managers 21% of managers	3 female managers 21% of managers	4 female managers 29% of managers	 Stable 
Number of New Employees (People)	44	44	48	 Increase 
Average Annual Salary (NT\$ thousand) for Full-Time Non-Manager Employees	Average: 572 Median: 547	Average: 581 Median: 554	Average: 593 Median: 568	 Enhance 
[Occupational safety and health]				
Number of Recordable Occupational Injuries (Cases)	0	1 case (Non-serious injuries)	0	Low occurrence rate 
Recordable Occupational Injury Rate (TRIR)	0	0.845 Working hours : 236,645 hours	Working hours: 248,059 hours	Low occurrence rate 
The participation rate of health check-ups (%)	95%	97%	99%	High completion rate 

 Social

ESG Indicators / Highlights	2023	2024	2025	Trend
[Social Welfare]				
Social Welfare Investment Amount (Ten Thousand NT\$)	54.3	112.8	152.9	 Continuously invest 
Number of Child Sponsorships (People)	8	8	6	 Stable 
Training Expense Per Person (NT\$/Person)	110,722	445,433	300,646	 
Parental/Childcare Leave Return Rate (%)	5%	50%	0%	 
Suppliers Code of Conduct Signing Rate (%)	—	92%	92%	 
The ratio of Social Welfare Investment to pre-tax profit (%)	0.06%	0.19%	0.25%	 Enhance 





Governance

ESG Indicators / Highlights	2023	2024	2025	Trend
[Corporate Governance]				
Number of Board Meetings (times)	5 (Attendance Rate 100%)	6 (Attendance Rate 89%)	6 (Attendance Rate 94%)	✓ Compliance with Laws and Regulations
Director Training Hours (Person-hours)	54	54	60	✓ Average Per Person Reached the Target
The ratio of independent directors (%)	33% (3 out of 9 seats)	33% (3 out of 9 seats)	33% (3 out of 9 seats)	✓ Stable
[Ethical Corporate Management]				
Major Violations/Anti-Corruption Incidents (Cases)	0	0	0	✓ Consecutive 0 cases
Employee Integrity Training Completion Rate (%)	—	100%	100%	✓ Consecutively Achieved the Target
Number of Regulatory Penalties (Cases)	1 (Fine of 22,000 NT\$)	2 (Fine of 100,000 NT\$ each)	1 (Fine of 100,000 NT\$)	✓ All improvements have been completed
[Information Security]				
Number of Operations of Information Security Committee (times)	Establishment of the Committee First year of operation	Establishment of the Committee annually for one information security review. Annual Management Objectives Achieved	Establishment of the Committee annually for one information security review. Annual Management Objectives Achieved	Under construction

 Governance

ESG Indicators / Highlights	2023	2024	2025	Trend
[Awards and Certification Milestones]				
Important Awards and Certifications	- ISO 14064-1 First Carbon Inventory - iF Design Award for innovation - Preparation for ISO 50001	- iF Design Award for innovation (for two consecutive years) - First place in the "Gender Mainstreaming Benchmark Enterprises Award"	- Obtained ISO 50001 Certification. - Received the "Outstanding Enterprise in Workplace Safety and Health Performance Disclosure Evaluation for the FY2025 Corporate Sustainability Reports". - Obtained the "Certificate of Excellence in Workplace Health Promotion Self-Assessment" label. - The result of the Corporate Governance Evaluation, ranked in the 36% to 50% range (across all industries).	 Continuously winning awards
Explanation of the Mechanism Linking Compensation and ESG Performance	—	—	—	★
Maturity of Internal Controls for Preparing ESG Information	—	Under construction	Initially establish	★★★★
Customer satisfaction (score)	90	89	87	★★★★

ESG

ENVIRONMENTAL SOCIAL GOVERNANCE

02

Business Philosophy and ESG Sustainable Development Strategy

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2-1 Message from Management

Sustainability is the ability to make products more durable and use resources more efficiently.

As President, I have always believed that for a rubber manufacturing company, sustainability is not an activity extraneous to our core business. Rather, it is the ability of our products to complete customers' tasks stably over a longer period with lower resource consumption.

In the face of climate change, supply chain restructuring, the EU Deforestation Regulation (EUDR), carbon fee collection, energy price volatility, and global talent shortages, we choose to promote sustainability through value chain integration: starting with responsible sourcing of raw materials, enhancing product lifespan through formulation design and engineering verification, reinforcing consistency through Smart Manufacturing, Energy Management, and digital quality, and ultimately extending to low-carbon transportation, full lifecycle value for customers, and material recycling. I have always believed that truly competitive sustainability is not a slogan or a standalone project, but rather the integration of quality, efficiency, risk management, talent succession, and circular design into every operational decision.



Environmental Aspects

**Green energy implementation, energy conservation and carbon reduction,
Circular Economy, sustainable supply chain**

We actively respond to the United Nations Sustainable Development Goals (SDGs) and are committed to reducing greenhouse gas emissions. The factory has installed solar panels with a total installed capacity of 1,900 kWp. In 2025, the self-generated renewable energy reached 298,610 kWh, increasing the renewable energy proportion to 3.2%, and obtained Renewable Energy Certificates. Simultaneously, the ISO 50001 Energy Management System was implemented, and by 2025, greenhouse gas Scope I and Scope II emissions were reduced to 7,462.184 metric tons of CO₂e, representing a 10.5% decrease compared to the 2023 base year. Emission intensity also decreased by 12.7%, indicating that the carbon reduction was a result of substantial improvements in process efficiency, rather than simply changes in production volume.

In terms of material innovation, we continuously invest in the research and development of waste rubber recycling and reprocessing, eco-friendly carbon black, and low-carbon rubber materials. By 2025, the recyclable and reprocessed quantity of waste rubber reached 521 metric tons. Through a circular economy model, we transform waste and by-products into valuable resources, not only reducing the Company's negative environmental impact but also creating new processing models for downstream industries. I hope Hsin Yung Chien Co., Ltd. (HYC) can set an example within the industry and drive upstream and downstream partners to move toward sustainability together.





Social Aspects

Caring for Employees, Giving Back to Society

The sustainability of the manufacturing site begins with ensuring that employees can work safely and continue to grow. In 2025, our company's Number of Recordable Occupational Injuries (Cases) is 0, the Lost Time Injury Frequency Rate (LTIFR) is 0, and the participation rate of health check-ups of employees remains at 99%. We are committed to providing a safe, healthy, and friendly working environment, promoting talent development and a diverse and inclusive workplace culture. Through the internal promotion pathway of "Training Process Assistant Engineers to Lead Process Engineers," we ensure the inheritance of decades of accumulated expertise in formulations, processes, and anomaly handling.

"A successful entrepreneur is not measured by how much money they make, but by how many people they can take care of." This principle has been consistently implemented in our concrete policies: resuming operations and providing housing for affected employees' families one week after the September 21 Earthquake in 1999; not implementing unpaid leave or salary cuts during the 2008 financial crisis; and during the 2019 pandemic, not laying off employees and providing additional epidemic prevention insurance for them. Externally, we also continue to participate in local public welfare, emergency relief, and long-term sponsorship of children, taking concrete actions to give back to society.



Governance Aspects

Moving forward in a careful, traceable, and continually improving manner.

From a corporate governance perspective, we have established a comprehensive ESG management framework to strengthen the Board of Directors' and management's focus on environmental and social issues. Sustainability and climate-related topics have been incorporated into the regular agenda of board meetings to ensure transparency and accountability in the Company's strategies. In 2025, we proactively incorporated dedicated sections for disclosures under international frameworks such as TCFD, TNFD, SASB, and IFRS S1/S2, establishing disclosure capabilities even during the phase when regulations have not yet mandated compliance. This approach allows for a buffer period for subsequent system adjustments and the enhancement of data quality.

Looking ahead, HYC will continue to deepen its focus on low-carbon materials, Product Carbon Footprint, and cross-regional recycling collaboration, establishing long-term value in the rubber industry through a careful, traceable, and continually improving approach. I firmly believe that only through the continuous implementation of sustainable development, embedding ESG principles into our operations and corporate culture, can we create long-term value together with our employees, shareholders, customers, and society as a whole, ensuring that every product manufactured by HYC creates enduring sustainable value.



Caption : Solar Panels Installed on All Plant Rooftops, with a total installed capacity of 1,900 kWp

2-2 Sustainability Highlights

This page consolidates the Company's key achievements in 2025 within the three aspects of environment, social, and corporate governance, serving as the annual highlight summary of the report. The authoritative source of all data is "1-4 ESG Sustainability Performance," and the management approaches and objectives are detailed in the respective chapters.



Major Progress This Year : Completed the establishment of dedicated sections for the four major international sustainability disclosure frameworks—TCFD, TNFD, SASB, and IFRS S1/S2—and used "1-4 ESG Sustainability Performance" as the sole authoritative data source to ensure data consistency across the entire report and lay the foundation for obtaining third-party assurance in the future.

Environmental

Carbon reduction effectiveness

-10.5%

Greenhouse Gas Reduction

Scope I + II 7,462.184 metric tons of CO₂e, Emission Intensity decreased by 12.7% compared to the 2023 base year.

Green energy development

298,610 kWh

Renewable Energy Self-Generated and Self-Consumed

The renewable energy proportion is 3.2%.

Circular Economy

521 metric tons

Waste Rubber Recycling and Reuse

The ratio of green products to total purchases is 32.98%.

Social

Workplace safety

0

Recordable Occupational Injuries

LTIFR=0 | Total working hours: 248,059
Health examination participation rate: 99%

Employee Care

116 individuals

Total Employees

Foreign nationals: 31
No layoff commitment, zero layoffs through three crises

Talent Development

49.7 hours

Average training hours per person

Internal four-level promotion channel and institutionalized skills transfer.

Governance

Board Governance

6 times

Board of Directors convened

Attendance Rate 94%
Independent directors 33%
Director Training Hours 60 Hours

Alignment with International Frameworks

4 Major Frameworks

TCFD / TNFD / SASB / IFRS

Voluntary Advance Deployment Disclosure
Data consistency, cross-referencing

Integrity and Supply Chain

92%

Suppliers Code of Conduct Signing Rate (%)

Employee Training Completion Rate 100%
Zero Violations of Anti-Competitive Behavior

2-3 Business Philosophy and Sustainable Development Strategy

The development of Hsin Yung Chien must simultaneously consider economic growth, environmental sustainability, and social responsibility.

1 Business Philosophy : Vision and Four Pillars

The Company envisions “Smart Innovation, Green Energy and Carbon Reduction, Co-creating Value to Become an Outstanding Sustainable Growth Enterprise,” and builds its corporate culture on the four core principles of “Continuous Learning and Growth, Ongoing Improvement, Excellent Service, and Sharing of Achievements.”

Three Pillars of the Vision



Smart Innovation

Actively promote R&D and technological innovation through formulations, structures, and Smart Manufacturing to continuously enhance product competitiveness and production efficiency.



Green Energy and Carbon Reduction

Promote the use of renewable energy, reduce greenhouse gas emissions, deepen the Circular Economy, and implement green production models.



Co-creating Value

Collaborating with shareholders, employees, customers, suppliers, and the General Public to jointly create and share the results of sustainable development.

2 Sustainable Development Strategy : Driving ESG through Value Chain Integration

The Company follows the United Nations Sustainable Development Goals (SDGs) framework and promotes ESG management centered on a complete value chain, starting with responsible sourcing of raw materials, enhancing product lifespan through formulation design and engineering verification, reinforcing consistency with Smart Manufacturing, Energy Management, and digital quality, and ultimately extending to low-carbon transportation, full lifecycle value for customers, and material recycling. The baseline values for each strategy are based on the key performance indicators for 2023-2025 provided in "1-4 ESG Sustainability Performance" in this report. The short, medium, and long-term goals and advancement timelines are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy."

2-4 ESG Sustainable Development Short, Medium, and Long-term Development Strategy

Based on the 2025 material topics identification results, TCFD climate risk and opportunity assessment, TNFD nature-related issues inventory, SASB industry disclosure indicators, and IFRS S1/S2 convergence planning, the Company has comprehensively formulated short, medium, and long-term development strategies for the three aspects of Environment (E), Social (S), and Governance (G) as a concrete implementation path for the 2-2 Business Philosophy and Sustainable Development Strategy. The baseline values for each strategy are based on the key performance indicators for 2023-2025 provided in "1-4 ESG Sustainability Performance" in this report.

Definition of Strategy Timeline

Short-term

(~FY115/2026)

Focus on deepening existing management mechanisms, ensuring compliance with laws and regulations, and establishing baseline data.

Medium-term

(FY116~120/2027~2031)

Focus on systematic management, obtaining external verification and certification, and establishing quantitative models, corresponding to the formal application period of IFRS S1/S2.

Long-term

(FY121~130/2032~2041)

Align with the national 2050 net-zero emission pathway, TNFD nature-positive targets, and international sustainable finance classification standards.

2-4-1 E Environmental Sustainability Short, Medium, and Long-term Development Strategy

The Company focuses on rubber conveyor belts as its core business, operating within the energy and raw material-intensive traditional manufacturing industry. The pressure for transformation in environmental aspects arises mainly from three directions: first, on the product side, international customers and brands increasingly demand proof of product carbon footprint and recyclability, incorporating these into procurement qualification criteria; second, on the process side, manufacturing processes and power systems are major sources of energy consumption, with energy cost fluctuations directly impacting operational gross margins; third, on the regulatory side, the carbon fee system in our country has entered the collection phase, and the EU Carbon Border Adjustment Mechanism (CBAM) is gradually expanding its scope of application. The Company has thus established a three-pronged strategy: "Create product differentiation with low-carbon materials, reduce unit emissions through process efficiency, and transition away from fossil fuel dependency with green electricity." Additionally, it has extended its efforts to establish three management dimensions focusing on greenhouse gases, water and waste, and natural ecology. For our company, environmental transformation is not merely a cost expenditure, but an extension of our industry competitiveness.

In the short-term, Scope I and Scope II greenhouse gas inventories have been completed and externally verified. By 2025, Scope I + II emissions will be 7,462.184 metric tons of CO₂e, a 10.5% reduction compared to the 2023 base year of 8,336.656 metric tons of CO₂e. Emission intensity decreased from 5.35 to 4.67 metric tons of CO₂e per million NT\$ revenue, a reduction of 12.7%, indicating that the carbon reduction effectiveness is due to substantial improvements in process efficiency rather than merely changes in production volume. The medium-term transition focuses on systematic management and external verification, with a requirement for a 50% ratio of replacement in low-carbon process production lines, which is the most critical capital expenditure item. In the long-term, the strategy aligns with the national 2050 net-zero pathway and adopts a pragmatic approach of "implementing as technology matures."

Strategic Aspects	Short-term (~FY2026)	Medium-term (FY2027~2031)	Long-term (FY2032~2041)
Low-carbon materials technology research and development.	- Green circularity of conveyor belt edge trim, with waste rubber recycling and reprocessing reaching 521 metric tons per year. - Development of carbon-reduction rubber materials, with the ratio of recycled rubber to total purchases rising back above 10% - Trial Mass Production of Eco-friendly Carbon Black/White Smoke - Reduce the consumption of virgin rubber by 30% - Reduce the use of plastic packaging materials and introduce recyclable turnover packaging materials.	- The low-carbon rubber belt has obtained Cradle to Cradle (C2C) certification. - Introduction of Recovery and Re-Manufacturing Eco-friendly Polyester Yarn Cord Fabric Layer - Reduce the consumption of virgin rubber by 40% - Completed main Product Carbon Footprint verification (ISO 14067), reducing Carbon Emission Intensity from 3.66 to 3.2 kg CO₂e/kg.	- Introduction of new bio-based low-carbon synthetic rubber - Introduction of Bio-based Nylon/Polyester Yarn Cord Fabric Layer - Reduce the consumption of virgin rubber by 50% - The ratio of green products to total purchases is enhanced to above 60%.
Performance Improvement of process equipment	- Establish Rotocure low-carbon processing technology with an energy-saving rate of >6%. - Process thermal efficiency enhanced from 7% to 30% - Operating energy efficiency of cooling towers enhanced by 15% - Energy efficiency of air compressors enhanced by 15% - Maintain the validity of the ISO 50001 Energy Management System Certification.	- Establish Rotocure low-carbon processing technology, with a 50% ratio of replacement in rubber belt production lines. - Improve the process power system by replacing it with IE4 high-efficiency motors, enhancing electrical energy efficiency by 12%. - Energy Intensity decreased from 48.51 to below 42 GJ / Million NT\$ Revenue	- Establish Rotocure low-carbon processing technology, with a 100% ratio of replacement in rubber belt production lines. - Process heat recovery management, enhancing thermal system efficiency by 50%. - Energy Intensity decreased by 40% compared to the 2023 baseline.

Strategic Aspects	Short-term (~FY2026)	Medium-term (FY2027~2031)	Long-term (FY2032~2041)
Green energy conversion	- Enhance the ratio of self-produced green electricity by installing 1,900 kWp solar photovoltaics; self-generated power continues to expand from 298,610 kWh. - Replace high carbon emission fuels with Natural Gas (cubic meters) at a 100% ratio. - Inventory electricity consumption (Energy Management), increase the renewable energy proportion from 3.2% to 6%.	- Introduction of Biofuels - Purchase Green Energy Certificates and obtain Renewable Energy Certificates. - Obtain carbon neutrality certification according to PAS 2060 standards (in line with international ESG development) - Set a target of achieving 20% renewable energy proportion by 2040.	- Once hydrogen-related technology matures, zero-carbon hydrogen will replace low-carbon emission fuels. - Advance the goal of achieving a renewable energy proportion of over 50% by 2050, aligning with the national 2050 net-zero pathway.
Greenhouse Gas Reduction Management	- Completed Scope I and II inventories and external verification; Scope I + II emissions decreased from 8,336.656 metric tons CO₂e in 2023 to 7,462.184 metric tons CO₂e (-10.5%). - Emission Intensity decreased from 5.35 to 4.67 metric tons CO₂e per million NT\$ revenue - Establish an internal carbon pricing mechanism and conduct scenario simulations for a shadow carbon price, with potential carbon costs of approximately 2,240,000 per year (not actual carbon fees payable). - Completed preliminary inventory of major Category III.	- Scope I + II emissions decreased by 25% compared to the 2023 baseline. - Completed quantification and disclosure of upstream procurement and transportation categories within Scope III. - Obtain SBTi science-based reduction target recognition	- Scope I + II emissions decreased by 30% compared to the 2023 baseline in 2030. - Achieve operational net zero by 2050.
Water resources and circular waste management	- Inventory of water resources and replacement of water-saving equipment; wastewater discharge meets effluent standards with zero violations. - Total waste controlled at 562.65 metric tons, 100% of general industrial waste legally outsourced for processing - Establish a water recycling and reuse mechanism for processes	- Obtain AWS Water Stewardship Standard or equivalent water risk assessment certification. - Achieve a process water recycling rate of 30% - Waste recycling rate enhanced to 85%, landfill ratio reduced to below 5%.	- Achieve Zero Waste to Landfill. - Achieve a process water recycling rate of 50%, with water resource intensity reduced by 30% compared to 2023.
Nature and biodiversity	- Complete the preliminary assessment of the nature-related dependencies and impacts of operational sites using the TNFD LEAP approach. - Sign the biodiversity and zero deforestation commitment - Plant area greening and native vegetation maintenance	- Complete the identification of nature-related risk hotspots in the upstream supply chain. - Establish a biodiversity action plan and quantitative indicators - Introduction of the TNFD Official Disclosure Framework	- Achieve Nature Positive targets at operational sites. 100% completion of zero deforestation due diligence in the key raw material supply chain.

Note: The management approaches, performance, and explanations of each aspect in this table are detailed in Chapters 6-1 Climate Change, 6-2 Greenhouse Gas Management, 6-3 Energy Management, 6-5 Water Stewardship, 6-6 Waste Management, 6-7 TCFD Climate-Related Financial Disclosure, and 6-8 TNFD Nature-Related Financial Disclosure.

2-4-2 S Corporate Social Responsibility Short, Medium, and Long-term Development Strategy

How to continuously attract and retain key technical talent in an environment where the demographic dividend is waning and the younger generation is less willing to work in the manufacturing industry. The Company's total employees grew from 104 in 2023 to 116 individuals in 2025. The professional depth and retention status of each employee have a more significant impact on the stability of operations. Therefore, the Company positions "people" as the core key to sustainable management to achieve the business philosophy: "A successful entrepreneur is not measured by how much money they make, but by how many people they can take care of."



Strategic Aspects	Short-term (~FY2026)	Medium-term (FY2027~2031)	Long-term (FY2032~2041)
Talent Attraction and Retention	1 The total employees grew from 104 individuals to 116 individuals (including 31 foreign employees, among whom 4 are Vietnamese interns in Taiwan), with a stable growth in the workforce structure. 2 Provide compensation & benefits exceeding legal requirements, maintaining the commitment of no layoffs and no unpaid leave. 3 Improve the multi-skilled workforce mechanism and job rotation to enhance staffing flexibility. 4 Establish an employee engagement survey mechanism and obtain the initial baseline value.	1 The retention rate of key talent exceeds 90%. 2 Establish a succession plan and a talent pool for key positions. 3 Introduce flexible working hours and a hybrid work system. 4 Employee engagement increased by 10 percentage points compared to the baseline.	1 Become the preferred company for talent in traditional industries, with the ratio of proactive applications increasing year by year. 2 Establish a cross-generational knowledge transfer and internal lecturer system. 3 Employee engagement reaches industry benchmark levels.
Talent Development and Career	1 Deepen the internal promotion channel of "Process Assistant Engineer → Process Engineer → Senior Process Engineer → Lead Process Engineer." 2 The Company actively supports continuing education and provides tuition subsidies for employees pursuing a master's degree or higher. 3 Establish annual statistics of Education and Training hours and competency maps	1 Average annual training hours per person exceed 25 hours 2 Establish a digital learning platform and an online course library. 3 Implementation of ESG/Net Zero Transition Professional Training, covering all managerial positions	1 Establish a learning organization with an internal promotion ratio of over 70%. 2 Average annual training hours per person reach 40 hours 3 Successfully replicate the Talent Development model of the new business unit to overseas locations.
Diversity, Equality, and Human Rights	1 Maintain a number of major occupational injuries at 0 case, with the LTIFR = 0 (total working hours: 248,059 hours) 2 The participation rate of employee health check-ups remains above 99%. 3 Deepen Occupational Safety and Health Training and Operational Risk Assessment	1 Maintain the validity of the ISO 45001 Occupational Safety and Health Management System Certification. 2 Inclusion of Contractors in the Safety Management System, Achieved Zero Accidents for Contractors 3 Establish a Health Promotion Program for employees' physical and mental well-being and a system for Workplace Health Management Specialists.	1 Maintain a continuous record of zero major Occupational Incidents. 2 Achieve a 100% improvement rate in tracking and addressing abnormalities in employee health check-ups. 3 Establish a benchmark for a safe and healthy workplace and obtain Healthy Workplace Accreditation.



Strategic Aspects	Short-term (~FY2026)	Medium-term (FY2027~2031)	Long-term (FY2032~2041)
Occupational Health and Safety	1 Maintain a number of major occupational injuries at 0 case, with the LTIFR = 0 (total working hours: 248,059 hours) 2 The participation rate of employee health check-ups remains above 99%. 3 Deepen Occupational Safety and Health Training and Operational Risk Assessment	1 Maintain the validity of the ISO 45001 Occupational Safety and Health Management System Certification. 2 Inclusion of Contractors in the Safety Management System, Achieved Zero Accidents for Contractors 3 Establish a Health Promotion Program for employees' physical and mental well-being and a system for Workplace Health Management Specialists.	1 Maintain a continuous record of zero major Occupational Incidents. 2 Achieve a 100% improvement rate in tracking and addressing abnormalities in employee health check-ups. 3 Establish a benchmark for a safe and healthy workplace and obtain Healthy Workplace Accreditation.
Supply Chain Social Responsibility	1 By 2026, the Suppliers Code of Conduct Signing Rate (%) across all suppliers will enhance from 92% to 95%, with key suppliers reaching 100%. 2 Prioritize Local Sourcing to strengthen supply chain resilience. 3 Establish a supplier ESG self-assessment questionnaire mechanism	1 Complete on-site ESG audits for key suppliers, achieving a 90% pass rate. 2 Incorporate human rights and labor conditions into supplier selection criteria. 3 Establish a supplier guidance and improvement tracking mechanism	1 100% completion of ESG audits and carbon inventory for key suppliers. 2 Establish a joint carbon reduction partnership program with supply chain partners.
Social Engagement and Philanthropy	1 Continuing the tradition of "taking care of employees first, then acting externally" in philanthropy during the September 21 Earthquake, the financial crisis, and the pandemic. 2 Deepening local philanthropy in Nantou, industry-academia collaboration, and educational sponsorship 3 Establish statistics for Social Welfare Investment Amount and number of beneficiaries.	1 Establish a corporate volunteer system and annual volunteer hour targets. 2 Expand industry-academia collaboration, establish scholarships, and internship programs. 3 Combine Social Welfare Investment with the core business's Circular Economy expertise.	1 Become a local corporate social responsibility benchmark and establish Long-term community symbiotic partnerships. 2 Concrete Measurement of Social Impact of Public Welfare Investment (SROI)

Note: The management approaches, performance, and explanations of each aspect in this table are detailed in Chapters 5-1 Human Resources Development, 5-2 Occupational Safety and Health, 5-3 Community Engagement, Investment in Infrastructure, and Support Services, and 4-10 Supply Chain Management.

2-4-3 G Corporate Governance Short, Medium, and Long-term Development Strategy

As a listed company, there are two core propositions in our governance strategy: The first is to enhance the substantive oversight functions of the Board of Directors on sustainability topics, ensuring that the promotion of sustainability does not become merely an operational task at the managerial level. The second is to establish sustainability information disclosure capabilities in line with international standards, in response to regulatory authorities' timelines for the implementation of IFRS S1/S2 and the verification requirements of international customers, investors, and the supply chain for non-financial information.

The Company adopts a proactive stance of voluntary advance deployment, incorporating dedicated sections for disclosures under the four international frameworks—TCFD, TNFD, SASB, and IFRS S1/S2—in its report. This is done to establish disclosure capabilities during the phase when regulations do not yet mandate compliance, with the aim of allowing a buffer period for internal system adjustments and enhancing data quality, rather than rushing to comply when mandatory deadlines arrive.

Currently, the financial quantification of climate and nature-related risks is mostly of a preliminary estimation nature and has not yet been verified by accountants or third-party organizations. This limitation has been clearly disclosed in the relevant sections. The focus of the Medium-term strategy is to establish a methodologically-based quantitative financial model to replace the current reasonable assumption estimates. The Company also established the principle of a "sole authoritative data source" when integrating disclosures from multiple frameworks. All quantitative data referenced across frameworks are based on "1-4 ESG Sustainability Performance" to avoid the common risk of data inconsistency in parallel framework disclosures and serve as a necessary prerequisite for obtaining third-party assurance in the future.

Strategic Aspects	Short-term (~FY2026)	Medium-term (FY2027~2031)	Long-term (FY2032~2041)
Functions and Structure of the Board of Directors	1 The Board of Directors convenes at least 5 times a year, with the attendance rate maintained above 94%. 2 The ratio of independent directors 33% (3 out of 9 seats), maintaining the operation of the Audit Committee and the Compensation Committee. 3 Director Training Hours are maintained above 54 hours. 4 Strengthen the Supervisory Functions of the Board of Directors on Sustainability Topics	1 The ratio of independent directors enhanced to above 35%. 2 The number of female director seats reaching 2 or more enhances the diversity of the Board of Directors. 3 Introduce an external evaluation mechanism for Board Performance Evaluation 4 Establish the Steering Sustainability Committee as a Functional Committee of the Board of Directors.	1 The ratio of independent directors reached 40%. 2 The diversity and professional matrix of the Board of Directors reach international governance benchmark standards. 3 Incorporate ESG Performance into the Compensation Linkage Mechanism for Managerial Officers
Ethical Corporate Management and Compliance	1 Maintain the Ethical Corporate Management Best Practice Principles, Code of Conduct, and Anti-Corruption Policy, achieving 2 Zero Violations of Anti-Competitive Behavior. Complete Ethical Corporate Management and Compliance Education and Training for All Employees 3 Establish effective communication channels and grievance mechanisms (including a dedicated hotline for workplace bullying and sexual harassment)	1 Implement ISO 37001 anti-bribery management system or establish an equivalent internal control mechanism. 2 Establish a whistleblower protection system and an independent investigation procedure. 3 Complete Inventory of Operations-Related Laws and Regulations and Regular Compliance Audits	1 Maintain a record of zero major violations and zero major fines. 2 Achieve a corporate governance evaluation ranking above the top 20%.

Strategic Aspects	Short-term (~FY2026)	Medium-term (FY2027~2031)	Long-term (FY2032~2041)
Risk Management and Resilience	1 The Climate Change Risk Assessment process is integrated into the overall Enterprise Risk Management (ERM) framework, with risk ratings consistent with market, financial, and operational risks. 2 The status of risk management implementation is reported to the Board of Directors at least once a year. 3 The Audit Committee convenes at least once per quarter to oversee the risk management mechanism.	1 Establish a quantitative financial model for climate and nature-related risks to replace the current preliminary estimation. 2 Implement Business Continuity Management (BCM/ISO 22301) mechanisms. 3 Complete supply chain disruption and extreme climate scenario stress testing."	1 Establish an integrated ESG risk dashboard and real-time warning mechanism. 2 Risk management maturity reaches international benchmark standards.
Information Security and Privacy	1 Maintain information security management mechanisms and customer privacy protection policies to achieve zero major information security incidents. 2 Regularly Conduct Employee Information Security Awareness Training and Social Engineering Drills 3 Strengthen backup and disaster recovery mechanisms. 4 Obtain ISO 27001 Information Security Management System Certification.	1 Establish standard operating procedures for information security incident reporting and response. 2 Complete the supply chain information security risk assessment.	1 Establish a Zero Trust architecture. 2 Maintain a record of zero customer data leaks, in compliance with international personal data protection standards.
Sustainability information disclosure	1 Completed the voluntary advance disclosure sections for TCFD, TNFD, SASB, and IFRS S1/S2. 2 Ensure data consistency across frameworks with the entire report using "1-4 ESG Sustainability Performance" as the authoritative source. 3 Prepare the Sustainability Report in accordance with GRI standards	1 Obtain Third-party Assurance (Limited Assurance) for the Sustainability Report 2 Formally apply IFRS S1/S2 disclosure standards and publish them concurrently with the financial report. 3 Obtain external verification outside the consolidated financial statement scope for the Organizational Greenhouse Gas Inventory.	1 Obtain a Reasonable Assurance Level for the Sustainability Report 2 The sustainability information disclosure is made real-time, digitalized, and fully integrated with financial reporting.
Economic Performance and Tax	1 Maintain robust profitability and financial structure, fulfilling tax obligations diligently. 2 Disclose financial subsidies and tax information transparency. 3 Incorporate ESG factors into major capital expenditure assessments.	1 Establish a Sustainable Link Loan (SLL) or green financing mechanism. 2 Disclose information related to the Country-by-Country Reporting (CbCR). 3 The ratio of green revenue increases annually and is disclosed regularly.	1 The ratio of green product revenue exceeds 50%. 2 Achieved comprehensive alignment of operational and investment decisions with sustainable finance classification standards.

Note: The management approaches, performance, and explanations of each aspect in this table are detailed in Chapters 2-3 Board of Directors and Functional Committees, 4-1 Economic Performance, 4-2 Tax, 4-3 Ethical Corporate Management, 4-5 Risk Management, 4-6 Information Security Management, 4-7 Customer Privacy Protection, 4-11 SASB Sustainability Accounting Standards Disclosure, and 4-12 IFRS S1/S2 Sustainability Disclosure.

This strategy should be reviewed annually in conjunction with the preparation of the sustainability report and updated in response to significant operational changes, regulatory amendments, or changes in the identification of material topics. The revision results are to be reported to the Steering Sustainability Committee and the Board of Directors.

2-5 Sustainability Promotion Mechanism

2-5-1 Sustainability Promotion Governance Framework

To proactively respond to global sustainability trends, the Company established a Steering Sustainability Committee. The vision is to promote short, medium, and long-term goals in environmental, social, and governance aspects through a systematic and strategic governance framework. It also assists the Company in effectively integrating sustainability principles into its business strategy.

Laying the Foundation for Sustainable Governance The Company recognizes the critical importance of sustainable development, especially in light of the global challenges posed by climate change and growing social responsibilities. Establishing an effective and comprehensive sustainability governance framework has become an indispensable part of corporate operations.

Organizational Chart of the Steering Sustainability Committee



Working Responsibilities of Each Team

Team

Responsibilities



Green Sustainability & Environmental Team

Identify the environmental impacts of company operations; formulate strategies for carbon reduction, energy conservation, waste reduction, and resource recycling. Oversee implementation effectiveness, ensure compliance with regulations and international standards, regularly review performance, and propose improvements.



Social Advancement & Engagement Team

Address the Company's impact on employees, customers, suppliers, and local communities. Promote human rights protection, equal employment, and community development. Strengthen supply chain management and social engagement initiatives. Regularly evaluate performance and recommend strategic adjustments.



Governance & Sustainable Operations Team

Enhance governance structures and internal control systems; improve the efficiency and transparency of the Board of Directors; and strengthen risk management. Submit regular governance performance reports, assess policy effectiveness, and offer recommendations for continuous improvement.

Senior Oversight

At the highest level of sustainable governance, the Company's Board of Directors plays a critical role in oversight and leadership. The committee convenes regularly to assess the progress and effectiveness of various sustainability initiatives, ensuring that the Company's strategic direction aligns closely with global sustainability trends and the United Nations Sustainable Development Goals (SDGs).

Implementation and Execution

The Steering Sustainability Committee advances sustainability strategies through a task force that encompasses all company departments. This task force is responsible for formulating annual sustainability action plans and assists in the effective implementation of ESG measures across various units through cross-departmental coordination meetings.

Internal Controls and Transparency

At the implementation level, the Company has established a rigorous internal control system and information disclosure mechanism to ensure the effective execution of sustainability initiatives. Regular internal audits are conducted to monitor compliance and performance. Starting in 2025, the Company will publish an annual sustainability report, aligning with the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB) metrics, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These efforts aim to enhance information transparency and accountability, thereby strengthening stakeholder trust and engagement.

Active Engagement

The Company has established clear communication channels for stakeholders, conducting regular stakeholder engagement forums and surveys to gather feedback on its sustainability strategies.

Talent Development

The Company also places special emphasis on Talent Development. Through a systematic education and training program, we cultivate all levels of employees' awareness of sustainable development, enhancing their understanding and practical skills related to ESG issues.

Looking Ahead

The Company will continue to strengthen its sustainability governance framework and drive forward its sustainability strategies through more proactive and innovative approaches. We firmly believe that only a well-structured and efficient governance framework can enable us to effectively respond to global sustainability challenges. This will also allow HYC to maintain a competitive edge in the market and work hand in hand with stakeholders toward a more sustainable future.



2-5-2 Operations and Implementation Status

The Steering Sustainability Committee, led by the General Manager as the Chief Sustainability Officer, is responsible for coordinating sustainability policies, systems, management guidelines, and specific implementation plans. It guides various departments in executing different projects within three major areas: environmental sustainability, social engagement and employee care, and corporate governance, and formulates the Company's short-, medium-, and long-term development roadmap. Simultaneously maintain ongoing communication and interaction with stakeholders and provide regular reports to the Board of Directors. Annual implementation plans and results are submitted to the Board of Directors each year, with the most recent report dated November 6, 2025.



Caption : Monthly ESG meetings

2025 Communication Between the Steering Sustainability Committee and the Board of Directors:

Meeting Date	Agenda Item	Resolution
February 26, 2025	Progress report on the Company's greenhouse gas inventory and verification schedule.	The Board raised no objections regarding the execution items and progress.
May 8, 2025	Progress report on the Company's greenhouse gas inventory and verification schedule.	The Board raised no objections regarding the execution items and progress.
August 7, 2025	Progress report on the Company's greenhouse gas inventory and verification schedule.	The Board raised no objections regarding the execution items and progress.
November 6, 2025	- In accordance with Article 38 of the Corporate Governance Best Practice Principles, a report to the Board on the renewal of directors' liability insurance, including the insured amount, coverage, and premium. - Pursuant to Article 9 of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the Company reported the establishment of a dedicated (or concurrent) unit responsible for promoting sustainability policies, systems, and implementation plans, as well as reporting to the Board. - In accordance with Article 17, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, the Company reported the establishment of a dedicated (or concurrent) unit under the Board to formulate and supervise the execution of ethical corporate management policies and prevention programs. - Report on 2025 stakeholder engagement activities. - Progress report on the Company's greenhouse gas inventory and verification schedule. - Report on the 2025 information security risk management framework and specific management measures and implementation status. - Report on the 2025 intellectual property-related implementation status. - Report on the 2025 risk management procedures and implementation status.	The Board raised no objections regarding the execution items and progress.



2-6 Board of Directors and Functional Committees (GRI 2-9)

2-6-1 Link between Sustainability Performance and Compensation

The Company is well aware that the implementation of sustainability strategies depends on appropriately linking ESG performance with the responsibilities and compensation of the management level, to strengthen the incentives and accountability of the management in promoting sustainability.

Current Situation: The remuneration of the Company's directors and managerial officers is currently determined primarily based on the Company's overall operational performance, profitability, and individual contributions of responsibilities, following a review by the Remuneration Committee. Operational performance already includes sustainability-related aspects such as energy efficiency, occupational safety (number of occupational incidents), and compliance with laws and regulations. Therefore, sustainability performance is indirectly reflected in the compensation considerations.

Looking Ahead to Strengthen Planning

The Company has formalized the "integration of ESG performance into the compensation linkage mechanism for managerial officers" as a Long-term development strategy in the GOVERNANCE ASPECTS (see 2-3-3 G Corporate Governance Short, Medium, and Long-term Development Strategy for details).

Planning to gradually establish quantifiable sustainability KPIs in the medium to long term (such as carbon reduction achievement rate, number of occupational incidents, number of major violations, etc.) and incorporate them into the annual performance appraisal of managers and as calculation factors for variable compensation. This will transform the current compensation system's indirect connection with sustainability goals into a clear, measurable, and direct linkage.

2-6-1 Role and Achievements of the Board in Sustainability Governance

2-6-2-1 Role in Sustainability Management and Oversight

On March 04, 2026, HYC reported to the Board of Directors the performance evaluation results for Board members, as well as for the Board and its functional committees for the year 2025. All evaluation results were rated "Excellent."

Assessment Cycle

Not Annually

Assessment Scope

Board of Directors, Individual Board Members, Remuneration Committee and Audit Committee performance evaluation

Assessment Period

January 1, 2025 to December 31, 2025

Assessment Method

Internal self-evaluation by the Board, self-evaluation by individual Board members, performance evaluation questionnaires conducted internally by the Remuneration and Audit Committees

Assessment Criteria

1 Board Self-Evaluation Criteria:

- (1) Level of participation in the Company's operations
- (2) Enhancement of the Board's decision-making quality
- (3) Composition and structure of the Board
- (4) Selection of Board members and ongoing training
- (5) Internal Controls

2 Individual Board Member Self-Evaluation Criteria:

- (1) Understanding of the Company's goals and mission
- (2) Awareness of board member responsibilities
- (3) Level of participation in the Company's operations
- (4) Management of internal relationships and communication
- (5) Professional expertise and commitment of Board members to continuous learning
- (6) Internal Controls.

3 Functional Committee Performance Evaluation Criteria:

- (1) Level of participation in the Company's operations
- (2) Understanding of the committee's responsibilities
- (3) Quality of the committee's decision-making
- (4) Composition of the committee and member selection
- (5) Internal Controls

The Company regards sustainable development as a core aspect of corporate governance. The Board of Directors regularly reviews the implementation status of sustainability strategies and ESG objectives, supervising the management and performance of material sustainability issues. Additionally, board members continuously participate in professional development related to ESG topics, enhancing their knowledge and decision-making capabilities in sustainability governance, climate risk management, and responsible investment.



2-6-2-2 Board Performance Evaluation

To enhance corporate governance and strengthen the Board's functions, the Company has established a Board Performance Evaluation Policy. The evaluation covers areas such as professional competencies, understanding of responsibilities, participation in company operations, internal controls, and continuous education. The overall self-assessment results of the board and functional committees for 2025 were rated as "Excellent."

2-6-2-3 Continuing Education on Sustainable Development

Board Training

The Company places great importance on continuing education for board members. In 2025, the board collectively completed 60 hours of training, with the average training hours per director meeting the regulatory recommendation. Details of the training and education activities are available in the Company's annual report.



Caption : Professional Training and Development of the Board of Directors

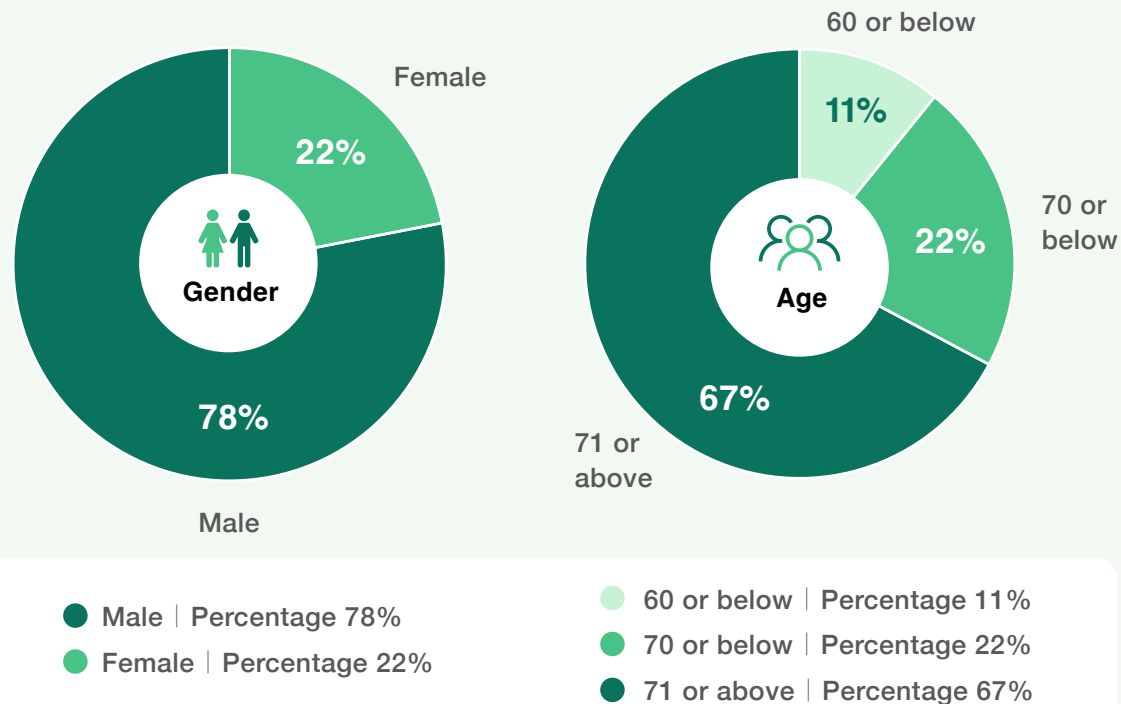
2-6-3 Structure and Operational Status of the Board of Directors

2-6-3-1 Composition and Diversity

Composition of the Board

The current Board of Directors is composed of 9 members, including 3 independent directors, with 2 female directors, accounting for 22% of the board.

The current term of the board spans from May 15, 2024, to May 14, 2027. Detailed information on individual members (such as gender, age, and positions held in the Company or other entities) is provided in the Company's annual report.



Board Diversity and Independence of the Company

1

Board Diversity

The Company has established a board diversity policy along with concrete management objectives:

Article 20 of the Company's "Corporate Governance Best Practice Principles" specifies the overall competencies required of the board. It also states that the composition of board members should reflect diversity. In particular, the number of directors concurrently serving as company executives should not exceed one-third of the board seats. Considering the Company's operational model and development needs, appropriate diversity guidelines have been formulated, covering but not limited to the following two key aspects:

A. Fundamental Attributes and Values

Factors such as gender, age, nationality, and cultural background are considered. The proportion of female directors is encouraged to reach at least one-third of the board seats.

B. Professional Knowledge and Skills

This includes professional background (e.g., law, accounting, industry, finance, marketing, or technology), domain expertise, and industry experience.

All members of the board possess the necessary knowledge, skills, and ethical standards to perform their duties. To achieve the Company's corporate governance objectives, the board as a whole is expected to demonstrate the following core competencies:

- | | |
|-------------------------------------|-----------------------------|
| ① Operational Judgment | ⑤ Industry Knowledge |
| ② Accounting and Financial Analysis | ⑥ Global Market Perspective |
| ③ Management Capability | ⑦ Leadership |
| ④ Crisis Management | ⑧ Decision-Making Ability. |

2

Achievement of Board Diversity Goals

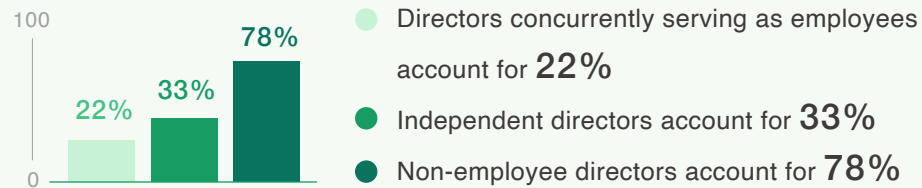
The 20th Board of Directors of the Company consists of 9 members. The implementation status of the board diversity objectives is summarized below:

Management Objective	Status
Increase two female board members	Achieved ☒
Lower average board age	Achieved ☒
The number of directors concurrently serving as company executives should not exceed one-third of the board seats.	Achieved ☒

A

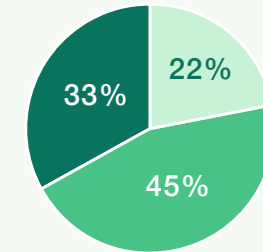
Two female board members have been added in this term. The Company aims to gradually increase the proportion of female directors to one-third of the board.

B



C

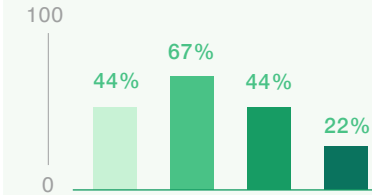
Tenure



- Less than 3 years: 2 directors (22%)
- Less than 5 years: 4 directors (45%)
- More than 9 years: 3 directors (33%)

D

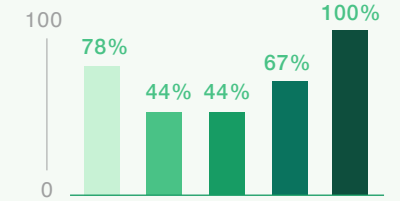
Industry experience



- Industry: 4 directors (44%)
- Accounting & Finance: 6 directors (67%)
- Financial services: 4 directors (44%)
- Construction: 2 directors (22%)

E

Professional competencies



- Business Management: 7 directors (78%)
- Leadership & Decision-making: 4 directors (44%)
- Industry knowledge: 4 directors (44%)
- Accounting & Finance: 6 directors (67%)
- Crisis management: 9 directors (100%)

The Company's Board of Directors consists of 9 members, with age distribution ranging from 51 to 90 years old. Among them, 78% are male and 22% are female. In terms of tenure, 33% have served for over 9 years, 45% have served for less than 5 years, and directors concurrently serving as employees account for 22%.



Caption : Board Diversity



3

Board Independence

The Company's current Board of Directors comprises 9 members. As of the end of 2025, all independent directors comply with the regulations set forth by the Securities and Futures Bureau of the Financial Supervisory Commission regarding the qualifications of independent directors. Furthermore, there are no situations among the directors or between the directors and independent directors that fall under Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. For details regarding the Board's independence, please refer to the directors' professional profiles and disclosures on the independence of independent directors in the Company's annual report. Information on each director's academic background, gender, and work experience is also available in the Company's annual report.

4

Specific Management Objectives

- A** The Company's Board of Directors is responsible for guiding corporate strategy, supervising management, and being accountable to the Company and its shareholders. All corporate governance mechanisms and arrangements must ensure that the Board exercises its authority in accordance with laws, the Articles of Incorporation, or resolutions of the shareholders' meeting. Directors listen to reports from the management team during board meetings, provide guidance and recommendations, and maintain effective communication with management to jointly maximize shareholder value.
- B** Reason for Not Yet Achieving One-Third Female Representation on the Board: The Company values gender equality in the composition of the Board. Two additional female directors were appointed in the current term, and the Company aims to gradually increase the proportion of female directors to one-third in future terms.
- C** Term Limit for Independent Directors: More than half of the current independent directors have served fewer than three terms. The Company aims to ensure that all independent directors serve no more than three consecutive terms starting from the next board election.



Caption : Shareholders' meeting situation

2-6-3-2 Board Operations

Board Operation Information

The Board of Directors meets at least once every quarter. In 2025, a total of six board meetings were held, with an average actual attendance rate of **94%**.

Other Required Disclosures

If any of the following situations occur, the Company shall disclose the date of the board meeting, term, agenda items, all independent directors' opinions, and the Company's handling of such opinions:

Matters specified in Article 14-3 of the Securities and Exchange Act

The resolutions related to Article 14-3 of the Securities and Exchange Act are detailed in the Company's annual report. All independent directors raised no objections, and the motions were approved as proposed.

In 2025, during the review of board compensation proposals, all directors with a personal interest in the remuneration matters recused themselves from voting in accordance with relevant regulations. The Company has fully retained records of directors' recusal in accordance with the law and disclosed them in the annual report to ensure fairness and compliance in decision-making.



Caption : Board of Directors meeting

Board Meeting Date	Agenda Item	Name of Recused Director(s)	Reason for Recusal	Voting Participation
2025.08.07	Discussion of FY2024 individual directors' remuneration (approved by the Remuneration Committee on August 7, 2025).	Attending directors	Discussing their own remuneration; recusal required by law	✓ Did not participate in voting; resolution passed after consultation with remaining directors by Chairperson

The Board of Directors is primarily responsible for overseeing the operations and management of the executive team to ensure sound business practices and sustainable growth. To implement HYC's ESG policies, the Company has established the Corporate Governance Best Practice Principles and the Procedures for the Prevention of Insider Trading, thereby further enhancing its corporate governance performance.



2-6-3-3 Nomination and Selection

HYC nominates board candidates based on their educational and professional backgrounds, the opinions of independent directors, the Rules for Election of Directors, and the Corporate Governance Best Practice Principles. In addition, factors such as diversity, independence, resilience to organizational impact, and stakeholder perspectives are taken into consideration. After review by the Board of Directors, the list of candidates is submitted to the shareholders' meeting for election. In accordance with the Company Act, shareholders holding 1% or more of the Company's total outstanding shares may submit a list of director candidates to the Company in writing.

2-6-3-4 Conflict of Interest Avoidance

The directors of HYC exercise their duties in accordance with the Articles of Incorporation, the Rules of Procedure for Board of Directors Meetings, and relevant laws and regulations. If the interest is deemed likely to harm the Company's interests, the director must recuse themselves from the discussion and voting on the matter and shall not act as a proxy to vote on behalf of other directors.

In addition, matters related to directors' recusal—such as their names, descriptions of the conflicts of interest, and details of their abstention—are fully recorded in the meeting minutes to ensure transparency and regulatory compliance. According to the 2025 board meeting records, none of the proposals involved any conflicts of interest among board members, demonstrating HYC's professionalism and impartiality in board operations.

Information on cross-shareholding with other stakeholders, as well as details regarding controlling shareholders and related parties, has been publicly disclosed on the Market Observation Post System (MOPS), the Company's official website, and in the annual report.

2-6-3-5 Remuneration Policies

Remuneration Structure and Decision-Making Process

The Company's Articles of Incorporation specify the ratios or ranges for employee and director compensation as follows:

Article 24

For each fiscal year, if the Company generates a profit before tax and before the distribution of employee and director remuneration, and after covering any accumulated losses, the Company shall allocate no less than 2% of the remaining profit as employee remuneration and no more than 3% as director remuneration.

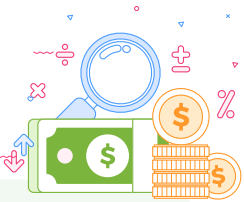
Article 24-1

If the Company generates earnings in its annual final accounts, it shall first pay the corporate income tax and offset any accumulated losses from previous years. If there is any remaining balance, 10% of the amount shall be allocated to the statutory earnings reserve as required by law, and special earnings reserves shall be allocated or reversed in accordance with applicable regulations. The remaining balance, together with undistributed earnings carried forward from previous years, shall be proposed by the Board of Directors as an earnings distribution plan and submitted to the shareholders' meeting for approval of dividend distribution. As the Company is in a phase of stable growth, and in consideration of shareholder interests, financial structure, and long-term development, the total amount of shareholders' dividends shall be no less than 20% of the accumulated distributable earnings. Among these, the cash dividend shall not be less than 10% of the total amount of shareholders' dividends. With the attendance of at least two-thirds of the directors and the approval of more than half of those present, the Board of Directors may resolve to distribute all or part of the dividends in the form of cash, and shall report the resolution to the shareholders' meeting.

Linkage Between Performance Evaluation and Remuneration of Directors and Managerial Officers

The remuneration of the Company's directors is determined in accordance with the Articles of Incorporation. Upon resolution of the Board of Directors, 1.5% of the Company's annual pre-tax net profit is allocated as directors' remuneration. The evaluation of directors' compensation takes into account not only industry benchmarks but also both financial indicators (such as the achievement rate of after-tax net profit, operational efficiency, and contribution level) and non-financial indicators (such as board meeting attendance rate, hours of continued education, and commitment to sustainable development). The evaluation results are submitted to the Remuneration Committee for review.

The remuneration of managerial officers includes salary and bonuses. Salaries are determined with reference to industry standards and based on job responsibilities and professional capabilities. Bonuses are evaluated according to multiple criteria, including financial indicators (such as achievement rates for revenue, operating profit, and after-tax net profit), non-financial indicators (such as regulatory compliance, absence of significant operational risk incidents, and special contributions), and talent development. The President determines the final bonus based on business performance and submits it to the Remuneration Committee for reporting. Please refer to the company's annual report for details on directors' remuneration, the remuneration bands, and distribution standards for 2025.



2-6-4 Structure and Operations of Functional Committees

Functional Committees

The current term for all functional committees runs from May 15, 2024 to May 14, 2027. For detailed information regarding the individual members and the operations of each committee, please refer to the Company's annual report.

1 Remuneration Committee

The Remuneration Committee is chaired by an independent director and meets at least twice a year. All three members are independent directors, and the committee is responsible for assisting the Board in formulating policies, systems, standards, and structures for the performance evaluation and remuneration of directors and managerial officers. In 2025, the Remuneration Committee held **two** meetings, with a **100%** attendance rate.

2 Audit Committee

The Audit Committee is composed entirely of independent directors, with three members in total. It convenes at least once per quarter. The primary function of the Committee is to oversee the integrity of the Company's financial reporting, the effectiveness of internal control systems, the Company's compliance with applicable laws and regulations, the management of existing or potential risks, as well as the appointment, dismissal, independence, and performance of the certified public accountants. In 2025, the Audit Committee held **five** meetings, with a **100%** attendance rate.

03

Identification of Material Topics

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3-1 Stakeholder Engagement -Identification of Stakeholder Concerns

The Company references the AA1000 Stakeholder Engagement Standard (AA1000 SES, 2015) and its five key principles: Dependency, Responsibility, Tension, Influence, and Diverse Perspectives, to identify groups or organizations that have an impact on, or are impacted by, the Company. Through this identification process, the Company has recognized the following stakeholder groups as directly relevant: employees, customers, suppliers/contractors, investors/financial institutions, government agencies, community groups, and local residents.

To understand and address issues of concern to stakeholders, we provide various communication channels for engagement and dialogue, allowing stakeholders to express their opinions at any time. This enables us to grasp the sustainability topics of interest to different stakeholders and respond accordingly.

Based on the nature of its operations, the Company has identified its key stakeholder groups. A summary report on stakeholder communication efforts for the most recent year was presented to the Board of Directors on November 6, 2025, outlining the Company's engagement with each stakeholder group.

Stakeholder	Key Material Topics	Communication Channels	Communication Outcomes
Employees	1 Compensation & benefits 2 Talent Development 3 Employee performance evaluation 4 Business performance 5 Labor relations	1 Monthly meetings 2 Quarterly labor-management meetings 3 Annual employee health checkups 4 Monthly medical consultation services 5 Organize Employee Family Day 6 Biannual team-building workshops 7 Nonscheduled employee seminars and professional training sessions enhance employees' professional skills. 8 Confidential grievance channel 👤 Contact: Manager Feng-Yi Lin, Administration Dept. ✉ Email: ddt@hyc-king.com	1 Total annual training hours: 636.5 hours 2 Total annual training participants: 2,338 3 Four labor-management meetings held annually 4 Monthly onsite medical consultations and follow-ups on health check results
Customers	1 Product quality 2 Customer relationship management 3 Product development/R&D	1 Annual customer satisfaction survey 2 Nonscheduled video conferences 3 Nonscheduled customer visits 4 Nonscheduled onsite inspections by customers 👤 Contact: Marketing Dept. ✉ Email: hyc@hyc-king.com	1 2025 average customer satisfaction score: 87/100 2 Official website 3 Regular and ad hoc client visits or customer onsite inspections 4 Customers can access order scheduling system
Suppliers/ Contractors	1 Product quality 2 Supplier management 3 Compliance with EHS regulations	1 Annual procurement contracts 2 Annual supplier evaluation 3 Real-time access to ordering platform for key suppliers 4 Contractor service agreements 👤 Contact: President Office Special Assistant Mei-Hui Hu. ✉ Email: michelle@hyc-king.com	1 At least one supplier evaluation per year 2 Quarterly meetings with key suppliers 3 Real-time order inquiry access via supplier platform for key suppliers 4 Ad-hoc contractor agreement meetings

Stakeholder	Key Material Topics	Communication Channels	Communication Outcomes
Investors / Financial Institutions	1 Sustainable development strategy 2 Business performance 3 Corporate governance 4 Dividend policy	1 Annual shareholders' meeting 2 Investor conferences 3 Market Observation Post System (MOPS) disclosures 4 Investor section on the Company website 👤 Investor Relations Contact: President Office Special Assistant Mei-Hui Hu. ✉ Email: michelle@hyc-king.com	1 Annual shareholders' meeting held 2 At least one investor conference annually 3 Bilingual material disclosures 4 Quarterly and annual financial statements released 5 Real-time updates on MOPS in accordance with regulations 6 Ad-hoc responses to investor inquiries via calls, emails, or external mailboxes
Government Agencies	1 Occupational safety and health 2 Environmental management 3 Securities regulatory authorities	1 Participation in regulatory seminars 2 Certification for environmental, safety, and quality systems 3 Establishment of waste, emissions, and hazardous materials control procedures per regulations 4 Disclosures on MOPS 👤 EHS Contact: Mr. Ching-Chuan Chen. ✉ ccchen@hyc-king.com	1 Participation in EHS awareness sessions held by regulators 2 Participation in public hearings or consultation sessions on government-related initiatives: Irregular participation 3 Regular MOPS disclosures in compliance with regulations
Community Groups / Local Residents	1 Corporate image 2 Community care 3 Social responsibility	1 Responding to neighborhood feedback 2 Participation in charity events 3 Industry-academia collaboration 👤 Contact: Manager Feng-Yi Lin, Administration Dept. ✉ Email: ddt@hyc-king.com	1 Timely resolution of local concerns 2 Long-term sponsorship of tuition and fees for 6 underprivileged students 3 Long-term support for Taiwan Fund for Children and Families' winter charity fair 4 Long-term internships provided for 3 students from Hsiuping University of Science and Technology and Nan Kai University of Technology (mechanical departments)



3-2 Process to Determine Material Topics

The Company refers to the four Accountability Principles of AA1000—Materiality, Inclusivity, Responsiveness, and Impact—and follows the guidelines of GRI 3: Material Topics 2021, using "Impact Materiality" as the core criterion to assess the significance of the impacts of various sustainability topics in economic, environmental, and social (including human rights) dimensions. The execution steps for the identification of Material Topics in FY2025 are as follows:

Step 1

Understanding the Organizational Context and Compiling Sustainability Topics

The Company takes into account key aspects of its operations, critical operational resources, business continuity essentials, and various stages of the supply and value chains. It also closely monitors international sustainability trends, GRI Standards, and SASB industry disclosure indicators, as well as the sustainability topics emphasized by domestic and global investment rating agencies in the rubber manufacturing industry. Based on this analysis, a total of 30 sustainability topics have been identified, encompassing 13 governance-related topics, 8 environmental topics, and 9 social topics, serving as the foundation for this year's assessment.

Explanation of Adjustments to the Issues List for FY2025

This year, the list of issues has been expanded from 19 items in the previous year to 30 items, mainly in response to the introduction of international frameworks such as TCFD, TNFD, SASB, and IFRS S1/S2. This expansion involved subdividing items originally grouped under a single issue (such as integrating "Energy Management" and "Greenhouse Gas Management & Carbon Reduction" into "Energy and Greenhouse Gas Management" and adding new items such as "Hazardous Substance Management," "Emissions and Pollution Management," and "Green Procurement Practice Management") to align the definition of issues with the disclosure requirements of international frameworks.

Step 2

Stakeholder Questionnaire Survey

The Company distributed the Sustainability Topics Concern Questionnaire to six types of stakeholders, available in Chinese, English, and Japanese versions. The stakeholders covered include those from Taiwan, Europe, the Americas, Australia, and Japan. The questionnaire utilizes a five-point Likert scale (1 represents low concern, 5 represents high concern) to evaluate 30 sustainability topics individually. A total of 155 valid questionnaires were collected. The response structure is as follows:

(1) Questionnaire Version and Regional Distribution

Questionnaire version	Main Regions	Number of Responses Collected	Percentage
Chinese version	Taiwan	147	94.8%
English version	The United States and other countries	6	3.9%
Japanese version	Japan	2	1.3%
Total		155	100.0%

(2) Distribution of Stakeholder Categories

Stakeholder Category	Number of Responses Collected	Percentage
Community Groups / Local Residents	50	32.3%
Suppliers/Contractors	36	23.2%
Employees	25	16.1%
Investors / Financial Institutions	21	13.5%
Customers	14	9.0%
Government Agencies	9	5.8%
Total	155	100.0%

Step 3

Identifying Impacts and Assessing Significance

The Company conducted "Positive Impact" and "Negative Impact" assessments for 30 topics. The scope of the assessments covers the Company's operations, upstream supply chain, downstream customers and users, as well as the community and environment in which it operates. Actual or potential positive impacts refer to the Company's establishment and implementation of management policies on a particular issue, thereby creating beneficial effects on the economy, environment, and society. Conversely, actual or potential negative impacts occur when the Company fails to manage or inadequately manages the issue, resulting in adverse effects on the external economic, environmental, and social systems.

(1) Impact Assessment Aspects and Scoring Method

Impact Category	Assessment Aspects	Calculation Method
Negative Impact	- Scale: the Impact Level of Severity - Scope: the Extent of Impact and People Affected - Irremediability: Ability to restore to original condition - Likelihood: Probability of Occurrence	Severity = the geometric mean of (Scale × Scope × irremediability); actual impacts that have already occurred are not mitigated; potential impacts are mitigated by the Likelihood of Occurrence, retaining 60% to 100% after mitigation.
Positive Impact	- Scale: the Significance of Benefits - Scope: the Breadth of Beneficiaries - Likelihood: Probability of Implementation	The geometric mean of (Scale × Scope × Likelihood of Occurrence)

Each aspect is rated on a scale of 1 to 5, based on the company's operational characteristics, actual performance data for 2025, and international industry material topic practices. The ratings are jointly evaluated by the Steering Sustainability Committee and all relevant units.

(2) Calculation of Impact Significance and Comprehensive Significance

Item	Calculation Formula	Description
Impact Materiality	Negative Impact × 65% + Positive Impact × 35% (For Negative Impact scoring above 3.5 points, use the higher value of the two)	GRI 3-2 requires that severe Negative Impacts should be prioritized in the materiality assessment, therefore Negative Impacts are given higher weight, and a lower limit protection mechanism is established to prevent severe risks from being diluted by positive performance.
Comprehensive Significance	Impact Materiality × 60% + Level of Stakeholder Concern × 40%	Using impact as the primary criterion and degree of attention as the secondary criterion, in compliance with GRI 3's regulations centered on Impact Materiality.

The Design Rationale for the Score Floor Mechanism

The design of "For Negative Impact scoring above 3.5 points, use the higher value" is to avoid underestimating issues with high irremediability, such as "Occupational Health and Safety," due to the company's current phase of good performance (In 2025, our company's Number of Recordable Occupational Injuries (Cases) is 0) after positive and negative weighting. The significance of such issues stems from the irreversibility of their potential consequences, rather than the quality of existing performance.

Step 4 Prioritizing Impacts

The Company integrates the impact assessment results with stakeholder questionnaire statistics, ranks them according to the Comprehensive Significance score, and uses the top 12 as the material topics for this year. The following lists positive and negative impacts, impact materiality, level of stakeholder concern, and comprehensive significance scores for each issue under the three aspects of corporate governance, environment, and social (those marked with ★ are material topics for this year):

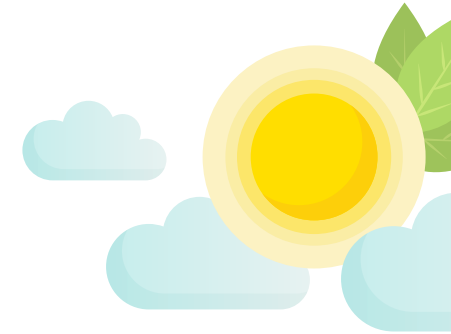


(1) Impact Assessment Results - Governance Aspects

Sustainability Topic in Governance Aspects	Negative Impact Type	Positive Impact	Negative Impact	Impact Materiality	Level of Concern	Comprehensive Significance	Overall Ranking
★Product Safety Management	Potential	5.00	3.53	4.04	4.63	4.28	3
★Compliance with Laws and Regulations	Potential	4.31	3.62	3.86	4.61	4.16	4
★Sustainable Supply Chain Management	Potential	4.31	3.60	3.85	4.55	4.13	5
★Information Security and Customer Privacy	Potential	3.63	3.36	3.45	4.61	3.91	11
★Climate-related Risks and Opportunities	Potential	4.00	3.34	3.57	4.30	3.86	12
Ethical Corporate Management	Potential	3.91	3.04	3.34	4.54	3.82	14
Business Performance	Potential	5.00	2.42	3.32	4.52	3.80	15
Corporate Governance	Potential	4.31	2.76	3.30	4.52	3.79	16
Green Procurement Practice Management	Potential	4.00	2.77	3.20	4.42	3.69	20
Innovation Research & Development	Potential	4.64	2.20	3.05	4.50	3.63	22
Customer Relationship Management	Potential	4.31	2.20	2.94	4.64	3.62	23
Operational Risk Control and Management	Potential	3.30	2.77	2.96	4.48	3.57	24
Innovative Technology Introduction and Application	Potential	3.63	1.68	2.36	4.41	3.18	29

(2) Impact Assessment Results - Environmental Aspects

Sustainability Topic in Environmental Aspects	Negative Impact Type	Positive Impact	Negative Impact	Impact Materiality	Level of Concern	Comprehensive Significance	Overall Ranking
★Climate Change Response	Actual	4.31	4.31	4.31	4.42	4.35	1
★Energy and Greenhouse Gas Management	Actual	4.31	4.31	4.31	4.39	4.34	2
★Hazardous Substance Management	Potential	4.64	3.27	3.75	4.64	4.11	6
★Emissions and Pollution Management	Actual	3.63	3.63	3.63	4.52	3.99	8
★Circular Economy	Potential	5.00	2.77	3.55	4.49	3.93	9
★Waste Management	Actual	4.31	3.00	3.46	4.61	3.92	10
Water Stewardship	Actual	3.63	3.30	3.42	4.50	3.85	13
Environmental Impact & Ecological Conservation	Potential	3.30	3.05	3.14	4.52	3.69	19



(3) Impact Assessment Results - Social Aspects

Sustainability Topic in Social Aspects	Negative Impact Type	Positive Impact	Negative Impact	Impact Materiality	Level of Concern	Comprehensive Significance	Overall Ranking
★Occupational Health and Safety	Potential	3.91	3.54	3.67	4.61	4.05	7
Human Rights and Inclusion	Potential	3.63	3.04	3.25	4.49	3.75	17
Talent Attraction and Retention	Potential	3.63	3.04	3.25	4.46	3.73	18
Employee rights and diversity, equality	Actual	3.30	3.00	3.10	4.50	3.66	21
Compensation, Benefits, and Employee Care	Potential	3.91	2.42	2.94	4.50	3.56	25
Employee training and development	Potential	3.91	2.20	2.80	4.52	3.49	26
Labor relations	Potential	3.30	2.20	2.58	4.50	3.35	27
Social Engagement and Public Welfare	Potential	4.00	1.74	2.53	4.50	3.32	28
Public Affairs and International Participation	Potential	3.30	1.74	2.29	4.33	3.11	30



Step 5

Review and Approval

The aforementioned identification results are reviewed annually by the Steering Sustainability Committee, then submitted to the Board of Directors for approval, serving as the basis for determining the information disclosure scope and management guidelines of the Year sustainability report.

Key findings of the Year identification results:

(1) There is a significant discrepancy between the impact assessment and attention ranking.

The assessment shows that the ranking of stakeholder concern does not align with the ranking of comprehensive significance. "Customer Relationship Management" is ranked highest in concern (4.64 points) but drops to 23rd in comprehensive ranking due to its impact being limited to business relations and having low irremediability. On the other hand, "Climate Change Response" has a concern ranking of only 4.42 points, yet it leaps to the top in comprehensive ranking because it involves actual, widespread, and irreversible impacts. This discrepancy is precisely why GRI 3 requires using impact materiality as the core criterion; the level of stakeholder concern does not necessarily equate to the actual impact that a company has on the external environment and society.

(2) Differences in Survey Results Across Three Regions

Respondents from Taiwan generally rated various topics higher than those from other countries. Take "Circular Economy" as an example, Taiwan averages 4.54 points, while other countries outside Taiwan average 3.50 points; for "Social Engagement and Public Welfare," Taiwan scores 4.55 points, whereas other countries only score 3.50 points. This discrepancy partly arises from the fact that the overseas sample consists entirely of customers, whose focus is on direct procurement decision issues such as product safety (4.67 points for countries outside Taiwan) and compliance with laws and regulations (4.67 points for countries outside Taiwan). They tend to rate topics like community welfare and public affairs, which are less related to business relationships, lower. This phenomenon aligns with the typical stance of customer-type stakeholders and also suggests that the Company should prioritize disclosing information related to product safety and compliance with laws and regulations when communicating in international markets.

(3) Description of why only one social aspect topic is included as a material topic.

This year, only "Occupational Health and Safety" is included as a material topic under the social aspect. The main reason is that the company comprises 116 individuals, limiting the impact scope of social aspect topics, resulting in a general score of 3 in the "Scope" dimension. However, this result does not imply a decrease in the management importance of SOCIAL ASPECTS topics such as "Human Rights and Inclusion" (ranked 17th), "Talent Attraction and Retention" (ranked 18th), and "Employee rights and diversity, equality" (ranked 21st), which remain within the scope of the company's ongoing management and disclosure. Among them, "Employee rights and diversity, equality" continues to be included in the management scope (with a target of 29% Female Manager ratio by 2025, and the implementation of gender equality and salary parity). The company will track its improvement progress in the "2-3 ESG Short, Medium, and Long-term Development Strategy."

(4) Limitations of the current identification process

The impact score of this assessment was determined by the internal evaluation team based on operational characteristics and actual performance data; it has not yet been reviewed by external experts or third-party organizations. The number of overseas samples is low (a total of 8 from countries outside Taiwan) and is concentrated among customers, thus its representativeness is limited, and the overseas Average Score is not directly used as a basis for excluding topics. Additionally, the Average Scores for each topic in this questionnaire range between 4.30 and 4.64, indicating low dispersion. This shows that respondents have given high attention to most topics, resulting in limited discernibility, which also corroborates GRI 3's stance that material topics should not be determined solely based on the ranking of concern. The aforementioned limitations have been included in the improvement plan for the next Year, and in the future, the distribution targets and quantity of overseas questionnaires will be expanded.

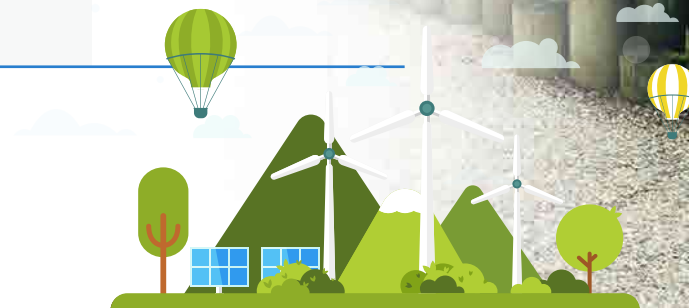
3-3 Materiality Matrix

The Company positions 30 sustainability topics based on the "Level of Stakeholder Concern" (horizontal axis) and the "Impact Level on Economic, Environmental, and Social Dimensions" (vertical axis) to create a materiality matrix.

Impact \ Concern	Low	Lower	Medium	Higher	High
High		★■E Climate Change Response ★■E Energy and Green-house Gas Management			★■G Product Safety Management
Higher	★■G Climate-related risks and opportunities		★■E Circular Economy	★■G Sustainable Supply Chain Management ★■E Emissions and Pollution Management	★■G Compliance with Laws and Regulations ★■E Hazardous Substance Management ★■S Occupational Health and Safety
Medium		■G Green Procurement Practice Management	■E Water Stewardship ■S Human Rights and Inclusion ■S Talent Attraction and Retention ■S Employee rights and diversity, equality	■G Ethical Corporate Management ■G Business Performance ■G Corporate governance ■E Environmental Impact & Ecological Conservation	★■E Waste Management ★■G Information Security and Customer Privacy
Lower			■G Innovation Research & Development ■G Operational Risk Control and Management ■S Compensation, Benefits, and Employee Care	■S Employee training and development	■G Customer relationship management
Low	■S Public Affairs and International Participation	■G Innovative Technology Introduction and Application	■S Labor relations ■S Social Engagement and Public Welfare		

Legend: ★ represents material topics for this year (high concern and high impact area in the upper right);

■E Environmental Aspects, ■S Social Aspects, ■G Governance Aspects.



The quantitative data of matrix positioning (positive and negative impact scores, attention scores, and comprehensive ranking for each topic) can be found in the impact assessment table of the three aspects in 3-2 Process to Determine Material Topics; the list of the top 12 material topics can be found in 3-3.



Caption : Double Materiality Assessment Matrix Diagram

Top 12 Material Topics

No.	Material Topics	ESG	Impact Materiality	Financial Materiality
1	Climate Change Response	E	★★★★★	★★★★☆
2	Energy and Greenhouse Gas Management	E	★★★★★	★★★★☆
3	Product Safety Management	G	★★★★☆	★★★★★
4	Compliance with Laws and Regulations	G	★★★★☆	★★★★★
5	Sustainable Supply Chain Management	G	★★★★☆	★★★★★
6	Hazardous Substance Management	E	★★★★☆	★★★★☆
7	Occupational Health and Safety	S	★★★★☆	★★★★☆
8	Emissions and Pollution Management	E	★★★★☆	★★★★☆
9	Circular Economy	E	★★★★☆	★★★★☆
10	Waste Management	E	★★★★☆	★★★★☆
11	Information Security and Customer Privacy	G	★★★★☆	★★★★☆
12	Climate-related risks and opportunities	E	★★★★☆	★★★★☆

Impact : Impact Level on Economic, Environmental, and Social Dimensions

Financial : Impact Level on Corporate Financials

Material Topics and Correspondence with International Standards

Material Topics	GRI	SASB (RT-IG/RT-EE)	TCFD	TNFD	IFRS (S1/S2)	SDGs
1 Climate Change Response	201-2, 305	✓	✓	Indirect	S2	7,13
2 Energy and Greenhouse Gas Management	302,305	✓	✓	Indirect	S2	7,13
3 Product Safety Management	416	✓	—	—	S1	3,12
4 Compliance with Laws and Regulations	205,419	✓	—	—	S1	16
5 Sustainable Supply Chain Management	308,414	✓	Indirect	Indirect	S1	8,12,17
6 Hazardous Substance Management	306,416	✓	—	—	S1	3,12
7 Occupational Health and Safety	403	✓	—	—	S1	3,8
8 Emissions and Pollution Management	305,306	✓	✓	Indirect	S2	6,11,13
9 Circular Economy	301,306	✓	Indirect	Indirect	S1	12
10 Waste Management	306	✓	—	—	S1	12
11 Information Security and Customer Privacy	418	✓	—	—	S1	9,16
12 Climate-related risks and opportunities	201-2,305	✓	✓	Indirect	S2	13

✓ Main Correspondence Indirect Partially related — No Direct Correspondence

3-4 List of Material Topics

To make the identification results of material topics more intuitive, the Company positions 30 sustainability topics based on the "Level of Stakeholder Concern" (horizontal axis) and the "Impact Level on Economic, Environmental, and Social Dimensions" (vertical axis) to create a materiality matrix.

Following the guidelines of GRI 3: Material Topics 2021, using "Impact Materiality" as the core criterion, and integrating the results of the stakeholder concern survey, the identification of Material Topics for FY2025 was completed. A total of 155 valid questionnaires were collected (147 from Taiwan, 6 from the United States and other countries, and 2 from Japan). The survey subjects included six categories: employees, customers, suppliers/contractors, investors/financial institutions, government agencies, and community groups/local residents.

The Steering Sustainability Committee conducted assessments of positive and negative impacts for 30 sustainability topics. The assessment aspects covered scale, scope, Irremediability, and likelihood, distinguishing between actual and potential impacts. These were summarized into 12 material topics by combining impact materiality (weight 60%) with the level of stakeholder concern (weight 40%), including six environmental, five corporate governance, and one social topic.

- a Climate Change Response (E)**
- b Energy and Greenhouse Gas Management (E)**
- c Product Safety Management (G)**
- d Compliance with Laws and Regulations (G)**
- e Sustainable Supply Chain Management (G)**
- f Hazardous Substance Management (E)**
- g Occupational Health and Safety (S)**
- h Emissions and Pollution Management (E)**
- i Circular Economy (E)**
- j Waste Management (E)**
- k Information Security and Customer Privacy (G)**
- l Climate-related risks and opportunities (G)**

The changes in material topics compared to the previous year are explained as follows:

Added as Material Topics (4 items)

Hazardous Substance Management, Emissions and Pollution Management, Information Security and Customer Privacy, Climate-related risks and opportunities. The first two topics saw a significant increase in scores for "Irremediability" and "scope of impact on the community and users" after adopting the GRI 3 Impact Materiality assessment. The latter two reflect the heightened requirements of international customers for the protection of business secrets and the timeline set by regulatory authorities for the implementation of IFRS S1/S2 disclosure.

Adjusted to Secondary Topics (4 items)

Ethical Governance, Product Innovation & R&D, Talent Development, Human Rights Protection. The scores for the "Scope" dimension of impact for these four topics were relatively low in this assessment, and therefore they were not included as material topics for this year. However, it should be noted that adjusting to a secondary topic does not imply a reduction in management intensity. The company continues to disclose its management approaches and performance in sections such as 4-3 Ethical Corporate Management, 1-3 Business and Product Innovation, and 5-1 Human Resources Development, and will include it in the scope of re-identification next year.

Name Adjustment (4 items)

To align with GRI standards terminology and international frameworks, "Greenhouse Gas Management & Carbon Reduction" has been adjusted to "Energy and Greenhouse Gas Management" (merged with original Energy Management), "Product Quality & Safety" has been changed to "Product Safety Management," "Supply Chain Management" has been adjusted to "Sustainable Supply Chain Management," and "Workplace Health and Safety" has been changed to "Occupational Health and Safety." The aforementioned adjustments only involve the precision of name and scope definition, while the substantive management scope continues.

The impact assessment scoring results, stakeholder attention scores, and rankings for each material topic can be found in the "2025 ESG Issues Impact Assessment and Material Topics Identification Report". The short, medium, and long-term goals and advancement timelines for each topic are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy."

3-5 Management Policies, Approaches, and Indicators for Material Topics

The Company formulates corresponding policies and management actions based on the impact characteristics of each material topic. Dedicated units are responsible for monitoring the effectiveness of policy and strategy implementation, setting target indicators, and regularly reviewing the achievement of these targets. The following outlines the management measures for each material topic:



Topic Name	Scope Definition (Boundary)	Positive Impact	Negative Impact	Management Policies and Indicators	Corresponding GRI Standards	Corresponding SDGs
Climate Change Response	The entire plant operation, upstream suppliers, downstream customers, and the natural environment in which it operates.	- Completed the disclosure of the four pillars of TCFD, and established climate governance and scenario analysis capabilities. - By 2025, Scope I + II emissions will be 7,462.184 metric tons of CO₂e, a 10.5% reduction compared to the 2023 baseline. - The low-carbon product line gains an advantage in international customers' green procurement.	- Process emissions continue to accumulate, causing actual impacts on the global climate, and once greenhouse gases are emitted, they cannot be recovered. - Scenario simulations for a shadow carbon price, with potential carbon costs of approximately 2,240,000 per year (not actual carbon fees payable), and the expansion of CBAM application will compress the cost structure. - Extreme climate events may cause supply chain disruptions and plant damage.	Management Policies and Indicators - Integrate the Climate Change Risk Assessment into the Enterprise Risk Management (ERM) framework, with risk ratings consistent with market, financial, and operational risks. - Establish an internal carbon pricing mechanism to guide capital expenditure decisions. - Report to the Board of Directors regularly under the TCFD framework, at least once a year. Set phase targets of reducing carbon emissions by 30% by 2030 and achieving operational net zero by 2050. Performance Indicators - Scope I + II emissions (Target: 30% reduction by 2030 compared to 2023) - Emission Intensity (2025: 4.67 metric tons CO₂e per million NT\$ revenue) - Coverage of climate change risk assessment, number of times the Board of Directors addresses climate issues. Goals for FY2026 - Scope I + II emissions decreased by ≥ 18% compared to the 2023 baseline. - Completed preliminary inventory of major Category III. - The renewable energy proportion is enhanced to 4.5%	GRI 201-2, 305	SDG 13

Topic Name	Scope Definition (Boundary)	Positive Impact	Negative Impact	Management Policies and Indicators	Corresponding GRI Standards	Corresponding SDGs
Energy and Greenhouse Gas Management	Plant facilities, vulcanization process and power systems, energy suppliers	- Obtained ISO 50001 Energy Management System Certification. - The solar photovoltaics self-generated and self-consumed 298,610 kWh, with the renewable energy proportion at 3.2%. - Energy Intensity decreased to 48.51 GJ / Million NT\$ Revenue	- The process and power systems are energy-intensive areas, with energy consumption reaching 77,448.84 GJ in 2025. The use of fossil fuels results in actual and ongoing carbon emissions. - The initial investment for replacing energy-saving equipment is high, and the payback period is long. - Fluctuations in energy prices directly impact operating costs.	Management Policies and Indicators - Establish Rotocure low-carbon processing technology and plan phased replacement of production lines. - Replace the IE4 high-efficiency motors, improve the operating efficiency of cooling towers and air compressors. - Replace high carbon emission fuels with Natural Gas (cubic meters) and gradually introduce biofuels. - Regularly convene Energy Management meetings to review implementation progress. Performance Indicators - Total Energy Consumption and Energy Intensity (Target: 20% reduction in intensity by 2030 compared to 2023) - Renewable energy proportion (Target: 15% by 2030, 20% by 2040, 50% by 2050) - Process thermal efficiency, ratio of replacement in Rotocure production lines. Goals for FY2026 - Energy Intensity decreased by an additional 2% compared to 2025. - Complete the evaluation for the introduction of the first Rotocure low-carbon processing production line. - Accumulated Renewable Energy Certificates obtained are ≥ 250.	GRI 302~305	SDG 7~13
Product Safety Management	Research and development design, quality control, production line, downstream customers, and end users	- The products comply with health and safety regulations such as RoHS and REACH both domestically and internationally, ensuring the safety of users in over 40 countries worldwide. Improve the management system to enhance customer satisfaction and repurchase rate. - A safety record is a necessary requirement for entering the international heavy industry supply chain.	- Conveyor belt products are applied in heavy industry fields such as mining and ports. - Product failure may lead to personnel casualties and significant downtime losses for customers, constituting irreversible severe impacts. - Product defects or safety incidents may damage brand and lead to lawsuits. - Strict quality control increases costs.	Management Policies and Indicators - Maintain the operation of the ISO 9001 Quality Management System. - Establish product safety testing, history tracking, and anomaly trace-back mechanisms. - Regularly conduct customer satisfaction surveys and incorporate them into improvement cycles. - The product labeling and marketing information comply with legal regulations. Performance Indicators - Number of product safety incidents (target: 0 cases) - Return rate, customer complaint handling efficiency and satisfaction - Product regulatory compliance testing pass rate (target: 100%) Goals for FY2026 - Maintain the number of product safety incidents at 0 cases. - Product regulatory compliance testing pass rate 100% - The complaint handling time was reduced by 10% compared to 2025.	GRI 416~417	SDG 3~12

Topic Name	Scope Definition (Boundary)	Positive Impact	Negative Impact	Management Policies and Indicators	Corresponding GRI Standards	Corresponding SDGs
Compliance with Laws and Regulations	All departments within the company, plant operations, and import-export trade activities.	- Complete compliance management maintains stable operational licenses, with zero major violations by 2025. - The basic threshold for auditing international customers to support access to export markets. - Reduce the financial uncertainty arising from penalties and litigation.	- Violating environmental, labor, or antitrust regulations will face shutdowns, fines, and responsibility of the person in charge. - Directly threaten the operational licenses and reputation of public companies. - There are significant differences in regulations among countries, making cross-border compliance management highly challenging.	Management Policies and Indicators - Establish a regulatory inventory checklist and update it regularly, covering the economic, environmental, and social aspects. - Implement legal advocacy and internal policy promotion, ensuring autonomous audits by each department. - Appoint external professional organizations to assist with complex compliance issues. - Immediate Reporting of Major Violations to the Board of Directors Performance Indicators - Number of major violations and amount of fines (target: 0 cases, 0 currency) - Compliance with Laws and Regulations Education and Training Completion Rate - Internal compliance audit execution rate and deficiency improvement completion rate Goals for FY2026 - Zero major violations; zero general regulatory penalties - Compliance with Laws and Regulations Education and Training Completion Rate 100% - Complete Yearly Regulatory Inventory Checklist Update	GRI 2-27	SDG 16
Sustainable Supply Chain Management	Procurement units, raw material suppliers, contractors, and partners (including upstream multi-levels)	- The Suppliers Code of Conduct Signing Rate reaches 92%, extending sustainability requirements upstream. - Expand the scope of our company's ESG impact and drive the enhancement of the entire industry chain. - Prioritize Local Sourcing to strengthen supply chain resilience and create regional economic benefits.	- If suppliers are involved in environmental violations, labor exploitation, or deforestation, the impact will extend to the Company through the supply chain. - The impact scope covers multiple tiers upstream, with low visibility and high management difficulty. - Supply chain disruptions will lead to production halts and delivery delays.	Management Policies and Indicators - Establish Suppliers Code of Conduct and incorporate it into purchase contracts. - Establish a supplier ESG self-assessment questionnaire and grading management mechanism. - Incorporate human rights, labor conditions, and environmental protection into supplier selection criteria. - Conduct on-site audits for key suppliers and provide guidance for improvement. Performance Indicators - Suppliers Code of Conduct Signing Rate (target: 100%) - Completion and pass rate of ESG audits for key suppliers (medium-term target: 90%) - Percentage of local sourcing amount, number of supply chain interruptions Goals for FY2026 - Suppliers Code of Conduct Signing Rate (%) enhanced to 95% - Complete 100% of key suppliers' ESG self-assessment questionnaires. - Initiate the first batch of on-site audits for key suppliers.	GRI 204、308、414	SDG 8、12

Topic Name	Scope Definition (Boundary)	Positive Impact	Negative Impact	Management Policies and Indicators	Corresponding GRI Standards	Corresponding SDGs
Hazardous Substance Management	Rubber formula development, raw material procure- ment, production site, downstream customers, and end users	- The products comply with international hazardous substance restriction regulations such as RoHS and REACH. Protect the health of downstream users and operators in over 40 countries worldwide. - Reduce the environmental toxicity load at the end of the product life cycle.	- Rubber formulations involve chemical additives, and improper management can cause irreversible toxic impacts on the health of operators, downstream users, and the environment. - International chemical regulations are becoming increasingly stringent, and existing formulations are under pressure to find alternatives. - The leakage of hazardous substances will cause soil and water pollution.	Management Policies and Indicators - Establish a chemical inventory and Safety Data Sheet (SDS) Management System. - Conduct inspections of hazardous substances in raw materials and obtain supplier certifications. - Regularly outsource testing for hazardous substance content in products. - Promote the development of low-toxicity alternative raw materials and gradually phase out high-risk auxiliaries. Performance Indicators - Product hazardous substance testing pass rate (target: 100%) - Number of chemical spill incidents (target: 0 cases) - Progress of High-Risk Additive Substitution, Chemical Handling - Training Completion Rate for Operators Goals for FY2026 - Product hazardous substance testing pass rate 100% - Chemical spill incidents 0 cases. - Complete the high-risk additive substitution assessment list.	GRI 416-1	SDG 3 、 12
Occupational Health and Safety	All employees (116 individuals), contrac- tors, safety and medical teams	- In 2025, the Number of Recordable Occupational Injuries (Cases) is 0, the Lost Time Injury Frequency Rate (LTIFR) is 0, with a total of 248,059 working hours. - The participation rate of employee health check-ups remains at 99%, genuinely protecting employees' lives and health. - A safe workplace enhances employee cohesion and the corporate social responsibility image.	- The rubber manufacturing process involves high-temperature vulcanization, calendaring equipment, and chemical handling. Once an occupational incident occurs, it can cause permanent injury or death to personnel, constituting a completely irreparable impact. - Long working hours and high-temperature working environments may cause physical and mental health issues. - The visibility of safety management for contractors is lower.	Management Policies and Indicators - Implement the ISO 45001 Occupational Safety and Health Management System standards. - Regularly conduct hazard identification, risk assessment, and safety drills. - Provide health check-ups, health promotion, and anomaly tracking management mechanisms. - Inclusion of Contractors in the Safety Management System and Execution of Safety Education Before Entering the Facility. Performance Indicators - Number of Recordable Occupational Injuries (Cases) and Lost Time Injury Frequency Rate (LTIFR) (target: maintain at 0) - The participation rate of health check-ups (target: ≥99%) and the improvement rate in tracking and addressing abnormalities - Hours and participation rate of Occupational Safety Education and Training, number of contractor safety incidents Goals for FY2026 - Maintain major occupational injuries at 0 件, and LTIFR at 0. - The participation rate of employee health check-ups is ≥ 99%	GRI 403	SDG 3 、 8

Topic Name	Scope Definition (Boundary)	Positive Impact	Negative Impact	Management Policies and Indicators	Corresponding GRI Standards	Corresponding SDGs
Emissions and Pollution Management	Production plant facilities, air pollution control equipment, surrounding community environment	- The monitoring concentration of air pollution control equipment meets legal standards, reducing the environmental impact on nearby communities; there is also one case of a discrepancy in operational permit content resulting in a NT\$100,000 fine, which has been addressed. - In 2025, there was one environmental penalty with a fine of NT\$100,000, which was a non-major violation and has been addressed. - Process improvements simultaneously reduce odor and particulate emissions.	- The rubber processing generates volatile organic compounds and odors, which have an actual impact on the air quality of the surrounding community environment. - This constitutes a local but continuous impact. Pollution incidents will trigger community protests and inspections by the Manager. - The maintenance and operation costs of prevention equipment continue to increase.	Management Policies and Indicators - Install and regularly maintain air pollution control equipment to ensure processing efficiency. - Regularly outsource the testing of emission concentration, and report the data in accordance with the law. - Establish community communication channels and respond immediately to complaints. - Prioritize process improvements over end-of-pipe treatments to reduce pollutant generation at the source. Performance Indicators - The compliance rate of air pollution emission concentration with legal standards (target: 100%) - Number of environmental inspection deficiencies and penalties (target: 0 cases) - Number of community environmental complaint cases and closure rate Goals for FY2026 - The compliance rate of air pollution emission concentration with legal standards 100% - Number of environmental inspection deficiencies and penalties: 0 cases. - Closure rate of community environmental complaint cases 100%	GRI 305	SDG 11、12
Circular Economy	Product design, production processes, upstream in the supply chain, downstream customers, and recycling systems.	- Green circularity of conveyor belt edge trim, with waste rubber recycling and reprocessing reaching 521 metric tons per year. - Thermoplastic composite materials can be repeatedly processed and recycled into pellets, giving rise to new industrial processing models. - The ratio of green products to total purchases is 32.98%, and the Circular Economy is our company's core competitive advantage.	- The linear production model will accelerate the depletion of virgin rubber and petrochemical raw materials. - The product may become an environmental burden at the end of its life cycle. - High barriers to implementing circular design; requires cross-department and customer coordination; the stability of recycled material quality affects customer trust.	Management Policies and Indicators - Promote waste recycling and reuse processes, increasing the ratio of recycled rubber and recycled material usage. - Use modular and detachable design, extend product life and increase resource reuse. - Cooperate with downstream customers to establish recycling mechanisms - Plan for the low-carbon rubber belt to obtain Cradle to Cradle (C2C) certification. Performance Indicators - Waste rubber recycling and reprocessing quantity (521 metric tons in 2025) - The ratio of recycled rubber to total purchases (6.82% in 2025, Short-term goal 10%) - The ratio of green products to total purchases (32.98% in 2025, Long-term goal 60%) Goals for FY2026 - Waste rubber recycling and reprocessing quantity $\geq$ 530 metric tons - The ratio of recycled rubber to total purchases rising back to 8% - The ratio of green products to total purchases is $\geq$ 35%.	GRI 301、306	SDG 9、12

Topic Name	Scope Definition (Boundary)	Positive Impact	Negative Impact	Management Policies and Indicators	Corresponding GRI Standards	Corresponding SDGs
Waste Management	Production process, waste temporary storage area, qualified removal and treatment agencies	- Waste rubber recycling and reprocessing reaching 521 metric tons, significantly reducing the final disposal quantity. 100% of general industrial waste is entrusted to legally certified agencies for processing. - Resource reuse reduces processing costs and creates added value.	- Total waste in 2025 is 562.65 metric tons. Rubber waste is not easily biodegradable and, if landfilled, will result in a long-term environmental burden. - If the entrusted processing agency illegally disposes of waste, responsibility will ultimately fall back on the Company. - The cost of waste removal and disposal is increasing year by year.	Management Policies and Indicators - Establish a waste classification, temporary storage, and reporting management system. - Prioritize source reduction and resource reuse. - Regularly audit the legality and processing flow of entrusted removal and treatment agencies. - Promote the Long-term Goal of Zero Landfill for Waste Performance Indicators - Total Waste and Unit Value Waste Generation - Waste recycling rate (medium-term target: 85%) and landfill ratio (medium-term target: $\leq 5\%$) - Completion rate of audits for external processing agencies (target: 100%) Goals for FY2026 100% of general industrial waste legally outsourced for processing - Completion rate of audits for external processing agencies 100% - Establish baseline data for waste recycling rates.	GRI 306	SDG 12
Information Security and Customer Privacy	Information department, all employees, customer data and product specifications, supply chain system integration	- Maintain zero major information security incidents and a record of zero customer data leaks. - Consolidate international customers' trust in the Company's ability to protect business secrets. - Stable information systems support production scheduling and delivery commitments.	- The leakage of customer product specifications and commercial secrets will cause damage to customers and erode their trust, and once the data is leaked, it cannot be recovered. - Manufacturing industry OT/IT integration faces new types of cyber threats. - Ransomware attacks may cause production system shutdowns.	Management Policies and Indicators - Formulate information security policies and customer privacy protection standards. - Regularly Conduct Employee Information Security Awareness Training and Social Engineering Drills - Strengthen backup mechanisms and disaster recovery drills. - Implement the ISO 27001 Information Security Management System standards. Performance Indicators - Number of major information security incidents (target: 0 cases) - Number of customer data leak incidents (target: 0 cases) - Information Security Education and Training Completion Rate, Number of System Backup Drill Executions Goals for FY2026 - Major information security incidents: 0 cases, Customer data leaks: 0 cases. - Information Security Education and Training Completion Rate 100%	GRI 418	SDG 16



Topic Name	Scope Definition (Boundary)	Positive Impact	Negative Impact	Management Policies and Indicators	Corresponding GRI Standards	Corresponding SDGs
Climate-related risks and opportunities	Board of Directors, management team, various operational departments, upstream and downstream value chains, investors and financial institutions	- Completed the voluntary advance disclosure of TCFD and IFRS S1/S2, establishing disclosure capabilities in line with international standards. - Low-carbon transition creates market opportunities for green products, with a Long-term goal of achieving a 50% green revenue percentage. - The solar self-generated and self-consumed generates approximately \$42,000 per year.	- Scenario simulations for a shadow carbon price, with potential carbon costs of approximately 2,240,000 per year, are for decision-making reference only and are not actual carbon fees payable. - Raw material suppliers increase prices in response to carbon taxes, driving up procurement costs. - Currently, financial quantification in this phase is mostly of a preliminary estimation nature and has not yet been verified by third parties, posing a low risk of underestimation.	Management Policies and Indicators - Establish governance, strategy, risk management, and metrics and targets mechanism according to the four pillars of TCFD. - Conduct climate scenario analysis to identify transition risks and physical risks. - In the medium-term, establish a methodologically-based quantitative financial model to replace the current estimation. - Plan to obtain SBTi science-based reduction target recognition. Performance Indicators - Number of identified climate-related risks and opportunities items and quantitative coverage rate. - Scenario simulation value for a shadow carbon price - The revenue percentage of low-carbon products, and the submission progress of the SBTi targets. Goals for FY2026 - Complete the planning for establishing a quantitative financial model for Climate Change. - Scenario simulation value for a shadow carbon price $\leq 10\%$ - Initiate SBTi target-setting operations.	GRI 201-2	SDG 13

3-6 Short-term Goals for the 12 Material Topics in FY2026

To fulfill the GRI 3-3 requirement for "setting subsequent year goals for each material topic," the Company has established quantitative or qualitative goals for the 12 Material Topics for 2026 (short-term). These goals are based on the actual performance in 2025 as documented in "1-4 ESG Sustainability Performance" in this report and will serve as the basis for tracking the achievement rate in the following year.



Material Topics	2025 Base Year	Short-term goals for FY2026
Climate Change Response	Scope I + II emissions 7,462.184 metric tons CO ₂ e	Emissions decreased by an additional 3% compared to 2025; completed preliminary inventory of major Category III.
Energy and Greenhouse Gas Management	The renewable energy proportion is 3.2%, and the intensity is 48.51 GJ / Million NT\$ Revenue.	The renewable energy proportion is enhanced to 4.5%; Energy Intensity decreased by an additional 2%.
Product Safety Management	Product safety incidents 0 cases.	Maintain the number of product safety incidents at 0 cases; product regulatory compliance testing pass rate 100%.
Compliance with Laws and Regulations	Zero major violations; one general regulatory penalty (fine of 100,000 NT\$, improvements have been completed)	Zero major violations; zero general regulatory penalties; Compliance with Laws and Regulations Education and Training Completion Rate 100%
Sustainable Supply Chain Management	Suppliers Code of Conduct Signing Rate (%) 92%	Suppliers Code of Conduct Signing Rate (%) enhanced to 95%; Complete 100% of key suppliers' ESG self-assessment questionnaires.
Hazardous Substance Management	Hazardous substance testing pass rate 100%	Maintain a 100% pass rate; complete the comprehensive update of the chemical inventory and SDS.
Occupational Health and Safety	Recordable occupational injuries: 0 cases; LTIFR: 0; employee health examination completion rate: 99%.	Maintain zero occupational accidents; implement the requirements of ISO 45001.
Emissions and Pollution Management	The air pollution emission testing complies with legal standards; there was one environmental penalty (fine of NT\$100,000, non-major violation, which has been addressed).	Maintain emission Compliance with Laws and Regulations, zero penalties; Closure rate of community environmental complaint cases 100%
Circular Economy	Waste rubber reprocessing 521 metric tons, green product percentage 32.98%.	Waste rubber reprocessing volume is enhanced; The ratio of green products to total purchases rising back
Waste Management	Total waste 562.65 metric tons, 100% legally processed	Completion rate of audits for external processing agencies 100%; enhance the ratio of resource recycling and reuse.
Information Security and Customer Privacy	Major information security incidents: 0 cases, Customer data leaks: 0 cases.	Maintain zero incidents; Information Security Education and Training Completion Rate 100%
Climate-related risks and opportunities	Completed the voluntary disclosure of TCFD and IFRS.	Initiate the establishment of a quantitative financial model for Climate Change; expand Scope III disclosure.

Note 1: The aforementioned short-term goals are set directionally, and their quantitative values are confirmed upon approval by the Steering Sustainability Committee and the Board of Directors. The medium and Long-term goals and advancement timelines are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy."

Note 2: The 12 material topics in this table are identified according to the GRI 3-1 and 3-2 principles of impact materiality. The impact assessment covers four dimensions: scale, scope, Irremediability, and likelihood, distinguishing between actual and potential types of impact.

Note 3: The short, medium, and long-term goals and advancement timelines for each material topic are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy." The authoritative source of all performance data is the 2023-2025 ESG Key Performance Indicators provided in "1-4 ESG Sustainability Performance."

3-7 Measures to Remedy Negative Impacts and Effectiveness of Implementation

During the process of identifying material topics, the Company not only evaluates potential positive impacts but also analyzes possible negative impacts and develops corresponding remedial plans. Through the establishment of systematic mechanisms and performance tracking, risks are effectively managed and improved. The following outlines the remedial strategies for each material topic and the evaluation results of their implementation effectiveness:



Material Topics	Key Negative Impacts	Remedial Measures	Effectiveness Evaluation
Climate Change Response	Process emissions have an irreversible impact on the climate; carbon fees and CBAM raise operating costs.	- Complete the identification of risks and opportunities according to TCFD and report to the Board of Directors. - Establish an internal carbon pricing mechanism and incorporate carbon costs into investment assessments. - Promote low-carbon processes and green energy conversion to reduce emissions from the source.	By 2025, emissions will be reduced by 10.5% compared to the base year, and emission intensity will improve by 12.7%, indicating that the reduction effectiveness is due to substantial improvements in process efficiency.
Energy and Greenhouse Gas Management	The energy-intensive manufacturing processes cause ongoing carbon emissions; the initial cost of energy-saving investments is high.	- Implement the ISO 50001 Energy Management System standards and ensure continuous operation. - Build electricity monitoring systems to identify and prioritize the replacement of high energy-consuming equipment. - Expand self-consumption of solar photovoltaics and procurement of green energy certificates.	Energy Intensity improved by 7.3% compared to 2023, and the renewable energy proportion increased from 0% to 3.2%.
Product Safety Management	Product failure may lead to personal injury for downstream users; Product defects leading to recalls or complaints and litigation.	- Establish product testing SOPs and QC process; strengthen pre-shipment inspection. - Establish product history tracking to quickly trace batches in case of anomalies. - Implement rapid recall mechanisms and conduct regular drills.	In 2025, product safety incidents 0 cases; declining complaint rate; product regulatory compliance testing pass rate 100%.
Compliance with Laws and Regulations	Violating environmental, labor, or competition regulations will lead to shutdowns, fines, and damage to reputation.	- Establish a regulatory inventory checklist and update it regularly to track amendments and developments. - Each department conducts autonomous compliance audits and reports on deficiency improvements. - Appoint external professional organizations to assist with cross-border compliance issues.	Zero major violations in 2025; one general regulatory penalty (fine of NT\$100,000, improvements have been completed), Compliance with Laws and Regulations Education and Training Completion Rate reached 100%.
Sustainable Supply Chain Management	Supplier violations of environmental or human rights standards may damage the Company; supply chain disruptions will affect delivery schedules.	- Require suppliers to sign the codes of conduct and incorporate them into purchase contract terms. - Build supplier database and risk classification, strengthen source diversification. - Conduct on-site audits for key suppliers and provide guidance for improvement.	By 2025, the Suppliers Code of Conduct Signing Rate (%) reaches 92%, with no major supplier violations, and zero supply chain disruptions.
Hazardous Substance Management	Improper management of chemical additives may cause irreversible toxic impacts on operators, users, and the environment.	- Establish a chemical inventory and Safety Data Sheet (SDS) Management System and update it regularly. - Require suppliers to provide certifications of no hazardous substances and regularly outsource testing. - Set up designated chemical storage areas and spill response equipment.	Product hazardous substance testing pass rate 100% in 2025; Chemical spill incidents 0 cases.

Material Topics	Key Negative Impacts	Remedial Measures	Effectiveness Evaluation
Occupational Health and Safety	High-temperature vulcanization and equipment operation may cause permanent injury or death to personnel, constituting an irreparable impact.	- Conduct hazard identification and risk assessment, and install protective devices for high-risk operations. - Conduct annual safety drills and education and training. - Provide health check-ups, health promotion, and anomaly tracking management mechanisms.	In 2025, the Number of Recordable Occupational Injuries (Cases) is 0, the Lost Time Injury Frequency Rate (LTIFR) is 0 (with total working hours of 248,059), and the participation rate of employee health check-ups reach 99%.
Emissions and Pollution Management	The rubber processing generates volatile organic compounds and odors, which have an actual impact on the air quality of the surrounding community environment.	- Install and regularly maintain air pollution control equipment to ensure processing efficiency. - Regularly outsource the testing of emission concentration, and report the data in accordance with the law. - Establish community communication channels and respond immediately to complaints.	In 2025, the air pollution emission testing complies with legal standards; there was one environmental penalty with a fine of NT\$100,000, which was a non-major violation and has been addressed.
Circular Economy	The linear production accelerates resource depletion; inconsistent quality of recycled materials affect customer acceptance.	- Test materials before reuse; ensure stable quality. - Communicate the specifications and scope of application of recycled materials with customers. - Promote detachable design and the establishment of recycling mechanisms.	In 2025, waste rubber recycling and reprocessing will reach 521 metric tons, the ratio of green products to total purchases will be 32.98%, and customer acceptance will be stably enhanced.
Waste Management	Rubber waste is not easily decomposable; the risk of liability for illegal disposal by entrusted agencies.	- Establish a waste classification, temporary storage, and reporting management system. - Prioritize source reduction and resource reuse. - Regularly audit the legality and processing flow of entrusted removal and treatment agencies.	Total waste in 2025 is 562.65 metric tons, 100% of general industrial waste is legally processed, with no illegal disposal incidents.
Information Security and Customer Privacy	The leakage of customer secrets cannot be recovered; ransomware attacks may cause production system shutdowns.	- Formulate information security policies and conduct employee information security awareness training. - Establish a firewall, antivirus, and access control mechanism. - Regularly conduct backup and disaster recovery drills.	Zero major information security incidents and zero customer data leaks in 2025; Information Security Education and Training Completion Rate reached 100%.
Climate-related risks and opportunities	The carbon fees and supply chain carbon costs drive up operating expenses; financial quantification has not yet been verified by third parties.	- Conduct scenario analysis according to TCFD and report to the Board of Directors for review. - Establish an internal carbon pricing mechanism and proactively reflect carbon costs in investment decisions. - Plan to implement a quantitative financial model and obtain external verification.	In 2025, completed the voluntary disclosure of TCFD and IFRS S1/S2, with the impact of carbon pricing incorporated into financial planning; establishing the quantitative model is categorized as a Medium-term task.

The Company reviews the effectiveness of implementing the aforementioned remedial measures annually and reports to the Steering Sustainability Committee. If any measures are found to be ineffective or if impact conditions change, management guidelines will be adjusted promptly. The items currently needing further enhancement include the establishment of quantitative financial models for climate and nature-related risks and the extended implementation of on-site ESG audits for suppliers. The company has incorporated these into the Medium-term (FY2027~2031) work plan. The related timelines are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy."

3-8 Feedback Channels and Procedures

The Company places great importance on stakeholder feedback and suggestions regarding material topics. A diverse and institutionalized mechanism has been established to collect and manage input, ensuring that all opinions are effectively received, analyzed, addressed, and integrated into management improvements. The primary channels and procedures for suggestion submission and handling are as follows:

a

Suggestion Channels

Stakeholder Type	Suggestion Channels	Description and Recordkeeping Method
Internal Employees	- Employee suggestion box - Employee meetings - Feedback via email	Suggestions are regularly compiled and reviewed by HR or relevant department heads for resolution
Suppliers and Partners	- Procurement Contact Window - Business Contact Point	Proposals and complaints are handled centrally by the procurement department
Customers and end users	- Customer Service Hotline / Customer Service Email - Satisfaction surveys	Establish a CRM system to automatically record processing statuses and response records.
General Public	- Company website email suggestion box - ESG Sustainability Questionnaire	Regularly review feedback and project evaluation by the ESG Committee.
Investors and Institutions	Investor conferences or investor relations email	The Chief Financial Officer's designated contact point centrally consolidates and handles.

b

Handling Procedure

- **Receipt and Documentation:** Suggestions received through various channels are documented by designated contact points and categorized as “General Suggestion / Operational Suggestion / ESG-related Suggestion / Complaint or Incident Report.”
- **Forwarding for Review:** The Sustainability Office or external liaison conducts initial classification and forwards the suggestions to relevant departments for evaluation.
- **Discussion and Response:** Cross-functional meetings are convened to assess feasibility and formulate preliminary improvement plans.
- **Reply and Implementation:** Based on the type of suggestion, an official response is provided by the designated contact or department head. Significant suggestions are included in the annual improvement action plan.
- **Follow-up and Effectiveness Review:** The Steering Sustainability Committee tracks the implementation status of adopted suggestions on a quarterly basis, with key items incorporated into ESG KPI monitoring where necessary.

c

Institutionalized and Transparent Management

- All suggestions are assigned tracking numbers, with documented responses and quarterly consolidated analyses.
- Statistics and progress on suggestions are disclosed annually in the ESG Sustainability Report.
- Major or recurring suggestions are escalated by the ESG Committee to the Board of Directors for deliberation as key issues.

Corresponding GRI Standards: GRI 2-16, GRI 2-29, GRI 3-3, GRI 3-4

Corresponding SDG Goals:

SDG 16 Peace, Justice and Strong Institutions, SDG 17 Partnerships for the Goals

04

Governance Aspects

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4-1 Economic Performance

4-1-1 Operational Performance

2025 HYC Financial Performance	
Total Assets	3,805,519 thousand
Liability Percentage	17%
Equity Percentage	83%
Direct Economic Value Generated	
Operating Revenue	1,596,478 thousand
Economic Value Distributed	
Operating Costs	962,173 thousand
Employee Compensation & Benefits	121,731 thousand
Payments to Capital Providers (Cash Dividends)	389,960 thousand
Payments to Government (Taxes)	88,892 thousand
Social Welfare Investment Amount	1,529 thousand

The Company's net operating revenue for FY2025 was NT\$1,596,478 thousand, representing a 9% increase compared to NT\$1,466,396 thousand in FY2024. Operating profit for FY2025 was NT\$497,794 thousand, up 12% from NT\$444,086 thousand in FY2024.

Compared to the same period last year, revenue increased by 9%, mainly due to increased sales in Europe, Asia, and domestic markets. Gross profit and operating profit saw slight growth compared to the same period last year, influenced by product mix and effective expense control.

Unit: NT\$ thousand

Year Item	FY2025	FY2024	Increase (Decrease)
Net Operating Revenue	1,596,478	1,466,396	9%
Operating Costs	(962,173)	(877,128)	10%
Gross Profit	634,305	589,268	8%
Operating Expenses	(136,511)	(145,182)	(6%)
Operating Profit	497,794	444,086	12%
Non-operating Income (Expense)	61,053	52,750	16%
Profit Before Tax	558,847	496,836	12%
Income Tax Benefit (Expense)	(107,851)	(98,609)	9%
Net Income After Tax	450,996	398,227	13%
EPS After Tax	5.78	5.11	13%

4-1-2 Financial Income, Expenses, and Profitability Analysis:

Item		FY2025	FY2024
Financial Structure (%)	Debt-to-Asset Ratio	17	17
Solvency (%)	Current Ratio	587	707
	Quick Ratio	515	643
Profitability (%)	Return on Assets (ROA)	12	11
	Return on Equity (ROE)	14	13
	Net Profit Margin	28	27
	Earnings Per Share (EPS) after Tax (NT\$)	5.78	5.11 TWD

4-1-3 Financial Subsidies

In 2025, the Company received a total of NT\$233,000 in subsidies from government-related agencies, primarily including Labor Insurance Bureau subsidies for maternity inspections, exhibition subsidies, and on-site health service subsidies.

4-2 Tax

4-2-1 Tax Policy

HYC is committed to not using tax havens or low-tax jurisdictions to evade tax obligations and rejects any profit shifting through special structures or unconventional transactions.

4-2-2 Tax Governance System

HYC has established a sound tax governance system. As of the date of publication, the Company has no domestic or overseas subsidiaries or affiliated enterprises. The Board of Directors serves as the highest management unit for tax affairs, periodically reviewing tax compliance status and updates to tax laws to effectively manage risks and stay informed on global tax trends in response to international developments.

In addition, the Company conducts internal professional exchange meetings to share practical tax knowledge, enhance employee expertise, and establish a knowledge transfer mechanism to ensure the effective continuity of tax-related know-how.

4-2-3 Communication and Management of Stakeholder Tax Issues

HYC actively engages with stakeholders through multiple channels and aligns with international tax initiatives. By taking concrete actions to support tax reform, the Company is committed to collaboratively building a fair and sound tax environment.



Caption : Comprehensive Income Tax Filing Advocacy



4-2-4 Government Agencies

In 2025, the Company participated in tax-related seminars and briefings organized by regulatory authorities to stay updated on the latest legislative developments. When encountering gray areas in the application of tax regulations, the Company proactively consulted with tax authorities and certified public accountants to ensure tax compliance and transparency, thereby reducing tax risk and upholding its reputation for integrity.

4-2-5 Investors

The Company's independent directors possess expertise in accounting and tax, and the outcomes of tax governance are reviewed by the Board of Directors every six months. The Company discloses financial reports, the reasons for changes in effective tax rates, and other relevant tax information to investors via its official website, ensuring transparency and continuously strengthening trust and communication with investors.

4-2-6 Annual Tax Payment Status

In 2025, HYC's pre-tax net income and income tax payments in each global tax jurisdiction are as follows:

Unit: NT\$ thousand

Country	Operating Revenue	Net Profit Before Tax	Income Tax Expense	Effective Tax Rate	Income Tax Paid in the Period	Current Tax Effective Tax Rate
Taiwan	1,596,478	558,847	107,851	20%	83,299	20%

4-3 Ethical Corporate Management

4-3-1 Philosophy, Policies, and Code of Conduct for Ethical Corporate Management

a

Ethical Corporate Management

The Company has formulated the Ethical Corporate Management policies with reference to the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies,” establishing preventive measures and post-incident remediation systems for specific risks. An independent supervisory unit is in place to follow up on the handling of subsequent events to ensure that the Company can achieve the standards and objectives of ethical corporate management.

To ensure that employees, suppliers, and other stakeholders understand the Company's ethical corporate management policy, the Company implements a series of measures and management mechanisms. These include requiring relevant stakeholders to sign documents and utilizing emails, newsletters, meetings, and training sessions to promote the ethical corporate management code. The Company also conducts due diligence on suppliers to review and select partners that meet ethical corporate management standards.

Role	Timing	Required Signed Documents	Signing Rate
New Employees	At the time of onboarding	Conflict of Interest Declaration, Employee Code of Conduct Statement and Commitment, Fulfillment of Confidentiality Obligations	100%
Current Employees	Annually	Conflict of Interest Declaration, Employee Code of Conduct Statement and Commitment, Fulfillment of Confidentiality Obligations	100%
Governance unit and management level	Annually	Integrity Statement, Code of Conduct Statement and Commitment, Insider Trading Prevention, Fulfillment of Confidentiality Obligations	100%
New suppliers	Before signing the contract	Code of Conduct Statement and Commitment, Anti-Corruption (Prohibition of Bribery) Code, Respect for Intellectual Property Rights, Fulfillment of Confidentiality Obligations, Fair Competition and Anti-Trust	100%
Existing suppliers	At the time of signing the contract	Code of Conduct Statement and Commitment, Anti-Corruption (Prohibition of Bribery) Code, Respect for Intellectual Property Rights, Fulfillment of Confidentiality Obligations, Fair Competition and Anti-Trust	92%

b

Independent Communication Channels

The Company has established independent communication channels, including dedicated phone lines, a website, a designated email address (hyc@hyc-king.com), and physical suggestion boxes. Employees, suppliers, or other stakeholders who suspect violations of the ethical corporate management policies can report anonymously through these channels. Questions or concerns regarding the Company's ethical corporate management policies can also be submitted via these channels. Upon receiving a report or inquiry, a dedicated unit must handle the issue according to standard procedures and regularly report the handling status to the complainant or inquirer. For whistleblowing cases, an investigation will be conducted on the reported content and related evidence. If the case involves directors or senior managers, the matter must be reported to the independent directors.

c

Standard Handling Procedure for Complaints and Whistleblowing Cases



Acceptance

Upon receiving a complaint or report, the dedicated unit verifies the completeness of the information and formally registers the case.



Investigation

An independent investigation team will be formed to conduct a thorough investigation, including evidence collection and interviews with relevant personnel.



Handling

If the investigation confirms that the reported person has violated applicable laws or the Company's policies and regulations on ethical corporate management, disciplinary actions will be taken according to the severity of the violation, such as termination of employment or business contracts.



Improvement

Improvement measures will be developed and implemented based on the root causes of the incident to prevent similar incidents from recurring.



Feedback

The investigation results and handling status are regularly reported to the complainant or inquirer, and a report is presented to the Board of Directors.

4-3-2 Ethical Governance

a Establish a Risk Assessment Framework

Item	Description
Assessment Subjects	All operational sites (offices, factories, etc.)
Assessment Frequency	At least annually, or when there are significant changes (e.g., entering a new market)
Assessment Method	Questionnaire survey, interviews, internal audit

b Assessment Criteria (Suggested to conduct according to the following aspects)

Aspect	Problem
Business Nature Risk	Does it involve high-risk activities (such as government tenders, procurement, construction, large-scale projects)?
Counterparty Risk	Is there frequent interaction with public sector entities or political figures? Is there a high ratio of agents or intermediaries?
Internal system risk	Is there a lack of internal audit, procurement tendering, and conflict of interest control systems?
Financial flows and transaction risks	Are there opaque financial flows, frequent cash transactions, or high amounts of unexplained fees?

c Assessment Method

Aspect	Problem	Problem
Questionnaire survey	Managers at each operational location conduct self-assessments of corruption risk.	Use a risk rating scale of 0 to 5
Document Review	Audit reports, contracts, supplier records, etc.	Cooperate with the Compliance with Laws and Regulations/Legal Department
On-site visits	Conduct spot checks or audits on high-risk locations.	Special attention to new markets and sensitive industries.
Third-party Analysis	Engage consultants to use professional evaluation models.	If necessary

d Independent Communication Channels

The Company regularly conducts corruption risk assessments. In 2025, 100% of operational sites conducted corruption risk assessments and identified two items with corruption risk, namely:



Financial
Unit

Employees may exploit their positions by engaging in corruption through invoice forgery, false reimbursement, or unauthorized fund transfers.



Procurement
units

The procurement department frequently engages in transactions with external suppliers and contractors, and some procurement decisions lack transparency, making them susceptible to bribery from suppliers.

To address these risks, the Company has strengthened internal control measures, including implementing rigorous audit procedures, enhancing transparency, increasing employee training, and establishing internal reporting mechanisms to prevent and reduce the occurrence of corrupt practices.

e Anti-Corruption Implementation and Evaluation Survey

The Company conducts regulatory compliance reviews every six months to assess the appropriateness and effectiveness of its code of conduct regulations. In 2025, the Company conducted a 100% compliance review and monitoring of operational sites, strengthening internal control management mechanisms to ensure compliance and the implementation of ethical corporate management. At the same time, in accordance with past practices, we conduct company-wide operational checks to ensure compliance with operational codes and related laws. Enhanced preventive measures are implemented for potential risks such as anti-corruption and insider trading, with regular on-site inspections and audits carried out. The audit results have been reported to the Board of Directors and supervisors to ensure that relevant activities comply with legal regulations and ethical corporate management policies and that corrective actions are taken in a timely manner.

f

Anti-Corruption Training

The Company regularly reinforces the concept of ethical corporate management through public commitments, information dissemination, and education and training. The initiatives target board members, all employees, suppliers, and contractors, shaping a corporate culture of integrity.

Items Executed in 2025:

- 1 On July 21, 2025, the Company conducted a test on insider trading prevention and compliance with laws and regulations in ethical corporate management, with a total of 73 participants.
- 2 On August 1, 2025, the Company held an internal education and training on topics related to ethical corporate management during the monthly meeting for all employees, including promotion of insider trading prevention and compliance with laws and regulations, with a total of 68 participants.



Caption : Insider Trading Prevention Education and Training

Suppliers and contractors: The company requires all suppliers and contractors to sign the Suppliers Code of Conduct, which includes items related to ethical corporate management.

g

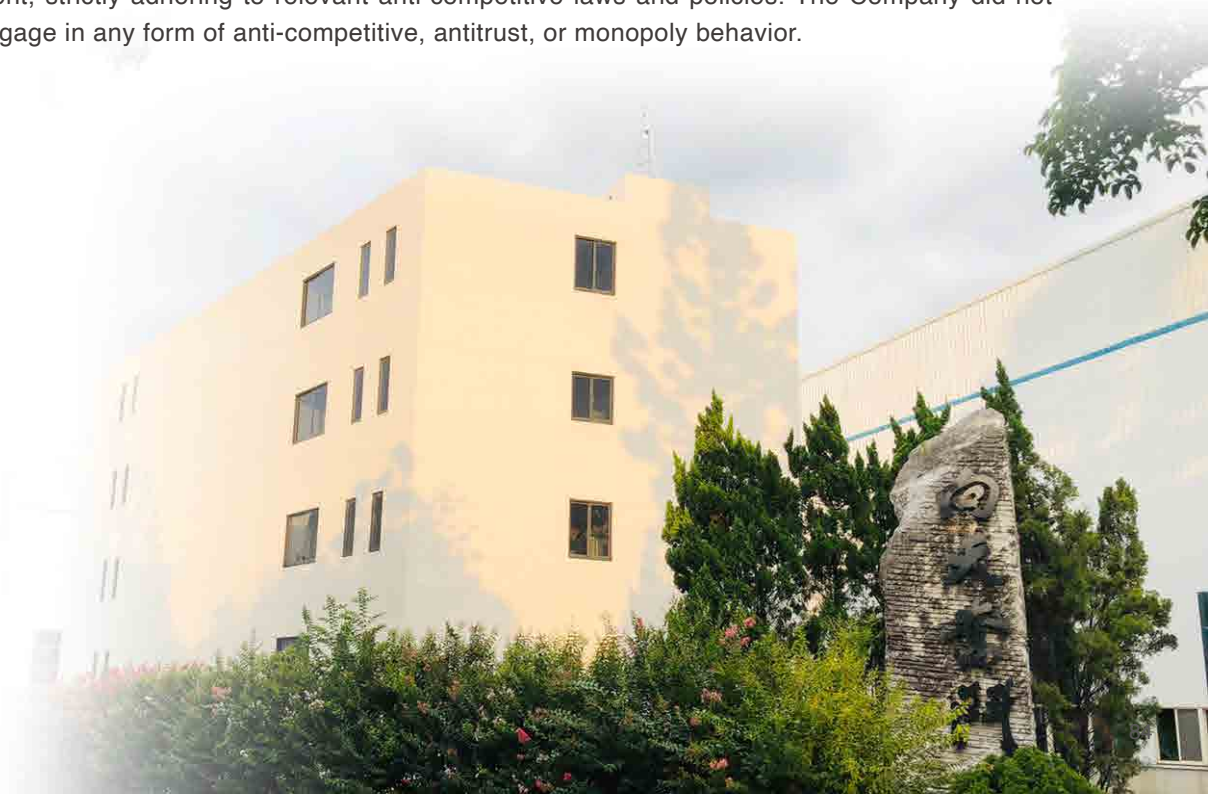
Handling of Corruption Incidents

In 2025, no anti-corruption incidents occurred throughout the year.

4-3-3 Anti-Competitive Behavior

Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices

In FY2025, the Company was committed to maintaining a fair and competitive market environment, strictly adhering to relevant anti-competitive laws and policies. The Company did not engage in any form of anti-competitive, antitrust, or monopoly behavior.



4-4 Communication Channels and Grievance Mechanism

Measures to Remedy Negative Impacts and Effectiveness of Implementation

To promptly mitigate negative impacts on stakeholders or business operations, the Company has established grievance mechanisms for various issues. When stakeholders identify potential or actual negative impacts, they may report them to the responsible unit. Upon receiving a grievance, the responsible unit must respond promptly and formulate appropriate counter-measures. The following outlines the grievance mechanisms corresponding to each material issue:

4-4-1 Occupational Incidents

Grievance Channel	Employees: Occupational injury emergency contact hotline Non-employees: Occupational injury emergency contact hotline
Grievance Handling Procedure	The Company has established an occupational injury grievance, reporting, and handling mechanism. When employees encounter or discover occupational accidents, near-miss incidents, or workplace hazards, they can immediately report them to their supervisors, safety personnel, or the Administration Department. Upon receiving a grievance, the safety personnel immediately document the content, ensure the complainant's safety, prioritize emergency first aid, medical transport, and onsite safety control, and carry out statutory notifications as required. The relevant departments immediately initiate an investigation, gather evidence and information to clarify the course and root cause of the incident, based on which corrective and preventive measures are formulated. The handling result is then communicated back to the complainant. The Company provides legal occupational incident compensation, medical assistance, psychological support, and work resumption assessment. It continuously tracks the progress of improvements and the effectiveness of implementation, thoroughly preserves handling records for future reference, and ensures the privacy of complainants. Any retaliation or adverse action is strictly prohibited.
Corrective Actions	(1) Immediately stop dangerous operations, implement onsite control and hazard isolation, and prevent the accident from escalating. (2) Provide emergency first aid, medical transport, healthcare, and necessary psychological support. (3) Handle occupational incident reporting, occupational injury compensation, insurance benefits, and related leave according to the law. (4) Investigate the cause of the accident, preserve on-site information, and complete the accident investigation report. (5) Improve machinery and equipment, safety protection facilities, working environment, and standard operating procedures. (6) Strengthen employees' safety and health education and training, hazard communication, and emergency response drills. (7) Conduct hazard identification and risk assessment again, and formulate corrective and preventive measures. (8) Conduct return-to-work assessments, job adjustments, or job redesign based on the health status of affected employees. (9) Regularly monitor the corrective actions and the recovery progress of the affected employees to verify the effectiveness of the improvements. (10) Ensure the privacy of complainants and reporters, prohibiting any retaliation or adverse action.
Grievance Hotline/Email	049-2263888 #136 Ching-Chuan Chen

4-4-2 Workplace Bullying

Grievance Channel	Anyone who witnesses or hears of a workplace bullying incident should immediately notify the Company's grievance handling unit.
Grievance Handling Procedure	The Company is committed to creating a respectful, friendly, and workplace bullying-free work environment to protect the physical and mental health, employment rights, and personal privacy of all employees and workers. The company has issued a written statement prohibiting workplace bullying, which all employees are required to read thoroughly and sign to confirm their understanding and commitment to the responsibility of prevention and reporting. Anyone who witnesses, hears, or experiences a suspected workplace bullying incident can file a complaint through the Grievance Hotline, grievance email, or directly at the dedicated window of the grievance handling unit. Once a case is accepted, the Company will conduct an investigation based on the principles of objectivity, impartiality, fairness, confidentiality, and Conflict of Interest Avoidance. It ensures the rights of the parties involved to make statements, appeal, and be free from retaliation or adverse action, and provides isolation, legal consultation, medical, or psychological support as needed. If verified, protective, corrective, or disciplinary measures will be taken according to the circumstances; for serious cases that meet legal requirements, the employment contract will be handled according to the law. The effectiveness of corrective actions will be continuously monitored to prevent similar incidents from recurring.
Corrective Actions	(1) Immediately isolate or adjust the workplace, duties, and contact methods of the involved parties to prevent the incident from recurring. (2) Provide legal consultation, medical assistance, psychological counseling, and employee care support resources. (3) Protect the privacy of complainants and related personnel, prohibiting retaliation or any other adverse action. (4) Require the offender to cease inappropriate behavior, make a formal apology, or undergo counseling and education and training. (5) Depending on the circumstances of the incident and company regulations, measures such as warnings, demerits, job transfers, or termination of the employment contract will be taken. (6) Assist in restoring working relationships and the atmosphere of teamwork, conducting departmental communication and care if necessary. (7) Continuously track the physical and mental health as well as the work status of the involved parties to ensure the effective implementation of remedial and disciplinary measures. (8) Review the management system, grievance process, and workplace risks, and take corrective actions to prevent similar incidents from recurring.
Grievance Hotline/Email	ddt@hyc-king.com 049-2263888 #131 Manager Feng-Yi Lin, Administration Dept.



4-4-3 Sexual Harassment in the Workplace

Grievance Channel	Anyone who witnesses or hears of a workplace sexual harassment incident should immediately notify the Company's grievance handling unit.
Grievance Handling Procedure	The Company is committed to creating a respectful, safe, and sexual harassment-free work environment. It prohibits managers, employees, job applicants, customers, and other third parties from engaging in any sexually suggestive, sexually implicit, or gender-discriminatory language, behavior, and inappropriate physical contact. The company has issued a written statement prohibiting workplace sexual harassment, which all employees are required to read thoroughly and sign to confirm their understanding and commitment to the responsibility of prevention and reporting. Anyone who witnesses, hears, or experiences a suspected workplace sexual harassment incident can file a complaint through the Grievance Hotline, grievance email, or directly at the dedicated window of the grievance handling unit. Once a case is accepted, the Company will conduct an investigation based on the principles of objectivity, impartiality, promptness, confidentiality, and Conflict of Interest Avoidance. It ensures the rights of the parties involved to make statements and appeal, and prohibits retaliation or adverse action against complainants, reporters, or those assisting in the investigation. If verified, protective, corrective, and disciplinary measures will be taken according to the circumstances; if necessary, the employment contract will be terminated according to the law. The implementation status will be continuously monitored, and through Education and Training and system review, similar incidents will be prevented from recurring.
Corrective Actions	(1) Immediately stop inappropriate behavior to prevent the incident from continuing or recurring. (2) Adjust the workplace, job Content, shift, or contact method according to the wishes of the involved parties. (3) Provide medical, psychological counseling, legal consultation, and employee care assistance. (4) Protect the roles and privacy of the parties involved and those assisting in the investigation, preventing retaliation or adverse action. (5) If verified, disciplinary measures such as warnings, demerits, job transfers, or dismissal will be taken against the perpetrator according to the circumstances. (6) Assist the victims in restoring their employment rights and improving their working environment and safety measures. (7) Strengthen sexual harassment prevention education and training for the offender, managers, and related departments. (8) Continuously track the work and physical and mental health status of the involved parties to ensure the effective implementation of remedial measures. (9) Review the grievance handling procedure, management system, and workplace risks to prevent similar incidents from recurring.
Grievance Hotline/Email	ddt@hyc-king.com 049-2263888 #131 Manager Feng-Yi Lin, Administration Dept.

4-4-4 Grievance and Suggestion Channels and Procedures

To establish a culture of integrity and transparency and to promote sound business operations, employees and stakeholders are encouraged to report any illegal or improper behavior through the designated whistleblower email or other available channels. Reports can be made against both internal staff and external individuals.



Grievance Email: ddt@hyc-king.com



Grievance Hotline: 049-2263888



Caption : Physical suggestion box

In 2025, the Company received one whistleblower case. The case did not constitute a serious violation of the Company's internal regulations. The parties involved were brought together for mediation, and both sides acknowledged the issue as a misunderstanding and agreed to resolve the matter amicably.

4-5 Risk Management

4-5-1 Risk Management Mechanism

HYC adopts a preventive approach to risk management by not only establishing a rigorous internal control system in accordance with legal requirements but also conducting regular and ad-hoc audits through the internal audit unit to ensure compliance with relevant standards. Additionally, upon approval by the Board of Directors of the Risk Management Policy and Procedures, the company comprehensively grasps the scope of risks and implements appropriate countermeasures to ensure effective management of relevant risks.

For major crises that involve cross-departmental or cross-site impacts, the General Manager or an appointed representative is responsible for leading and coordinating the response. This ensures a swift and efficient reaction to minimize potential disruptions to operations.



4-5-2 Company Risk Management Process

Management Process	Description
Risk Identification	HYC conducts comprehensive identification of risk factors across multiple domains, including strategic, operational, financial, hazard-related, and regulatory compliance, to ensure all levels of risks are included within the scope of management.
Risk Assessment	Based on business characteristics, each functional unit and regional authority is responsible for defining applicable risk scopes and conducting analysis and evaluation of risk events. This process includes: - Analyzing the likelihood and potential impact of risk events to assess their effect on company operations. - Evaluating factors that may increase or decrease specific risks, assessing potential response strategies to ensure timely handling.
Risk Control and Monitoring	HYC divides risk control and monitoring into two categories: external and internal audits: External Audit In FY2024, the Company conducted a global operational risk management maturity assessment, carried out in phases through document review and on-site interviews. Twenty indicators were evaluated across five key aspects. Internal Audit Each unit is responsible for implementing risk control related to its day-to-day operations. Special risk assessments are conducted for high-risk departments or major cross-departmental crises, with coordination and oversight by the CEO or their appointed representative. Deficiencies identified during the risk control process are corrected immediately to ensure compliance with standards.
Risk Communication	The highest-ranking risk management officer or their designated representative reports regularly to the Board of Directors, at least once a year, on the status of risk management implementation, ensuring transparency and supporting effective decision-making.

HYC 2025 Material Risk:

In response to global supply chain instability and energy price volatility, HYC has identified this as a medium-term risk and adopted the following mitigation strategies:

- Strengthened collaboration with key suppliers by establishing a two-way communication mechanism to enhance supply chain resilience.
- Introduced energy-efficient equipment and optimized energy usage strategies to reduce operational costs and exposure to risk.
- Conducted dynamic market demand analysis to allow flexible adjustments to production and sales plans.

4-5-3 Compliance with Laws and Regulations

In 2025, the Company experienced a total of 1 regulatory violation. (The materiality criterion is defined as incidents involving the core of the Company's operations and having a significant impact on its reputation or financial status.) This case involved both monetary and non-monetary sanctions.

 Location	 Violated Regulation	 Violation Description	 Type of Sanction	 Sanction Details	 Corrective Actions
HYC Plant II	Paragraph 2, Article 24 of the Air Pollution Control Act	On March 14, 2025, the Department of Environmental Management of the Ministry of Environment conducted an inspection of Plant II. It was discovered that Plant II had added one lamination vulcanizing machine and reduced one molding machine in its rubber product manufacturing process, which does not conform to the approved content of the stationary pollution source operating permit issued by this authority, thereby violating Paragraph 2, Article 24 of the Air Pollution Control Act.	Monetary Penalty and Non-Monetary Penalty	A fine of NT\$100,000 and a 2-hour environmental lecture	In the rubber product manufacturing process of Plant II, since there is no need to apply for a permit, a letter was sent to the Nantou County Environmental Protection Bureau on April 21, 2025, to cancel the permit and proceed with corrective improvements.

The Company has implemented stringent corrective measures in response to the violations to ensure similar incidents do not recur. It continues to strengthen internal management and monitoring to enhance its overall regulatory compliance standards.

4-6 Information Security Management

4-6-1 Corporate Information Security Management Policy

To prevent unauthorized access, use, control, leakage, destruction, tampering, deletion, or other compromises to information or information and communication systems and to ensure their confidentiality, integrity, availability, and regulatory compliance, the Company has established the following Information and Communication Security Management Policy to be observed by all employees:

a Information Asset Protection and Management

The company's information assets must be managed and protected according to their importance and sensitivity, and must not be accessed, used, modified, or disclosed without authorization.

b Access Control and Permission Management

System access must be authorized based on job requirements, and account and permissions management must be implemented. When personnel leave or have job changes, access permissions must be promptly adjusted or revoked.

c Continuous Operation of Information Systems

Key information systems (such as ERP and servers) must establish backup and recovery mechanisms to reduce the impact of system interruptions on production and operations.

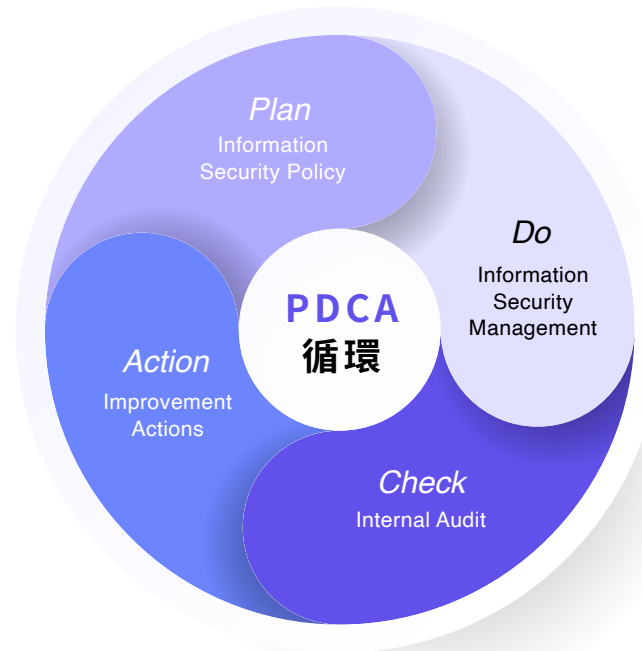
d Management of Information Security Incidents

In the event of an information security incident, it is necessary to report, handle, and improve according to established procedures, and keep records as a basis for review and prevention.

e Compliance with laws and regulatory requirements

The Company complies with regulations for listed companies, the Personal Data Protection Act, and customer contract requirements, ensuring that information security-related requirements are integrated into daily management.

4-6-2 Information Management Process Cycle



Caption : Figure | Infocomm Security Risk Management Committee PDCA Cycle

P Formulate the company's information security policies and objectives. Formulate regulations related to Information Security Management.

D Information Security Awareness and Personnel Information Security Education and Training. Asset classification, grading, and regular inventory. Risk Assessment and Risk Treatment. Information Security Equipment and Technology Implementation.

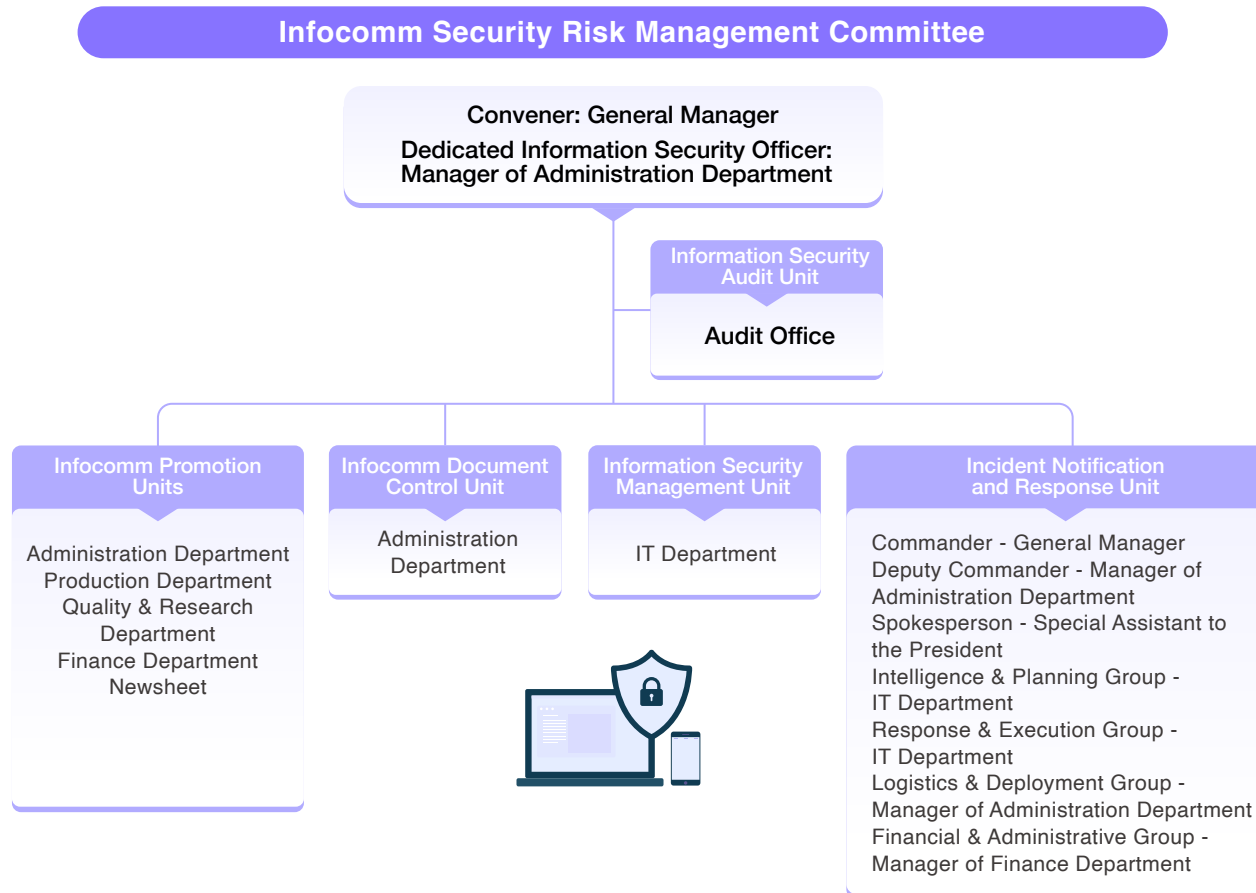
C Regular information security audits. Regularly convene management review meetings. Continuously monitor the operational status of the Information Security Management System.

A According to the audit and review results, corrective and preventive measures are adopted. Update the information security policy and procedures to prevent the Problem from recurring.



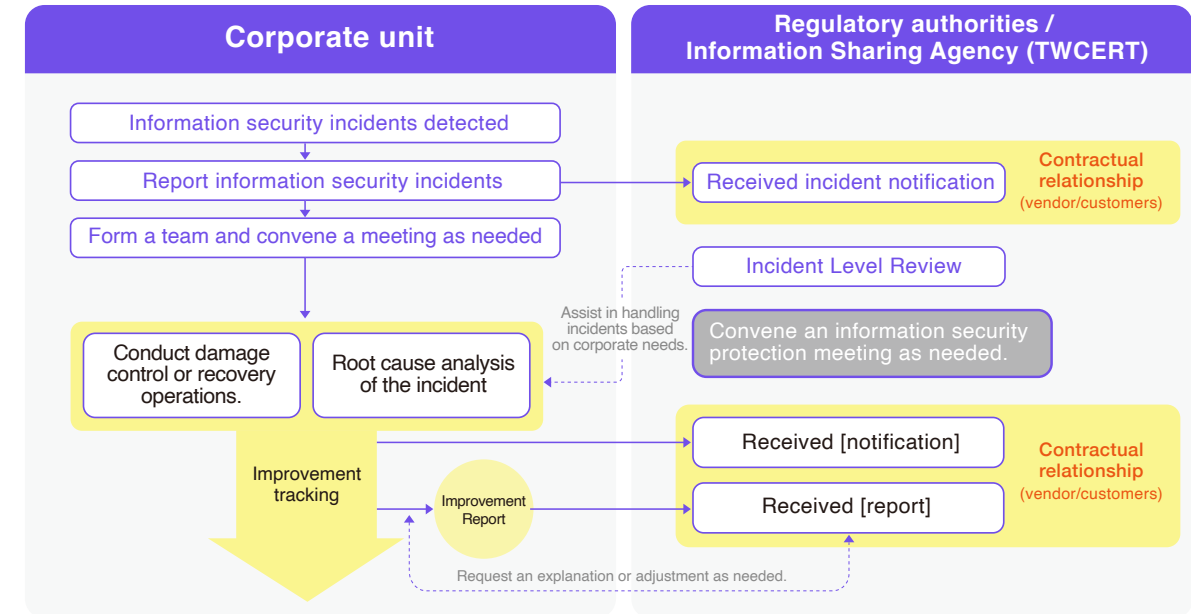
4-6-3 Information Security Management Organization

The Company established the Infocomm Security Risk Management Committee to implement the information security management system and strengthen the internal management structure for information security protection mechanisms. The committee regularly convenes management review meetings to define the Company's information security policies and annual information security objectives, and clearly delineates the functions and responsibilities of a dedicated IT department.



Caption : Organizational Structure of the Infocomm Security Risk Management Committee

4-6-4 Information Security Management Incident Reporting and Handling Procedures



Caption : Information Security Incident Notification and Response Process



Caption : Proceedings of the Information Security Management Promotion Committee Meeting

4-6-5 Specific Corporate Management Programs

To enhance information security, the Company has implemented the Information Security Management System (ISMS) to protect the enterprise's information assets and operating environment, preventing external hacker attacks and internal data leaks. Its core mission is to ensure the confidentiality, integrity, and availability (CIA Triad) of information systems and data, while maintaining the continuity of business operations. And in 2026, the Company obtained ISO 27001 Certification.



Caption : Footage of information security education training in 2025

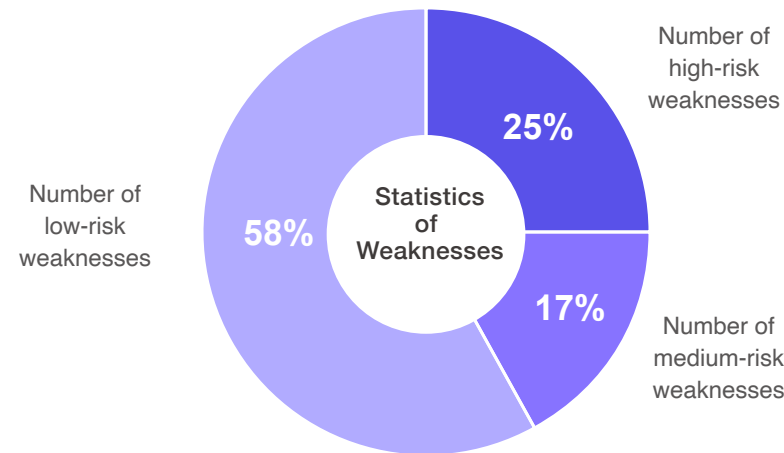


Management Measure	Implementati on Frequency	2024 Implementation Status	2025 Implementation Status
Information security training for IT system operators.	Annually	✓ Achieved	✓ Achieved
Professional information security training for personnel responsible for information security.	Annually	✓ Achieved	✓ Achieved
Social engineering drills for IT system operators.	Annually	✓ Achieved	✓ Achieved
Host vulnerability scans, with high-risk vulnerabilities controlled within six months.	Annually	✓ Achieved	✓ Achieved
Host penetration testing, with high-risk vulnerabilities controlled within six months.	Annually	✓ Achieved	✓ Achieved
Information security risk assessment.	Annually	✓ Achieved	✓ Achieved
Information security risk assessment.	Annually	✓ Achieved	✓ Achieved
Meetings of the Infocomm Security Risk Management Committee.	Annually	✓ Achieved	✓ Achieved
Budget planning, continuous assessment, and adoption of information security technologies to enhance management.	Annually	Ongoing	Ongoing
Timely reporting, response, and recovery in case of information security incidents.		No incidents occurred in 2025.	No incidents occurred in 2025.
Appointment of 1 Chief Information Security Officer and 1 information security staff based on company scale and risk level. Achieved		✓ Achieved	✓ Achieved
To enhance information security, the Company has implemented the Information Security Management System (ISMS)			In progress

4-6-6 Information Security Risks and Mitigation Measures

The Company has progressively implemented cybersecurity protection measures to prevent emerging threats and attacks, such as assaults on core information systems or disruptions to the Company's IT infrastructure. Such attacks could potentially lead to operational interruptions or even reputational damage. To prevent and mitigate the impact of these attacks, the Company continuously updates and strengthens its countermeasures. It has joined TWCERT/CC to receive cybersecurity alerts and actively works to enhance its security systems and patch vulnerabilities. Additionally, the Company reinforces network firewalls and network access controls, and regularly promotes cybersecurity awareness among employees. A backup and redundancy mechanism has been established for core systems, and a disaster recovery drill is conducted annually to ensure the availability of key information systems. The statistics of system weakness detection by the number of weaknesses in the Company for FY2025 are as follows:

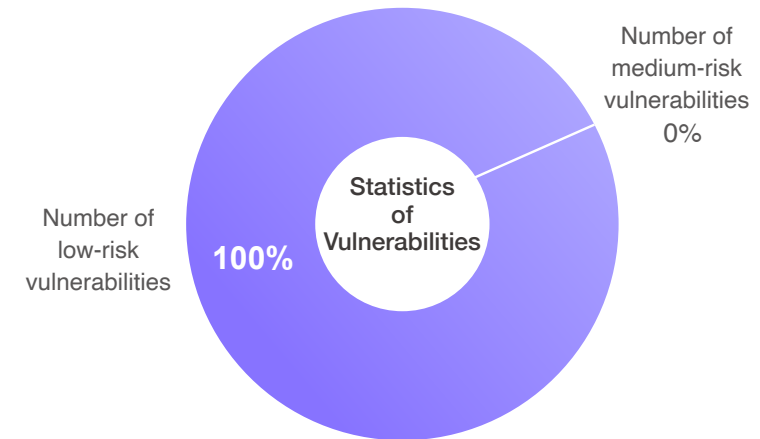
Total number of risk weaknesses	Number of high-risk weaknesses	Number of medium-risk weaknesses	Number of low-risk weaknesses
12	3	2	7



● Number of high-risk weaknesses ● Number of medium-risk weaknesses
● Number of low-risk weaknesses

The results of the 2025 penetration test, showing the risk levels and number of vulnerabilities detected, are as follows:

Total number of vulnerabilities	Number of high-risk vulnerabilities	Number of medium-risk vulnerabilities	Number of low-risk vulnerabilities
4	0	0	4
	0%	0%	100%



● Number of high-risk vulnerabilities ● Number of medium-risk vulnerabilities
● Number of low-risk vulnerabilities

The risk level description is as follows:

Risk Level	High	Medium	Low
The risk level description is as follows	Directly jeopardizing the security of applications, operating systems, or web servers can pose risks such as gaining control, accessing confidential information, and implanting malware files.	The threat posed by unauthorized access is considered an individual Problem and does not directly jeopardize the database and operating systems.	Unauthorized information leakage constitutes unnecessary information disclosure and can potentially serve as reference information for attackers.

The Company controlled high-risk vulnerabilities within six months.

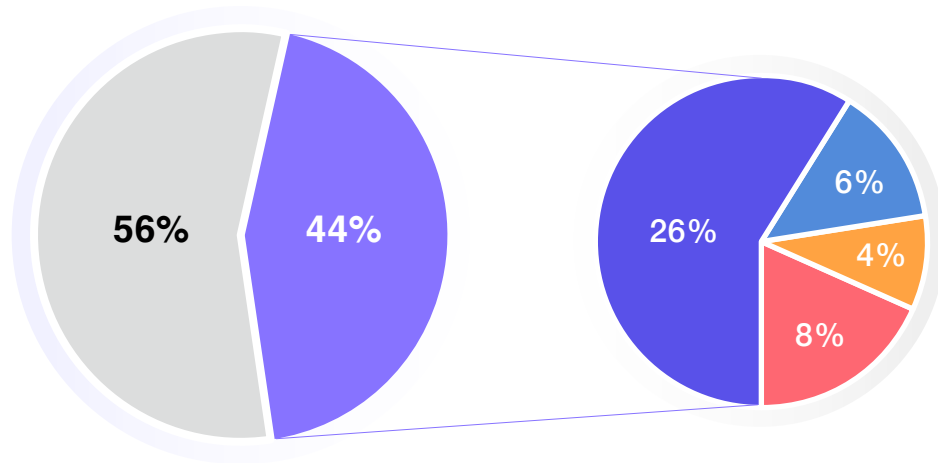
4-6-7 Specific Outcomes of Information Security Protection

The Company experienced no information security incidents in 2024 and 2025.
Overall Lure Success Rate by Action (Based on the total headcount)

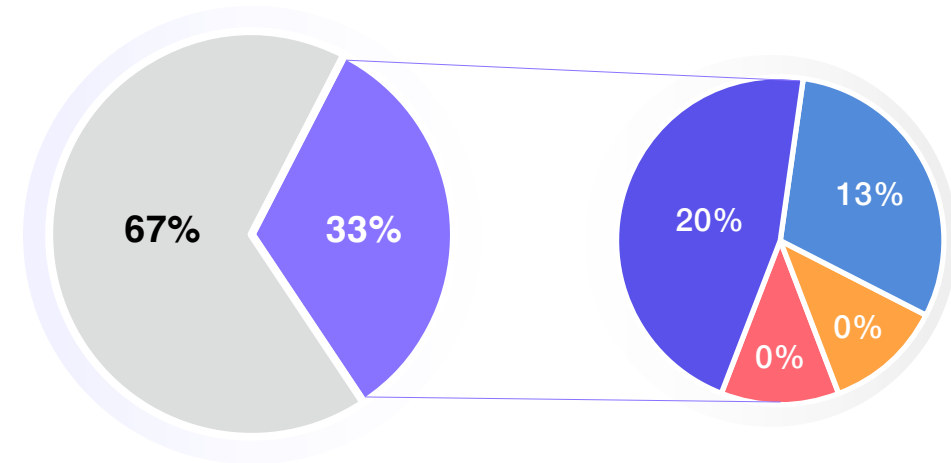
	2024	Percentage	2025	Percentage
No. of Participants	50人		45人	
No Response at All	28人	56%	30人	67%
Only Opened the Email	13人	26%	9人	20%
Clicked on the Link	3人	6%	6人	13%
Entered Information	2人	4%	0人	0%
Opened the Attachment	4人	8%	0人	0%

Comparing the 2025 drill result with 2024, the percentage of those with No Response at All increased, while the percentages of those who Opened the Email, Entered Information, and Opened the Attachment declined. However, the percentage of those who Clicked on the Link increased. The primary reason identified was the inadequate cybersecurity awareness of new employees. Efforts have been made to enhance cybersecurity awareness among individual employees.

As phishing email techniques constantly evolve, the most fundamental defense is to enhance user cybersecurity awareness and conduct regular annual drills in accordance with relevant regulations. This approach offers the maximum protection against malicious actors who attempt to steal confidential information or implant malware to paralyze organizational operations via phishing emails. In the future, the Company will continue to strengthen education and training, IT systems, and cybersecurity measures to enhance information security.



Caption : 2024 Overall Lure Success Rate by Action



Caption : Overall Lure Success Rate by Action in 2025

No Response at All
 Opened the Email
 Clicked on the Link
 Entered Information
 Opened the Attachment

4-7 Customer Privacy Protection

In 2024 and 2025, the Company received no complaints related to information security concerns, including those from regulatory authorities or third parties. Upon onboarding, employees sign confidentiality agreements to clearly understand their obligations. For matters involving confidential information, participating employees and suppliers also sign confidentiality agreements. Through comprehensive policies and management systems, the Company ensures complete protection of confidential information belonging to both the Company and its customers.

4-8 Participation in Associations and Organizations

4-8-1 Industry Association Involvement

The Company maintains political neutrality and encourages employees to fulfill their civic duties. However, due to the Company's extensive technical and product scope, HYC actively participates in relevant industry associations, technology alliances, and events to acquire industry and technological knowledge. The Company also fosters good cooperative relationships with enterprises and institutions in related fields to jointly promote sustainable development of the industry.



Caption : Manager Feng-Yi Lin of the Administration Division was recognized for outstanding corporate management performance.

Association Name	Position Held
CNS Certification Mark Association, R.O.C.	Vice President
Nantou City Nangang Industry Association	Director
Nantou County Industrial Association	Provincial Representative
Chinese Professional Management Association of Taichung City	Member
The Entrepreneur Club, Taichung City	Member
National Association of Small & Medium Enterprises Outstanding SMEs Fellowship Committee	Member
Taiwan Rubber & Elastomer Industries Association	Standing Director
Nantou County Friends of the Police Association	Advisor
Nantou County Importers & Exporters Chamber of Commerce	Director
National Quality and Sustainability Elite Alliance	Member
Central Region Outstanding Managers Fellowship	Member
Nantou County Industrial Association Provincial Representative Fellowship	Member
Nantou County Business Managers Exchange Association	Member
Taiwan Transportation Vehicle Manufacturers Association	Member
Taiwan Bicycle Association	Member
Taiwan SHP Industries Alliance	Standing Director
Nantou County Friends of the Armed Forces Association	Advisor
Nantou County Volunteer Fire Brigade Headquarters	Advisor
Taiwan Ocean Energy Development Association	Member
Nantou Junior Chamber	Member

In 2025, the Company joined 20 industry associations and organizations.

Elected as one of the Outstanding Managers of Central Taiwan in the 29th session, receiving commendation from Vice President Bi-khim Hsiao.



Caption : Discussion with Vice President Bi-khim Hsiao Image



Caption : The General Manager served as a Director of the Small Hydropower Alliance and visited Secretary-General Lin Chia-lung at the Presidential Office.

4-8-2 Learning and Development

Participation in various associations, industry unions, or groups offers numerous potential benefits, which may vary depending on the nature of the organization, the level of individual involvement, and the purpose of participation. The benefits can be categorized as follows:



Skill Enhancement

Many associations and unions regularly organize lectures, courses, or workshops to help members acquire new knowledge and enhance their professional skills.



Broadened Perspectives

Engaging with members from diverse associations and discussing various topics enables employees to be exposed to different fields and viewpoints.



Leadership and Organizational Experience

Participation in activities and interactions as an association officer fosters leadership, coordination, planning, and execution skills that can be applied in the workplace.



4-8-3 Networking and Social Engagement

- | | |
|--|---|
| <p>a Expanding Connections</p> | Associations or unions provide opportunities to interact with people from various industries both regionally and nationally, aiding in career networking or cross-industry collaboration. |
| <p>b A Sense of Belonging and Support</p> | In the workplace or in life, groups can provide psychological support and emotional connections. |
| <p>c Establish friendships</p> | Collaborating in activities and goals over the long term easily fosters deep friendships and revolutionary emotions. |
| <p>d Sharing Workplace and Career Development Resources</p> | The Association often provides resources such as legal consultation, professional assistance, and Education and Training. |
| <p>e Fight for Rights</p> | Unions can help in striving for better national and societal resources. |
| <p>f Enhanced Corporate Reputation</p> | Active participation in organizational activities demonstrates proactivity and diverse abilities, which positively impacts the company. |



Caption : Manager Feng-Yi Lin, Administration Dept., was honored as an Outstanding Alumni of Chaoyang University of Technology.



Caption : Outstanding Managers Association Event of Central Taiwan



Caption : Former presidents of the Nantou County Business Managers Exchange Association attended the handover ceremony.



Caption : Exclusive Corporate Interview by Nantou City Government



Caption : Corporate Visits by the Nantou County
Business Managers Exchange Association



Caption : Leadership Camp for Second-Generation Entrepreneurs in Nantou County



Caption : The General Manager serves as a Nantou City
Nangang Industry Association Director.



Caption : Mayor Chang Chia-che of Nantou City visited.



4-9 Product and Service Management

4-9-1 Customer Health and Safety

Product Health and Safety

The company regularly conducts ROHS, SVHC/REACH, and TSCA tests to ensure that the products do not adversely affect human health. The flame-resistant conveyor belt product is the only one nationwide that has obtained the CNS Certification Mark.

4-9-2 Marketing and Labeling

The products and services mark shows no signs of violation.

The Company is always committed to providing high-quality products and excellent services, striving to meet and exceed domestic and international regulatory standards. All products manufactured and sold comply with international regulations, undergo product testing as required, and ensure that product quality and labeling fully meet national standards.



4-9-3 Quality and Safety Management System

The Company upholds the core spirit of "Quality First, Customer Orientation, Continuous Innovation," committed to providing safe, reliable, and competitive products and services.

Quality Control Mechanism Process

The product quality control mechanism is as follows:

- a Design and Development Phase** - Adopt Design for Quality (DfQ) and Design Review (DR) processes.
- b Supply Chain and Manufacturing** - Strict supplier quality certification and incoming material inspection.
- In the process, conduct full/spot inspections according to SOPs.
- c Finished Product Testing and Acceptance** - Conduct End of Line Test prior to shipment.
- d Customer Service and Follow-up** - Establish a CRM system to compile statistics on customer complaint categories, handling time, and satisfaction.
- e Continuous Improvement** - Feedback from customer complaints is provided to the research and development design and quality control departments for RCA (Root Cause Analysis) and CAPA actions.

Corresponding GRI Standards and SDG Indicators

Disclosure Aspect	Corresponding GRI Standards	Corresponding SDG Goals
Product Quality & Customer Safety	GRI 416: Customer Health and Safety	SDG 3 Health and Well-being SDG 12 Responsible Consumption and Production
The product labeling and information transparency	GRI 417: Marketing and Labeling	SDG 12
Customer satisfaction surveys and feedback	GRI 2-29: Stakeholder Feedback	SDG 9 Industry, Innovation, and Infrastructure
Product Innovation & R&D Management	GRI 201, 203 (Extended)	SDG 9

Sustainable Innovation and Customer Satisfaction Management

The Company actively invests in product innovation and R&D, incorporating sustainability design principles such as energy saving, carbon reduction, and Circular Economy into the product lifecycle. Through cross-departmental collaboration, new materials, technologies, and user experience enhancements are introduced.

Corresponding GRI Standards: GRI 416, 417, 2-29, 203

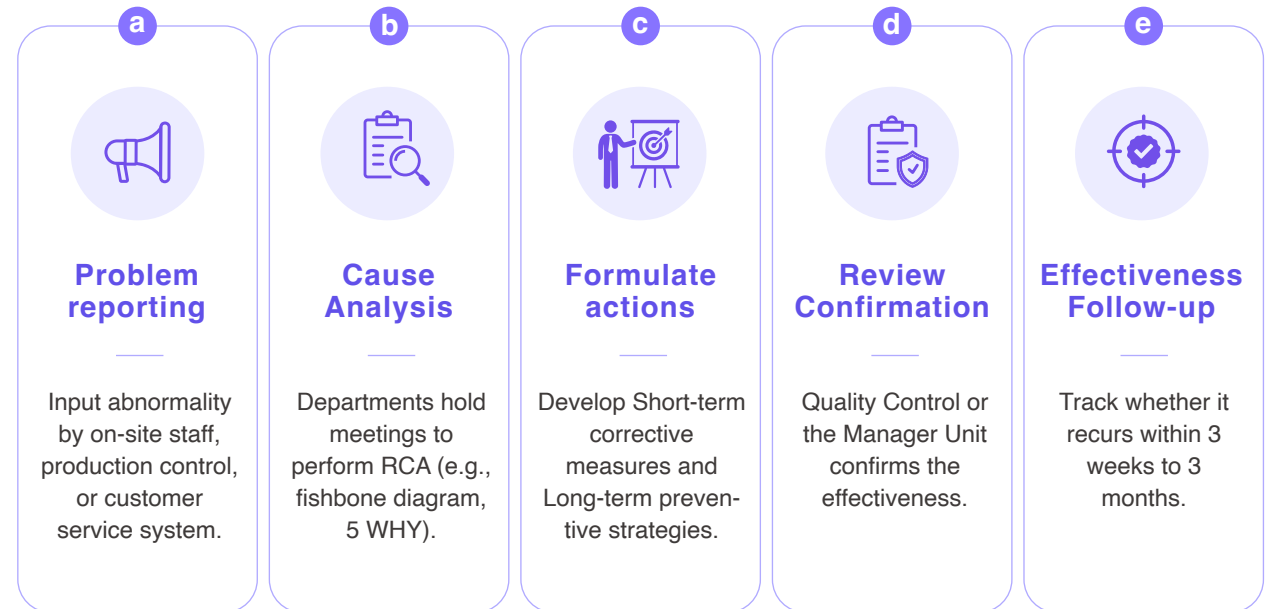
Corresponding SDG Goals: SDG 3, SDG 9, SDG 12



Quality Management System and International Certification

The company has implemented the ISO 9001 Quality Management System and established quality control processes from incoming materials, manufacturing, and shipping to after-sales. Annually undergo third-party audits and Internal Audits to ensure continuous improvement and compliance with international standards. For major customer complaints and quality anomaly incidents, the company has established a CAPA (Corrective and Preventive Action) process. A dedicated team conducts RCA (Root Cause Analysis) and formulates corrective actions, tracking the effectiveness of their implementation. The process is as follows:

CAPA Quality Abnormality Handling Procedure:



Performance Data and Effectiveness

Through the above quality and innovation mechanism, we achieved the following results:

- The average annual customer satisfaction score is above 92/100.
- The number of complaints decreased by 18% compared to last year, and the return rate remained below 0.2%.
- The average product shipment yield is 99.7%, and the production process abnormality rate continues to decline.
- Average complaint response time for preliminary processing is completed within 2.5 days.

Corresponding GRI Standards: GRI 416 (Customer Health and Safety), GRI 417 (Product and Service Labeling), GRI 2-29 (Stakeholder Feedback), GRI 203 (Infrastructure and R&D)

Corresponding SDG Goals: SDG 3 (Health and Well-being), SDG 9 Industry, Innovation, and Infrastructure, SDG 12 Responsible Consumption and Production



Caption : Automatic Feeding
Vulcanization Tester



Caption : Universal
Tensile Testing Machine



Caption : Ozone Testing Machine



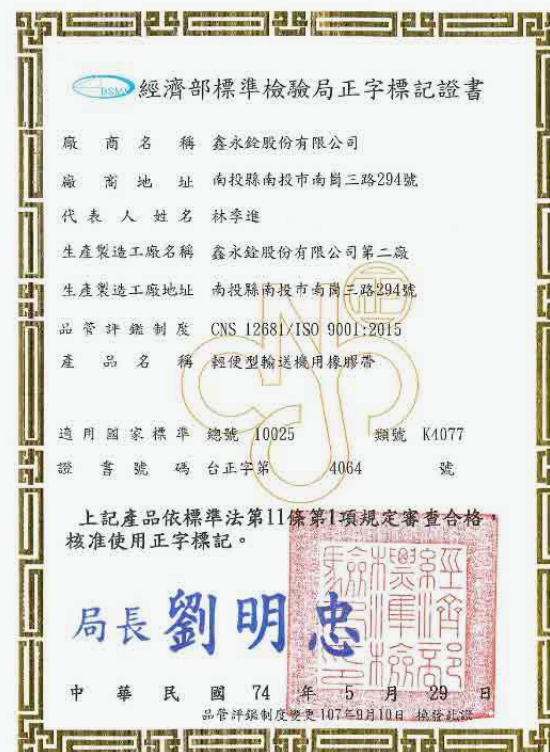
Caption : Aging Oven



Caption : DIN Abrasion Testing Machine



Caption : Oil and Water
Resistance Tester



Caption : Product CNS Mark and ISO 9001 Quality Management System Certificate

SGS Signature Not Verified For Question, Please Contact SGS www.sgs.com.tw

測試報告
Test Report

號碼(No.) : CS/2019/110244 日期(Date) : 2019/01/24 頁數 (Page) : 1 of 7

嘉新股份有限公司
HSIN YUNG CHIEN CO., LTD.
南港中興路二號三樓294號
NO. 294, NAN KUNG 3RD, NAN KUNG INDUSTRIAL ZONE, NANTOU, TAIWAN

以下測試樣品係由申請商所提供及確認 (The following sample(s) was/were submitted and identified by/on behalf of the applicant as):

送樣品名(Sample Submitted By) : 嘉新股份有限公司 (HSIN YUNG CHIEN CO., LTD.)
樣品名稱(Sample Description) : RUBBER CONVEYOR BELT (橡膠輸送帶)
樣品型號(Sample/Item No.) : TBS-KI 黑色 (TBS-SBR)
收樣日期(Sample Receiving Date) : 2019/01/29
測試期間(Testing Period) : 2019/01/30 to 2019/01/30

測試要求(Test Requested) :

依據客戶要求，參考EHS 2011/05/EE Annex II及第6條指令(EE) 2013/06/EE第4、5、6、7、8、9、10、11、12、13、14、15、16、17、18、19、20、21、22、23、24、25、26、27、28、29、30、31、32、33、34、35、36、37、38、39、40、41、42、43、44、45、46、47、48、49、50、51、52、53、54、55、56、57、58、59、60、61、62、63、64、65、66、67、68、69、70、71、72、73、74、75、76、77、78、79、80、81、82、83、84、85、86、87、88、89、90、91、92、93、94、95、96、97、98、99、100、101、102、103、104、105、106、107、108、109、110、111、112、113、114、115、116、117、118、119、120、121、122、123、124、125、126、127、128、129、130、131、132、133、134、135、136、137、138、139、140、141、142、143、144、145、146、147、148、149、150、151、152、153、154、155、156、157、158、159、160、161、162、163、164、165、166、167、168、169、170、171、172、173、174、175、176、177、178、179、180、181、182、183、184、185、186、187、188、189、190、191、192、193、194、195、196、197、198、199、200、201、202、203、204、205、206、207、208、209、210、211、212、213、214、215、216、217、218、219、220、221、222、223、224、225、226、227、228、229、230、231、232、233、234、235、236、237、238、239、240、241、242、243、244、245、246、247、248、249、250、251、252、253、254、255、256、257、258、259、260、261、262、263、264、265、266、267、268、269、270、271、272、273、274、275、276、277、278、279、280、281、282、283、284、285、286、287、288、289、290、291、292、293、294、295、296、297、298、299、300、301、302、303、304、305、306、307、308、309、310、311、312、313、314、315、316、317、318、319、320、321、322、323、324、325、326、327、328、329、330、331、332、333、334、335、336、337、338、339、340、341、342、343、344、345、346、347、348、349、350、351、352、353、354、355、356、357、358、359、360、361、362、363、364、365、366、367、368、369、370、371、372、373、374、375、376、377、378、379、380、381、382、383、384、385、386、387、388、389、390、391、392、393、394、395、396、397、398、399、400、401、402、403、404、405、406、407、408、409、410、411、412、413、414、415、416、417、418、419、420、421、422、423、424、425、426、427、428、429、430、431、432、433、434、435、436、437、438、439、440、441、442、443、444、445、446、447、448、449、450、451、452、453、454、455、456、457、458、459、460、461、462、463、464、465、466、467、468、469、470、471、472、473、474、475、476、477、478、479、480、481、482、483、484、485、486、487、488、489、490、491、492、493、494、495、496、497、498、499、500、501、502、503、504、505、506、507、508、509、510、511、512、513、514、515、516、517、518、519、520、521、522、523、524、525、526、527、528、529、530、531、532、533、534、535、536、537、538、539、540、541、542、543、544、545、546、547、548、549、550、551、552、553、554、555、556、557、558、559、560、561、562、563、564、565、566、567、568、569、570、571、572、573、574、575、576、577、578、579、580、581、582、583、584、585、586、587、588、589、590、591、592、593、594、595、596、597、598、599、600、601、602、603、604、605、606、607、608、609、610、611、612、613、614、615、616、617、618、619、620、621、622、623、624、625、626、627、628、629、630、631、632、633、634、635、636、637、638、639、640、641、642、643、644、645、646、647、648、649、650、651、652、653、654、655、656、657、658、659、660、661、662、663、664、665、666、667、668、669、670、671、672、673、674、675、676、677、678、679、680、681、682、683、684、685、686、687、688、689、690、691、692、693、694、695、696、697、698、699、700、701、702、703、704、705、706、707、708、709、710、711、712、713、714、715、716、717、718、719、720、721、722、723、724、725、726、727、728、729、730、731、732、733、734、735、736、737、738、739、740、741、742、743、744、745、746、747、748、749、750、751、752、753、754、755、756、757、758、759、760、761、762、763、764、765、766、767、768、769、770、771、772、773、774、775、776、777、778、779、780、781、782、783、784、785、786、787、788、789、790、791、792、793、794、795、796、797、798、799、800、801、802、803、804、805、806、807、808、809、810、811、812、813、814、815、816、817、818、819、820、821、822、823、824、825、826、827、828、829、830、831、832、833、834、835、836、837、838、839、840、841、842、843、844、845、846、847、848、849、850、851、852、853、854、855、856、857、858、859、860、861、862、863、864、865、866、867、868、869、870、871、872、873、874、875、876、877、878、879、880、881、882、883、884、885、886、887、888、889、890、891、892、893、894、895、896、897、898、899、900、901、902、903、904、905、906、907、908、909、910、911、912、913、914、915、916、917、918、919、920、921、922、923、924、925、926、927、928、929、930、931、932、933、934、935、936、937、938、939、940、941、942、943、944、945、946、947、948、949、950、951、952、953、954、955、956、957、958、959、960、961、962、963、964、965、966、967、968、969、970、971、972、973、974、975、976、977、978、979、980、981、982、983、984、985、986、987、988、989、990、991、992、993、994、995、996、997、998、999、1000、1001、1002、1003、1004、1005、1006、1007、1008、1009、1010、1011、1012、1013、1014、1015、1016、1017、1018、1019、1020、1021、1022、1023、1024、1025、1026、1027、1028、1029、1030、1031、1032、1033、1034、1035、1036、1037、1038、1039、1040、1041、1042、1043、1044、1045、1046、1047、1048、1049、1050、1051、1052、1053、1054、1055、1056、1057、1058、1059、1060、1061、1062、1063、1064、1065、1066、1067、1068、1069、1070、1071、1072、1073、1074、1075、1076、1077、1078、1079、1080、1081、1082、1083、1084、1085、1086、1087、1088、1089、1090、1091、1092、1093、1094、1095、1096、1097、1098、1099、1100、1101、1102、1103、1104、1105、1106、1107、1108、1109、1110、1111、1112、1113、1114、1115、1116、1117、1118、1119、1120、1121、1122、1123、1124、1125、1126、1127、1128、1129、1130、1131、1132、1133、1134、1135、1136、1137、1138、1139、1140、1141、1142、1143、1144、1145、1146、1147、1148、1149、1150、1151、1152、1153、1154、1155、1156、1157、1158、1159、1160、1161、1162、1163、1164、1165、1166、1167、1168、1169、1170、1171、1172、1173、1174、1175、1176、1177、1178、1179、1180、1181、1182、1183、1184、1185、1186、1187、1188、1189、1190、1191、1192、1193、1194、1195、1196、1197、1198、1199、1200、1201、1202、1203、1204、1205、1206、1207、1208、1209、1210、1211、1212、1213、1214、1215、1216、1217、1218、1219、1220、12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21、2222、2223、2224、2225、2226、2227、2228、2229、2230、2231、2232、2233、2234、2235、2236、2237、2238、2239、2240、2241、2242、2243、2244、2245、2246、2247、2248、2249、2250、2251、2252、2253、2254、2255、2256、2257、2258、2259、2260、2261、2262、2263、2264、2265、2266、2267、2268、2269、2270、2271、2272、2273、2274、2275、2276、2277、2278、2279、2280、2281、2282、2283、2284、2285、2286、2287、2288、2289、2290、2291、2292、2293、2294、2295、2296、2297、2298、2299、2300、2301、2302、2303、2304、2305、2306、2307、2308、2309、2310、2311、2312、2313、2314、2315、2316、2317、2318、2319、2320、2321、2322、2323、2324、2325、2326、2327、2328、2329、2330、2331、2332、2333、2334、2335、2336、2337、2338、2339、2340、2341、2342、2343、2344、2345、2346、2347、2348、2349、2350、2351、2352、2353、2354、2355、2356、2357、2358、2359、2360、2361、2362、2363、2364、2365、2366、2367、2368、2369、2370、2371、2372、2373、2374、2375、2376、2377、2378、2379、2380、2381、2382、2383、2384、2385、2386、2387、2388、2389、2390、2391、2392、2393、2394、2395、2396、2397、2398、2399、2400、2401、2402、2403、2404、2405、2406、2407、2408、2409、2410、2411、2412、2413、2414、2415、2416、2417、2418、2419、2420、2421、2422、2423、2424、2425、2426、2427、2428、2429、2430、2431、2432、2433、2434、2435、2436、2437、2438、2439、2440、2441、2442、2443、2444、2445、2446、2447、2448、2449、2450、2451、2452、2453、2454、2455、2456、2457、2458、2459、2460、2461、2462、2463、2464、2465、2466、2467、2468、2469、2470、2471、2472、2473、2474、2475、2476、2477、2478、2479、2480、2481、2482、2483、2484、2485、2486、2487、2488、2489、2490、2491、2492、2493、2494、2495、2496、2497、2498、2499、2500、2501、2502、2503、2504、2505、2506、2507、2508、2509、2510、2511、2512、2513、2514、2515、2516、2517、2518、2519、2520、2521、2522、2523、2524、2525、2526、2527、2528、2529、2530、2531、2532、2533、2534、2535、2536、2537、2538、2539、2540、

4-10 Supply Chain Management

4-10-1 Supplier Management

The raw materials and components procured by the Company include categories such as natural rubber, synthetic rubber, carbon black, chemical fiber fabric, and binders. Production consumables comprise consumable materials related to process equipment wear and tear. In 2025, the Company had a total of 36 qualified suppliers with purchase transaction records across its locations, covering raw materials, components, and production consumables. Among these, 33 suppliers, accounting for 92% of qualified suppliers, have signed the Supplier Corporate Social Responsibility Statement.

4-10-2 Sustainable Supply Chain Management

The Company regards supplier management as a key action to implement sustainable operations and requires suppliers to strictly adhere to the commitments outlined in the Supplier Corporate Social Responsibility Statement, which include prohibiting child labor and forced labor, ensuring occupational safety and health, preventing bribery, upholding fair trade, and supporting workers' rights to freedom of association and collective bargaining. The Company also requires suppliers to respond to the "ESG Questionnaire" to understand their implementation status in labor, health and safety, environment, and ethics.

a Supplier Quality Support

In 2025, there were 5 major cases of supplier quality nonconformance resulting in returns. For each case, a supplier complaint form was issued and follow-up actions were taken. All issues have since been resolved and corrective actions completed.

b Local Sourcing

Among the 36 suppliers, 19 are local suppliers, accounting for two-thirds of the total. More than 85% of the total procurement value was sourced from local suppliers.

2025年 5月 5日 2時03PM HSYN YUNG CHIEN CO., LTD. 總機2926 P. 1/1

HYC 供應商企業社會責任聲明書

立書人：冠霖化工原料有限公司（下稱本公司）為鑫永銓股份有限公司供應商，以下簡稱「鑫永銓」之合作廠商或供應商，為善盡企業社會責任，推動環境永續發展及維護基本人權，立書人承諾自簽署本聲明書日起，瞭解並承諾遵守如下：

第一條 企業道德

一、本公司應本著誠信、道德方式經營相關業務，所屬員工應迴避工作中不正當之利益衝突，包含賄賂、佣金、饋贈、造假等各種違反商業誠信行為。

二、本公司因業務上之需要獲取機密資訊時，應妥為保護、保密並合法適當使用，避免公司、客戶、個人資訊等隱私洩漏而受到損害。

三、本公司承諾遵守智慧財產權及相關法律規定。

第二條 員工權益與關懷

一、本公司應維護所屬員工人權，並以誠信相待，不得使用強迫或非自願性的勞務，並禁用童工、抵債勞工、契約勞工或監獄勞工。

二、本公司承諾薪資政策應符合當地法律規定，員工薪資不得低於基本工資，並享有法定福利、合理休息時間及加班費。

三、本公司應提供具有人道待遇之工作場所，避免員工受到肢體或語言騷擾、辱罵、體罰、心理或生理強迫、威脅等行為。

四、本公司應提供員工安全與健康的工作場所，並遵守當地勞工安全衛生相關法規，降低工作環境中的危險與潛在危害因素，預防職業災害發生。

五、本公司員工雇用、升遷、訓練、獎勵對象，不得因種族、國籍、膚色、性別、宗教、年齡、健康狀況、政治意見、婚姻狀態、懷孕等因素而有所歧視。

六、本公司尊重員工權利，包括依據當地法律自由結社、尋求代表資格及參加勞工委員會。

第三條 環境保護

一、本公司執行業務時所使用相關物料，採保護自然資源為原則，以減少對環境造成負面影響，並避免使用危害環境物質。

二、對於可能釋放到環境中造成危害物料，本公司先加以辨識與管理，並於製程、儲存、廢棄物處理等過程中，對環境賦予保護與管理之責。

第四條 違約責任

本承諾書適用於本公司與鑫永銓間之供應關係並為供應契約之一部；本公司如有違反上述規範，願立即改善補正，鑫永銓並得請求損害賠償及解除或終止契約。

此致
鑫永銓股份有限公司

本立書人已充分瞭解並同意遵守上述內容。

廠商名稱：冠霖化工原料有限公司
代表人：統一編號：52370550
統一編號：TEL: (04) 23766869
臺中市南區西川里忠明南路518號1樓

中華民國 年 月 日

Caption : Supplier Corporate Social Responsibility Statement

4-10-3 Local Sourcing

In 2025, the Company actively adopted a local procurement strategy to reduce carbon emissions and support the development of local suppliers. Among the 32 suppliers in 2025, 19 were local suppliers, accounting for two-thirds of the total. The total procurement value reached NT\$976 million, demonstrating the company's commitment to optimizing its local procurement strategy while contributing to local sustainable development.

4-11 SASB (Sustainability Accounting Standards Board)

The future target values and improvement timelines for the indicators listed in this chapter are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy."

(Sustainability Accounting Standards Board - Industry-Specific Quantitative Disclosures with a Focus on Financial Materiality)

Background of this Section's Standards

Issuing Organization: Sustainability Accounting Standards Board (SASB), which is now overseen and maintained by the ISSB (IFRS Foundation).

Current version: SASB Standards Version 2024-12

IFRS S1 stipulates that companies should refer to SASB disclosure topics and indicators to identify sustainability-related risks and opportunities.

The quantitative performance data cited in this section are all based on the 2023-2025 ESG Key Performance Indicators provided in the "1-4 ESG Sustainability Performance" section of this report.

4-11-1 Introduction to SASB Standards and Industry Classification Applicable to the Company

The Sustainability Accounting Standards Board (SASB) was established in 2011 and utilizes the Sustainable Industry Classification System (SICS®) to categorize companies into 11 major industry categories and 77 industries. It sets specific disclosure topics and accounting metrics for each industry, focusing on sustainability topics that have significant impacts on a company's financial condition, business performance, and corporate value. Starting from August 2022, the responsibility for maintaining SASB standards has been taken over by the ISSB (International Sustainability Standards Board). It is now the source of guidance referred to by IFRS S1 when companies identify sustainability risks and opportunities.

(1) Industry Classification Identification Method

According to SASB's official guidelines, companies should first identify their primary industry using the Sustainable Industry Classification System (SICS) and then use the corresponding SASB standards for that industry.

The result of the Company's industry classification identification: adopting a multiple industry comparison method.

Due to the differences in product characteristics, the Company's three major divisions correspond to different industry standards under the SASB "Resource Transformation" sector. Therefore, following SASB's official recommendations, we use a multiple industry comparison method and reference the following two industry standards for disclosure.

Scope of Application for the Business Division	SASB Industry Standards	Industry Code	Classification basis
KING Brand (Rubber Conveyor Belts, Rubber Dams) Newsheet Division (Thermoplastic Carbon Fiber Composite Material)	Industrial Machinery & Goods	RT-IG	The manufacturing industry uses raw materials such as steel, plastic, rubber, and paint to produce equipment and components, which align with the Company's main raw materials and processes.
Silieet Division (Electronic-grade Hot-press Cushioning Pad)	Electrical & Electronic Equipment	RT-EE	Suppliers of electronic industry upstream cushioning packaging materials, with products applied in the protection of electronic equipment, corresponding to disclosure topics related to the electronic equipment supply chain.

Important Description: In the current 77 SASB Industry Standards, there is no independent "Rubber Products" classification.

After verifying the official SASB industry list (the Resource Transformation sector covers: Aerospace & Defense, Chemicals, Containers & Packaging, Electrical & Electronic Equipment, Industrial Machinery & Goods), the current standards do not establish a separate industry standard specifically for "Rubber Products." Our company has adopted the "Industrial Machinery and Equipment" (RT-IG) as the main reference standard, following the practices of international peers. This approach aligns with SASB's official guiding principle of selecting standards based on the closest business model.

4-11-2 RT-IG Industrial Machinery and Equipment: Disclosure Topics and Company Performance Comparison

According to SASB RT-IG industry standards, the disclosure topics cover aspects such as Energy Management, Employee Health and Safety, Product Use Phase Environmental Impact, Product Design and Materials Efficiency, and Management of Critical Materials in the Supply Chain. The following lists the current status of the Company item by item:

(1) Energy Management

SASB Code	Accounting metrics	The Company's 2025 performance
RT-IG-130a.1	- Total Energy Consumption - Purchased electricity ratio - Renewable energy ratio	77,448.84 GJ (Energy Intensity 48.51 GJ / Million NT\$ Revenue) - Purchased electricity is the primary source of energy, with a total electricity consumption of 9,215,614 kWh in 2025. - Renewable energy ratio to total electricity is 3.2% (The solar photovoltaics self-generated and self-consumed 298,610 kWh); additionally, obtained Renewable Energy Certificates.

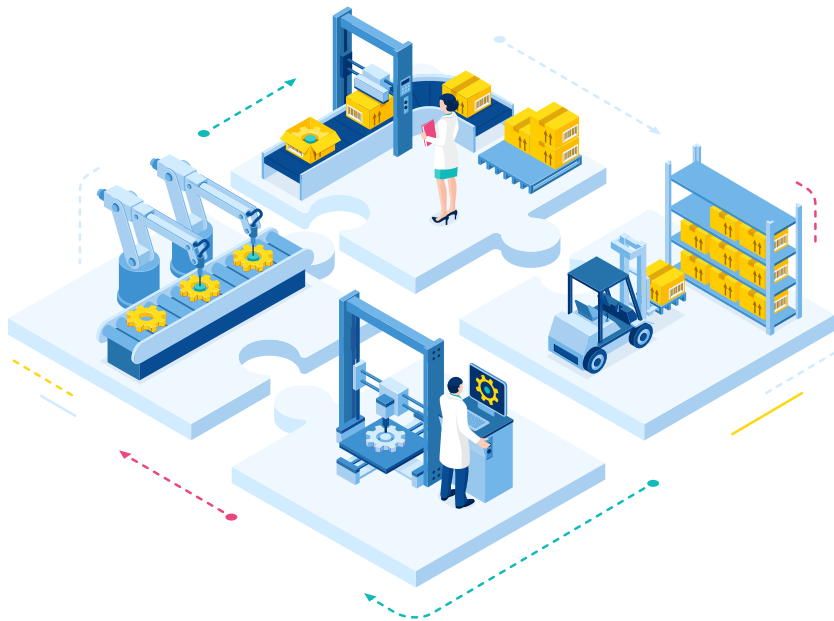
(2) Employee Health & Safety

SASB Code	Accounting metrics	The Company's 2025 performance
RT-IG-320a.1	- Recordable Occupational Injury Rate (TRIR) - Mortality rate - Near Miss Frequency Rate (NMFR)	- In 2025, the Number of Recordable Occupational Injuries (Cases) is 0 (working hours: 248,059 hours), the Lost Time Injury Frequency Rate (LTIFR) is 0 (2024: 1 non-serious injury, working hours: 236,645 hours) - Mortality rate: 0 - Our company has not yet established a formal statistics mechanism for the Near Miss Frequency Rate (NMFR) and plans to implement it in the future. Additionally, in 2025, the participation rate of employee health check-ups reaches 99%.

(3) Fuel Economy & Emissions in Use-Phase

Applicability Assessment: Not Applicable (N/A)

This disclosure topic (RT-IG-410a series indicators) was originally applicable to manufacturers of end products with fuel consumption characteristics, such as heavy-duty vehicles, off-road machinery, and stationary generators. The Company's Main Products are rubber conveyor belts, rubber dams, cushioning packaging materials, and composite material components, which are not classified as end power machinery products. The product Use Phase does not involve fuel consumption or exhaust emissions; therefore, this disclosure topic is not applicable to the Company. This follows the indication method for non-applicable topics in SASB disclosures by international peers (disclosed as N/A along with an explanation of the reason).



(4) Design for Resource Efficiency

SASB Topics	Disclosure Content Direction	The current status of the Company item by item
Product Design Resource Efficiency	The ratio and specific practices of incorporating resource efficiency and recyclability considerations in the product design phase.	The thermoplastic carbon fiber composite material developed by the Newsheet Division has a 100% recyclable characteristic. Waste rubber recycling and reprocessing as reclaimed rubber and recycled carbon black is expected to reach a quantity of 521 metric tons by 2025 (462.16 metric tons in 2024, accounting for about 90% of total waste). HYC-LRR low rolling resistance conveyor belts can reduce Customers' driving energy consumption by 12-18%.

(5) Critical Materials Supply Chain Management

SASB Topics	Disclosure Content Direction	The current status of the Company item by item
Key Material Risk Management	Describing the practices for managing the usage risks of critical raw materials, such as those with high supply concentration like natural rubber.	The procurement of the Company's main raw materials, such as natural rubber, synthetic rubber, and carbon black, has established a supplier grading management mechanism (A/B/C levels); By 2025, the Suppliers Code of Conduct Signing Rate (%) reaches 92%; and gradually promote the measurement of the supply chain carbon footprint (see 4-10 Supply Chain Management); In 2025, the ratio of recycled rubber to total purchases is 6.82%, and the ratio of green recycled materials to total purchases is 32.98%.

4-11-3 RT-EE Electrical and Electronic Equipment: Disclosure Topics and Company Performance Comparison

The Silieet department produces electronic-grade hot-press cushioning pads, primarily supplying the upstream process auxiliary material needs of the electronic equipment manufacturing industry (replacing the circuit board lamination kraft paper). This is related to the disclosure topics under the SASB "Electrical and Electronic Equipment" industry standards, including Supply Chain Management, Product Environmental Impact, and Employee Health and Safety.

Disclosure Topics	Disclosure Content Direction	The current status of the Company item by item
Product Energy Efficiency and Life Cycle Impact	Environmental Impact Management during the Customers' Use Cycle of the Product	The electronic-grade hot-press cushioning pads replace traditional kraft paper packaging, significantly reducing kraft paper usage and lowering downstream Customers' process waste generation.
Hazardous Substance Management	Management practices for declarable substances in products (such as IEC 62474 specified substances)	The products have obtained the EU REACH Restricted Substances Certificate, U.S. Toxic Substances Control Act (TSCA) Certificate, and EU Restriction of Hazardous Substances (RoHS) Certificate.
Supply Chain Management	Due diligence practices for labor rights and environmental management in the supply chain.	Consistent with RT-IG Supply Chain Management practices, the company's unified Supplier ESG grading management mechanism is applicable; By 2025, the Suppliers Code of Conduct Signing Rate (%) reaches 92%.
Employee diversity and inclusion	Employee Representation and Fair Employment Practices	First place in the "Gender Mainstreaming Benchmark Enterprises Award" by the Industrial Development Administration, Ministry of Economic Affairs in 2024; In 2025, there were 4 female managers, accounting for 29% of managers; there was no gender wage disparity; the total number of employees in 2025 was 116.

4-11-4 SASB Disclosure Index Summary Table

To enable stakeholders to quickly locate the corresponding positions of the company's SASB-related disclosures, the index summary table is compiled as follows:

SASB Code	Disclosure Topics	Disclosure Status	Corresponding Disclosure Section in this report	Disclosure Form
RT-IG-130a.1	Energy Management	✔ Complete Disclosure	1-4, 6-3 Energy Management	Quantification
RT-IG-320a.1	Employee Health & Safety	⚠ Partially disclosed	1-4、5-2-2 Occupational Injuries	Quantification (NMFR to be developed)
RT-IG-410a	Fuel Economy in Use-Phase	✘ Not Applicable	Section 4-11-2(iii) Description	Qualitative (Exemption Description)
(Product Design)	Product Design and Materials Efficiency	✔ Complete Disclosure	1-4, 6-6 Waste Management	Quantification + Qualitative
(Key Material)	Management of Critical Materials in the Supply Chain	✔ Complete Disclosure	4-10 Supply Chain Management	Quantification + Qualitative
(RT-EE) Hazardous Substance Management	Product hazardous substance compliance with laws and regulations	✔ Complete Disclosure	4-9-3 Quality Management	Qualitative (Certification Evidence)
(RT-EE) Supply Chain Management	Supply Chain ESG Due Diligence	✔ Complete Disclosure	4-10 Supply Chain Management	Quantification + Qualitative

Statistics on the Completeness of Disclosure

Among the 7 applicable Disclosure Topics inventoried this time, 5 are Complete Disclosures (71%), 1 is Partially disclosed (14%), and 1 is confirmed as Not Applicable (14%). Overall, the existing ESG Sustainability Report content of the Company meets more than 70% of the primary disclosure requirements of SASB, indicating a high level of compatibility between the existing disclosure framework and the spirit of SASB Financial Materiality.

4-11-5 Explanation of the Complementary Relationship between SASB and GRI Disclosures

The company's Sustainability Report is primarily prepared in accordance with GRI Standards. GRI emphasizes double materiality (the impact of a company on the external environment and society), while SASB focuses on financial materiality (the impact of sustainability topics on a company's finances). The disclosure purposes of the two are complementary rather than substitutive. The table below demonstrates how the company uses SASB disclosures to enhance investor decision-making information that is less emphasized under the GRI framework:

Comparative Aspect	GRI Standards	SASB Standards
Materiality Perspective	Double materiality (the impact of a company on society/environment + financial impact)	Financial Materiality (focusing on information relevant to investor decision-making)
Scope of Application	All stakeholders (employees, community, government, investors, etc.)	Focusing on investors, creditors and other capital providers
Indicator characteristics	Based primarily on general guidelines, offering companies the flexibility to choose reference documents.	Industry-specific indicators, definitions, scope, and Calculation Method are highly consistent
The application methods of the Company	Main Framework: Identification of Material Topics, Management Approach, Stakeholder Engagement	Supplementary Framework: Quantification of Financial-Related Indicators, Basis for Industry Peer Comparison

4-12 IFRS (International Financial Reporting Standards) Sustainability Disclosure Standards (S1/S2) Alignment Management

The specific timelines and quantitative targets for the transformation plan described in this chapter are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy." (IFRS Sustainability Disclosure Standards - HYC is voluntarily ahead of deployment, aligning with international capital market disclosure standards)

Corresponding International Standards for this Section

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S2: Climate-related Disclosure

Issuing Unit: International Sustainability Standards Board (ISSB, IFRS Foundation)

Effective date: January 1, 2025

Taiwan Financial Supervisory Commission Approval Date: November 12, 2025

The quantitative performance data cited in this section are all based on the 2023-2025 ESG Key Performance Indicators provided in the "1-4 ESG Sustainability Performance" section of this report.

4-12-1 The Company's Commitment and Positioning in Aligning with IFRS Sustainability Disclosure Standards

The International Sustainability Standards Board (ISSB) issued IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" (hereinafter referred to as IFRS S1) and IFRS S2 "Climate-related Disclosures" (hereinafter referred to as IFRS S2). These establish a globally consistent sustainability disclosure standard centered on Financial Materiality, adopting the four pillars of TCFD: governance, strategy, risk management, and metrics and targets. These standards have been recognized by the International Organization of Securities Commissions (IOSCO).

According to the "Roadmap to Align with IFRS Sustainability Disclosure Standards" planned by the Financial Supervisory Commission, domestic listed companies will adopt the standards in three phases based on the size of their paid-in capital.

Phase of Application	Paid-in Capital Threshold	The first applicable accounting year	Annual Report Filing Year
Phase I	100 billion or above	FY2026	2027 Filing
Phase II	More than 50 billion but less than 100 billion	FY2027	2028 Filing
Phase III (Applicable to the Company)	Below 50 billion	FY2028	2029 Filing

Voluntary Advance Deployment Statement

The company's paid-in capital size falls under the "Phase III" as planned by the regulatory authority, according to the current alignment schedule, it must formally apply IFRS Sustainability Disclosure Standards starting from the 2028 fiscal year (2029 Filing) at the latest. However, based on the principles of integrity and transparent governance, and the importance of communication with international capital markets, the Company has voluntarily adopted the IFRS S1 and S2 frameworks for disclosure starting from the FY2025 ESG Sustainability Report. This implementation is approximately three years ahead of the statutory schedule, demonstrating the Company's proactive deployment and governance commitment to sustainability information disclosure.

Relationship with Existing Disclosure Frameworks

The company has previously prepared sustainability reports in accordance with GRI Standards, SASB Standards, and the TCFD recommended framework (see this report's chapters 4-11 SASB Disclosure, 6-1 Climate Change, 6-2 Greenhouse Gas Management, 6-7 TCFD, 6-8 TNFD, and other sections for details). Since IFRS S2 fully inherits the four pillars of TCFD governance, strategy, risk management, metrics, and targets, the company's existing climate governance framework, scenario analysis methods, and greenhouse gas inventory results have constituted an important foundation for the convergence with IFRS S1/S2. The subsequent work primarily focuses on:

- 1 Quantitative Assessment of Financial Materiality
- 2 Monetization of the Financial Impact of the Impact Scenario Results
- 3 Gradual establishment of value chain collaboration and Scope III disclosure



4-12-2 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)

(1) Reporting Scope and Materiality Assessment Method

According to IFRS S1 regulations, the reporting entity scope for sustainability-related financial information should be consistent with the financial statements, and apply the same definition of materiality as the financial statements. The scope of sustainability information disclosure by the company includes Hsin Yung Chien Co., Ltd. and its affiliated plants, consistent with the preparation scope of the financial statements (see 1-1-3 Reporting Scope and Boundaries).

Principles of Financial Materiality Assessment

The Company conducts financial materiality assessments for various sustainability topics based on the professional judgment principles outlined in IFRS S1, paragraphs 17 through 19. It takes into account two factors: "Likelihood of Occurrence" and "Level of Financial Impact," and presents the information supplemented by both qualitative and quantitative data.

Likelihood of Occurrence

Assess the probability of occurrence for various sustainability risks and opportunities based on historical data, industry trends, and regulatory developments.

Financial Impact Level

Evaluate the potential impact amount or range on revenue, costs, asset value, and cash flow.

The identified result of sustainability-related risks and opportunities (Materiality Perspective)

Sustainability Topic	Risk/ Opportunity	Impact Timing	Potential Financial Impact Aspects
Compliance with Climate Change Laws and Regulations	Risk	Short-term to Medium-term	The imposition of carbon fees/carbon taxes increases operating costs; failure to meet supply chain decarbonization requirements affects order acquisition.
Raw material supply risk	Risk	Medium-term to Long-term	Suppliers increase raw material prices in response to carbon taxes and fees, driving up procurement costs.
Extreme Climate Physical Risk	Risk	Long-term	Changes in rainfall patterns affect supply chain stability and the risk of operational disruptions at plants.
Natural capital and biodiversity	Risk	Medium-term to Long-term	Disclosure of Supply Chain Nature Impact Risk, Water Resource Constraints Affecting Production Capacity (See 6-8 TNFD)
Green Product Innovation	Opportunity	Medium-term	The development of recyclable materials and new products such as thermoplastic composites creates differentiated revenue growth opportunities.
Enhance energy efficiency	Opportunity	Short-term to Medium-term	Solar self-consumption and ISO 50001 energy-saving projects lower energy cost expenditure.

(2) The linkage with financial statements.

The timing of the company's sustainability-related financial information disclosure will align with the annual report schedule, ensuring consistency between the significant assumptions used and the basis of preparation for the financial statements.



(3) Applicability Assessment of Industry Base Metrics (SASB)

In accordance with IFRS S1, companies should refer to SASB standards to identify specific disclosure indicators for their respective industries. The Classification Result of the Company's SASB Industry Identification and the Cross-reference of Each Indicator are detailed in the "4-11 SASB Sustainability Accounting Standards Disclosure" section of this report. The summary of correspondence is as follows:

SASB Disclosure Topics	Scope of Application for the Business Division	The current status of the vCompany item by item
Energy Management	All Business Divisions	The total energy consumption disclosed is 77,448.84 GJ, Energy Intensity 48.51 GJ / Million NT\$ Revenue, and the solar photovoltaics self-generated and self-consumed 298,610 kWh (see details 1-4, 6-3).
Water Management	All Business Divisions	The disclosed Total Water Withdrawal is 13,122 cubic meters, and Wastewater Discharge is 10,498 cubic meters (see details 1-4, 6-5).
Waste and Hazardous Substance Management	KING Brand, Newsheet	The disclosed total waste is 562.65 metric tons, and waste rubber recycling and reprocessing is 521 metric tons (see details 1-4, 6-6).
Employee Health & Safety	All Business Divisions	The number of disclosed major occupational injuries is 0, LTIFR is 0, and health check-up participation rate is 99% (refer to 1-4, 5-2-2)
Product Design and Lifecycle Management	Newsheet	Thermoplastic carbon fiber composites have a 100% recyclable characteristic, echoing the theme of circular design.
Supply Chain Management	All Business Divisions	A Supplier ESG grading management mechanism has been established, with a Suppliers Code of Conduct Signing Rate (%) of 92% (see 4-10).

4-12-3 Climate-related Disclosure (IFRS S2)

IFRS S2 also organizes disclosure content following the four pillars of governance, strategy, risk management, and metrics and targets. The company's complete climate-related disclosure is detailed in the "6-7 TCFD Climate-Related Financial Disclosure" section of this report. This section provides additional description for the enhanced requirements unique to IFRS S2.

(1) Governance

The Company's Board of Directors held a total of six meetings in FY2025, with an average attendance rate of 94%. Major issues related to Climate Change risk and opportunity were listed as one of the supervisory topics of the Board.

The Steering Sustainability Committee regularly reports the progress of climate risk and opportunity assessments to the Board of Directors, which oversees implementation and coordinates relevant departments to conduct operational risk assessments in compliance with the Paris Agreement, the 2050 net-zero emissions target, and the Climate Change Response Act. Board members continuously participate in professional development related to ESG, enhancing their expertise in sustainability governance, climate risk management, and responsible investment. In FY2025, the total training hours for all directors reached 60, with the Average Per Person Reached the Target.

The Company has established a Steering Sustainability Committee responsible for formulating sustainable development strategies and promoting ESG-related initiatives.

Link between Compensation and Sustainability Performance

Current Disclosure and Future Enhancement Directions

In FY2025, the Company's Remuneration Committee incorporated non-financial indicators (including meeting attendance rate and hours of continued education) as references for evaluating the compensation of high-level managers.

To better address the IFRS S2 disclosure expectations for "linking compensation with climate performance," the company currently indirectly incorporates climate-related performance into the general performance assessment of senior managers, without setting an independent ESG weight. We plan to establish climate-related quantitative indicators (such as annual carbon reduction target achievement rate) and will specify the linkage ratio and calculation method in subsequent reports.

(2) Strategy: Identification of climate-related risks and opportunities

The company has adopted the TCFD framework, referencing the IPCC AR6 climate scenarios, and has set two scenarios: SSP5-8.5 (high emission scenario) and SSP1-2.6/NZE (low emission net-zero scenario). These scenarios are used to examine potential physical risks and transition risks in the Short-term (2025–2027), Medium-term (2027–2031), and Long-term (2032–2051). The complete identification results are detailed in Section 6-7-2. The key points are prioritized as follows:

Ranking	Risk Type	Risk Factor	Timeline	S1 Financial Impact Aspect
1	Transition Risk - Policy and Legal	Laws and regulations related to greenhouse gas reduction and energy management	Short-term	The imposition of carbon fees/carbon taxes increases operating costs.
2	Physical Risk - Long-term	Climate change impacts on upstream and downstream supply chains	Long-term	Interruption in raw material supply, increase in procurement costs.
3	Physical Risk - Long-term	Changes in rainfall patterns and extreme climate variability	Medium-term	Operational disruptions risk, capital expenditures increase.

Ranking	Opportunity Type	Opportunity Factor	Timeline	S1 Financial Impact Aspect
1	Opportunity - Product and Service	R&D and innovation in developing new products and services	Medium-term	Differentiated revenue growth opportunities
2	Opportunity - Resource Efficiency	Participation in renewable energy projects and implementation of energy-saving measures	Short-term	Energy cost reduction
3	Opportunity - Resource Efficiency	Development of recyclable green materials to enhance resource reuse	Medium-term	Reduction in raw material costs, exploring new markets.



(3) Quantitative Assessment of Financial Impact (Enhanced Core Requirements of IFRS S2)

The company has currently completed a qualitative analysis of the Financial Impact of major Climate Change (detailed in sections 6-1 and 6-7). The table below further presents the range of Potential Financial Impact amounts in a quantitative manner, serving as an initial attempt to comply with the IFRS S2 quantification disclosure requirements. The baseline data for emissions and power generation used are derived from the "1-4 ESG Sustainability Performance" section of this report.

Risk/Opportunity Item	Quantification Assessment Method	Potential Financial Impact (Estimation)	Assessment Status
Scenario simulations for a shadow carbon price, with potential carbon costs	Based on the 2025 Scope I + II emissions of 7,462.184 metric tons of CO ₂ e, estimate the carbon cost using a levy of NT\$300 per ton (as announced by the Ministry of Environment).	Approximately NT\$2,240,000 per year	Preliminary estimation
Carbon reduction benefits of solar power generation	In 2025, self-generated solar power will reach 298,610 kWh. Using Taiwan's grid emission factor of approximately 0.474 kgCO ₂ e/kWh, this translates into a carbon reduction of about 141.6 metric tons of CO ₂ e. The avoided cost is estimated based on the carbon levy rate.	Avoided cost of approximately NT\$42,000 per year	Preliminary estimation
The benefits of Renewable Energy Certificates	In 2025, obtained Renewable Energy Certificates, strengthening the declaration of green power use and enhancing the ability to respond to Customers' green procurement requirements.	Qualitative disclosure, quantification model under development.	In planning.
Transformation costs of the raw material supply chain.	Potential increase in procurement costs as suppliers raise prices in response to carbon taxes and fees.	Quantification model yet to be established.	In planning.
Extreme climate operational disruptions risk	Potential loss assessment of supply chain disruptions and plant damage.	Quantification model yet to be established.	In planning.

Note: The amounts listed in this table are preliminary estimations based on existing public data and reasonable assumptions. They have not yet been verified by accountants or third-party organizations and are provided only as a reference for the disclosure of the methodology for assessing the Financial Impact of climate change.



(4) Operational Model and Strategic Resilience

The company's strategic adjustments in response to climate-related risks and opportunities are specifically presented in:

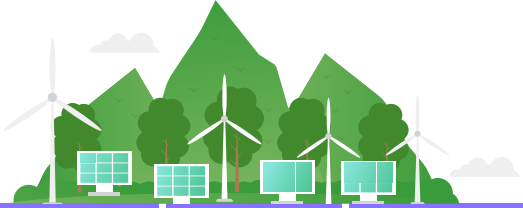
- 1 New factory buildings and offices will adopt sustainable building certification standards, integrating circular economy models and energy-efficient designs.
- 2 During the operational phase, continue to enhance energy efficiency, achieving ISO 50001 Energy Management System Certification in 2025.
- 3 Develop a green product line of 100% recyclable items such as thermoplastic carbon fiber composites, increase the ratio of recycled materials in rubber conveyor belt products, and enhance the climate resilience of business models with HYC-LRR low rolling resistance conveyor belts.

(5) Risk Management

- The Climate Change Risk Assessment process has been integrated into the company's overall Enterprise Risk Management (ERM) framework, adopting consistent risk ratings and prioritization methods with other operational risks, such as market risk, financial risk, and operational risk (detailed in 4-5 Risk Management).
- The highest-ranking risk management officer or their designated representative reports regularly to the Board of Directors, at least once a year, on the status of risk management implementation.
- The Audit Committee is composed entirely of independent directors and meets at least once per quarter to oversee the effectiveness of the risk management mechanism.

(6) Metrics and Targets

Greenhouse Gas Emissions (Scope I, II)



Indicators	2023 (Base Year)	2024	2025	Annual change
Scope I Emissions (Metric Tons CO ₂ e)	3,223.831	3,108.702	3,235.524	+4.1%
Scope II Emissions (Metric Tons CO ₂ e)	5,112.825	4,272.170	4,226.660	-17.3%
Scope I + II Total (Metric Tons CO ₂ e)	8,336.656	7,380.872	7,462.184	+1.1%
Emission Intensity (Metric Tons CO ₂ e/ Million NT\$ Revenue)	5.35	5.03	4.67	-7.2%

Scope III (Other Indirect Emissions) Disclosure Schedule Planning

Initiate Scope III Inventory Plan

According to IFRS S2 requirements and the alignment schedule of the Financial Supervisory Commission, Scope III emissions are required to be mandatorily disclosed starting from the fourth accounting year after the first applicable accounting year. The Company has completed the Scope III emissions inventory and passed the ISO 14064-1 verification, and the initiation schedule has been planned as follows:

2025: Completed preliminary identification of Category III emission categories (screen major categories according to GHG Protocol's 15 categories).

2026: Send carbon emission questionnaires to major suppliers, initiate upstream procurement raw material carbon footprint estimation.

Carbon reduction targets and status

- **Base Year:** 2023 (the Company's ISO 14064-1 First Carbon Inventory Year)
- **Medium-term target:** Scope I and Scope II emissions will be reduced by 30% by 2030 compared to the 2023 base year.
- **Long-term commitment:** Achieve net-zero emissions by 2050.
- **Status in 2025:** Scope I + II emissions 7,462.184 metric tons CO₂e, an increase of 1.1% compared to 2024; Emission Intensity 4.67 metric tons CO₂e per million NT\$ revenue, an improvement of 7.2% compared to 2024. The reduction trend meets expectations.
- **International Initiative Participation:** The company has not yet officially joined the SBTi (Science-Based Targets initiative) and plans, after establishing the basis for Scope 3 inventory, to evaluate setting science-based mid- and Long-term carbon reduction targets.

Climate-Related Indicators Summary Table

Indicators Category	Data for 2025.	Corresponding Requirements of IFRS S2
Greenhouse Gas Emissions (Scope I, II)	7,462.184 metric tons CO ₂ e	S2.29(a) Mandatory Disclosure
Greenhouse Gas Emissions (Scope III)	3,521.648 metric tons CO ₂ e	S2.29(a), mandatory after the fourth year following the first applicable accounting year
The percentage of renewable energy usage	3.2% (The solar photovoltaics self-generated and self-consumed 298,610 kWh); additionally, obtained Renewable Energy Certificates.	S2.29(b) Energy Mix Disclosure
Carbon Emission Intensity	3.66 kg CO ₂ e/kg product	S2.29(b) Industry Indicators
Climate-related capital expenditures	Investment in Solar System Installation, Energy-Saving Project Investment (Qualitative Disclosure)	S2.29(c) Capital Deployment Disclosure
internal carbon pricing mechanism	Established and implemented in 2025 (see details 6-1-3)	S2.29(d) Encouraged Disclosure
Link between Senior Manager Compensation and Climate Performance	The linkage of certain Indicators (non-financial assessment) is being continuously strengthened.	S2.29(e) Remuneration Disclosure

4-12-4 Third-party Assurance

According to the implementation plan aligned with the Financial Supervisory Commission, IFRS sustainability disclosure information will follow the path of gradually enhancing the assurance level, starting with limited assurance as the initial basis and aiming towards reasonable assurance as the long-term goal. Currently, greenhouse gas emissions (Scope I, II, III, IV) have been assured through third-party verified data.

Assured Item	Current Situation	Date of Planning Completion	Assurance Level Objective
Greenhouse Gas Emissions (Scope I, II, III, IV)	Have been verified and certified by a third-party organization.	Continuing to maintain	Scope I and II are reasonable assurance levels. Scope III and IV are limited assurance levels.
Internal control system for sustainability information	Established.	Before December 2025	Internal audit review
Complete Disclosure Sections of IFRS S1/S2	Voluntary Trial Preparation Phase	FY2028 (Statutory Applicable Year)	According to the regulations of the regulatory authorities.



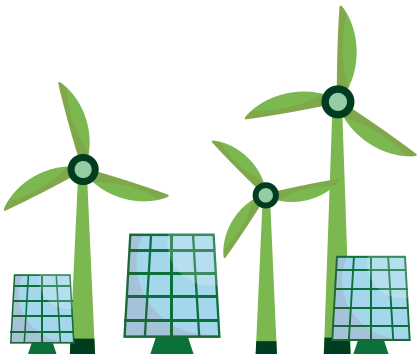
Description of the establishment of the internal control system for sustainability information

According to the Financial Supervisory Commission regulations, the internal control system for sustainability information will be implemented starting January 1, 2025, and must be followed regardless of capital size. The maturity of the Company's internal controls for preparing ESG information was initially established in 2025. Efforts are underway to integrate the processes of collecting, verifying, and disclosing climate and sustainability-related information into the existing internal control system and internal audit plans. The highest-ranking risk management officer or designated personnel are responsible for executing these management measures and reporting regularly to the Audit Committee and the Board of Directors.



4-12-5 IFRS S1/S2 Alignment Roadmap Diagram

Period	Main Work Tasks Item
2025-2026	- Voluntary Trial Preparation of the Complete Disclosure Sections of IFRS S1/S2. - Completion of third-party assurance for Greenhouse Gas Emissions (Scope I, II, III, IV). - Establish a Financial Quantification Impact Assessment Model. - Continue to deepen the operation of the internal carbon pricing mechanism.
2027	- Initiate Scope III Emissions Identification and Supplier Questionnaire. - Evaluate SBTi science-based reduction targets. - Maturation of the Internal Control System for Sustainability Information.
2028	- Statutory Mandatory Year of Application (Phase III). - Formal Link between Compensation and Climate Performance.
Starting from 2029	- Formal Annual Report Sustainability Chapter Filing. - Moving towards a reasonable assurance level. - Complete value chain sustainability information disclosure.



Caption : ISO 14064-1 Greenhouse Gas Emissions Verification Opinion Statement

05

Social Aspects

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5-1 Human Resources Development

5-1-1 Human Rights Commitment

Human Rights Commitment

The Company firmly believes that respecting human rights is a core value of sustainable corporate development. To ensure that employees, suppliers, customers, and partners—including local Indigenous communities—are treated with dignity and their fundamental rights upheld, the Company strictly complies with the laws and regulations of the regions in which it operates. The Company supports the Universal Declaration of Human Rights, the International Covenants on Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Ten Principles of the UN Global Compact. With approval from the Board of Directors, the Company has adopted the Company Human Rights Commitment, which is reviewed annually to assess both policy content and implementation outcomes. The Company is committed to creating a human rights protection environment based on prevention, respect, and remedy, prohibiting any actions that infringe upon or violate human rights, and ensuring that all individuals are treated fairly and with dignity.



The Company's Human Rights Commitment

Website: https://www.hyc-king.com/esg_tw.php?id=2

The Company plans to conduct a human rights due diligence in 2026, with the initial scope focusing on the Company's internal operations.

Scope of Application

The Company's Human Rights Commitment applies to all employees and, to the extent reasonably practicable, extends to customers, suppliers, contractors, and the local communities in which the Company operates. At the same time, through irregular audits, eliminate forced labor, child labor, and violations of indigenous rights in manufacturing sites and upstream suppliers, and protect these rights. In 2025, no incidents of forced labor, child labor, or violations of indigenous rights were identified in the Company's manufacturing sites or upstream supply chain.

Education and Training

To enhance awareness of human rights protection among all employees, the company conducts annual training programs related to human rights. These programs are also extended to business partners to reduce the likelihood of human rights incidents. In 2025, a total of 103 participants attended the courses, accumulating 309 training hours. The company also integrates its human rights policy into supplier management, as well as into the documentation signed by new employees, to ensure effective implementation.



Caption : Human rights education training course

Communication Channels

To ensure the comprehensive implementation of its human rights commitment, the Company has also established the "Employee Feedback and Grievance Handling Guidelines," the "HYC Co., Ltd. Anti-Workplace Bullying Statement," and the "HYC Co., Ltd. Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Regulations." No human rights violations were reported in 2025.

5-1-2 Workforce Structure

Year	Gender	Employment Type					Total Employees (People)
		Regular Employees (People)	Temporary Employees (Contracted) (People)	Non-Guaranteed Hours Employees (People)	Full-Time Employees (People)	Part-Time Employees (People)	
2025	Female	30	0	0	30	0	30
	Male	86	0	0	86	0	86
	Total	116	0	0	116	0	116

5-1-3 Employee Diversity, Inclusion, and Equality

Enhancing a gender-friendly workplace safety and empowering the economic strength of women and disadvantaged genders.

1. Respecting individual differences

Respecting individual differences, the Company is committed to providing a professional and dignified work environment, ensuring that employees are free from discrimination and harassment.

- 1 The Company has a zero-tolerance policy toward discrimination or behavior based on gender, sexual orientation, gender identity, gender expression, or sex characteristics. Management-level supervisors sign a human rights declaration to prevent workplace bullying.
- 2 Gender equality is ensured through equal pay for equal work.
- 3 Recruitment practices are gender-neutral, with no differentiation based on gender.
- 4 Promotions are conducted without gender bias.
- 5 Sexual harassment prevention measures are in place, including a dedicated hotline, complaint channels for mediation, and educational training on sexual harassment.
- 6 A gender-friendly work environment is established by providing appropriate facilities such as separate restrooms for men and women, security measures, surveillance cameras, and enhanced lighting to ensure workplace safety.
- 7 Employees with family care responsibilities are supported with opportunities to transfer to non-shift work units.
- 8 The Company actively practices friendly employment policies toward married women and women re-entering the workforce, with 18 married women employees, including 3 re-employed women.



2. Respect for Gender Diversity

The Company goes beyond a passive stance of “no violation,” “no discrimination,” and “no exclusion,” and actively provides support and assistance so that individuals of diverse gender identities can safely and comfortably express themselves in the workplace, integrate into teams, and fully utilize their talents and contributions. Recruitment is conducted without discrimination based on gender diversity. Equal treatment is ensured during employment, supported by management’s human rights declaration.

- ✓ A safe and healthy working environment is provided.
- ✓ Illegal discrimination is strictly prohibited to ensure equal employment opportunities.
- ✓ Child labor is prohibited.
- ✓ Forced labor is prohibited.
- ✓ Assistance is provided to help employees maintain mental and physical health and work-life balance.
- ✓ Employees are supported in exercising their labor rights according to the law.
- ✓ Employees’ gender diversity choices are respected.
- ✓ Gender privacy and inclusivity are respected.



The Company is committed to fostering a spirit of inclusion and mutual growth, creating a diverse and inclusive workplace for all employees. With Taiwan as the primary location of operations, nearly 75% of the workforce are local Taiwanese employees.

Employee Numbers by Employment Type and Gender

Year	Gender	Employment Type					Total Employees (People)
		Regular Employees (People)	Temporary Employees (Contracted) (People)	Non-Guaranteed Hours Employees (People)	Full-Time Employees (People)	Part-Time Employees (People)	
2025	Female	30	0	0	0	0	30
	Male	86	0	0	0	0	86
	Total	116	0	0	0	0	116
2024	Female	26	0	0	0	0	26
	Male	82	0	0	0	0	82
	Total	108	0	0	0	0	108
2023	Female	29	0	0	0	0	29
	Male	75	0	0	0	0	75
	Total	104	0	0	0	0	104
2022	Female	77	0	0	0	0	77
	Male	27	0	0	0	0	27
	Total	104	0	0	0	0	104

Employee Numbers by Employment Type and Region

Year	Nationality	Employment Type					Total Employees (People)
		Regular Employees (People)	Temporary Employees (Contracted) (People)	Non-Guaranteed Hours Employees (People)	Full-Time Employees (People)	Part-Time Employees (People)	
2025	Taiwan	84	0	0	0	0	84
	Vietnam	4	0	0	0	0	4
	Thailand	28	0	0	0	0	28
	Total	116	0	0	0	0	116
2024	Taiwan	79	0	0	0	0	79
	Vietnam	1	0	0	0	0	1
	Thailand	28	0	0	0	0	28
	Total	108	0	0	0	0	108
2023	Taiwan	78	0	0	0	0	78
	Vietnam	1	0	0	0	0	1
	Thailand	25	0	0	0	0	25
	Indonesia	0	0	0	0	0	0
	Total	104	0	0	0	0	104
2022	Taiwan	78	0	0	0	0	78
	Vietnam	1	0	0	0	0	1
	Thailand	24	0	0	0	0	24
	Indonesia	1	0	0	0	0	1
	Total	104	0	0	0	0	104

Note: Regular Employees: Employees hired under formal labor contracts. Temporary Employees (Contracted): Employees hired for temporary, short-term, or project-based needs. Non-Guaranteed Hours Employees: Employees without a guaranteed minimum number of working hours per week or month, typically engaged on a temporary or flexible scheduling basis, paid according to actual hours worked. Full-Time Employees: Employees with formal labor contracts who have clearly defined responsibilities, compensation, and benefits. Part-Time Employees: Employees paid on an hourly basis.

Non-Employee Structure

The Company has no non-employee workers.

The Company respects minority groups and diverse needs. In 2025, the Company employed 1 employee with disabilities, accounting for 1% of all employees. The Company encourages employees to embrace multiculturalism.

Employee Numbers by Job Level and Gender

Year	Job Level	Female		Male		Total	
		People	Percentage	People	Percentage	People	Percentage
2025	Manager	4	29%	10	71%	14	100%
	Non-Manager	26	25%	76	75%	102	100%
2024	Manager	3	21%	11	79%	14	100%
	Non-Manager	23	24%	71	76%	94	100%
2023	Manager	3	21%	11	79%	14	100%
	Non-Manager	26	29%	64	71%	90	100%
2022	Manager	3	21%	11	79%	14	100%
	Non-Manager	24	26%	67	74%	91	100%

Employee Numbers by Job Level and Age Statistics

Year	Job Level	Employee Age			Total (People)
		30 or below (People)	31-50 (People)	51 or above (People)	
2025	Manager	0	5	9	14
	Non-Manager	24	67	11	102
2024	Manager	0	5	9	14
	Non-Manager	19	65	10	94
2023	Manager	0	5	9	14
	Non-Manager	19	60	11	90
2022	Manager	0	5	9	14
	Non-Manager	19	61	11	91

Proportion of Local Residents Employed

2025	People	2024	People
Number of Non-Local Employees	48	Number of Non-Local Employees	35
Number of Local Employees	68	Number of Local Employees	71
Ratio	58.6%	Ratio	67%

Note: "Senior Management" refers to managers at the level of manager and above.

Proportion of Local Residents among Senior (or Managerial) Management Employees

2025	People	2024	People
Number of Senior Managers	10	Number of Senior Managers	10
Number of Local Senior Managers	7	Number of Local Senior Managers	7
Ratio	70%	Ratio	70%

Note: "Senior Management" refers to managers at the level of manager and above.

Number of New Employees

Employees (Including interns)	Gender		Total (People)	Age			Total (People)
	Female (People)	Male (People)		30 or below (People)	31-50 (People)	51 or above (People)	
2025	10	38	48	23	24	1	48
2024	4	40	44	14	28	2	44
2023	10	34	44	15	28	1	44
2022	1	21	22	11	11	0	22

Analysis of the Trend in the Change of Number of New Full-Time Employees in Taiwan Region

Over the past four years, the number of new employees (including interns) at the company has shown a stable growth trend, reaching 48 people in 2025. This indicates that the company continues to adjust its workforce allocation based on operational development needs, strengthening talent recruitment and development mechanisms. To achieve a balance between employees' work and personal lives, the company has implemented a policy to reduce employee overtime hours starting in 2023. This initiative enhances a friendly workplace environment by increasing manpower, optimizing work distribution, and reducing work burdens. In 2023, in response to manpower adjustment needs, additional recruitment was carried out, leading to an increase in personnel changes. However, this was part of the company's proactive strategy to optimize its workforce structure. From 2024 onwards, manpower allocation gradually stabilized, and in 2025, the number of employees continued to grow.

From the perspective of talent structure, new personnel in the past were primarily male, mainly related to the demand for engineering, technical, and production roles in the Manufacturing industry. In 2025, the ratio of female new personnel increased, indicating the company's active expansion of diverse talent sources. The age distribution is primarily dominated by those under 50 years old. In 2025, employees aged 30 or below and those aged 31 to 50 account for 48% and 50%, respectively. This balance caters to both the development of young talent and the introduction of professional talent, strengthening technical heritage and organizational development. The overall increase in new personnel mainly responds to operational development, workforce optimization, talent development, diverse recruitment, technological upgrades, and sustainability transition needs.

Number of Employee Departures

Employees (Including interns)	Gender		Total (People)	Age			Total (People)
	Female (People)	Male (People)		30 or below (People)	31-50 (People)	51 or above (People)	
2025	7	35	42	16	24	2	42
2024	6	32	38	11	24	3	38
2023	8	37	45	13	29	3	45
2022	1	27	28	12	15	1	28

Note: The calculation of employee departures includes those who left voluntarily, as well as those who left due to dismissal or retirement.

Analysis of the Trend in the Change of Number of Employees Leaving the Company in Taiwan Region

Over the past four years, the Number of Full-Time Employee Departures in Taiwan Region for the Administration Department (including interns) ranged between 28 and 45 people, with 42 people departing in 2025 (including those who left voluntarily, as well as those who left due to dismissal or retirement). This represents an increase of 4 people compared to 2024 but a decrease of 3 people compared to 2023. Overall, the personnel turnover situation remained stable. Observing the gender structure, from 2022 to 2024, the departing personnel were predominantly male, with a percentage of approximately 82% to 96%, mainly related to the nature of roles in the Manufacturing industry and workforce structure. The company will continue to monitor the work adaptation, Career Development, and retention needs of employees of all genders. From the analysis of age distribution, departing personnel are primarily concentrated in the 31 to 50 age group, with a percentage of approximately 54% to 64% for each year. This is followed by employees aged 30 or below, with a percentage of about 29% to 43%, mainly influenced by factors such as career exploration, job transition planning, further education, and work adaptation. The ratio of employees aged 51 or above departing remains at 3% to 8%, indicating overall stability.



5-1-4 Employee Rights and Benefits

HYC believes that employees are the core to sustainable business success. Upholding the management philosophy of “continuous learning and growth, excellence in service, and shared achievements,” the Company is committed to creating a stable, talented, diverse, inclusive, safe, and healthy work environment.

a. Statutory Benefits

- Breastfeeding Room
- Family Care Leave
- Labor Insurance
- National Health Insurance
- Paternity Leave
- Maternity Leave
- Special (Annual) Leave
- Parental Leave
- Labor Pension Contribution
- Antenatal Care Leave
- Prenatal Check-up Leave
- Employment Insurance
- Employee Health Examination
- Occupational Accident Insurance

b. Other Benefits

- Employee Bonus
- Year-end Bonus
- Holiday Bonuses/Gifts
- Employee Cafeteria
- Coffee Bar
- Work-Life Consultation
- Wedding Gifts
- Maternity/Paternity Allowance
- Employee Training Subsidies
- Education Scholarships for Employees' Children
- Hospitalization Consolation Payment
- Severance Pay Contribution
- Emergency Assistance
- Domestic Travel
- Overseas Travel
- Department Gatherings
- Family Day
- Employee Discounts
- Employee Parking Spaces
- Partner Stores
- Meal Allowance

c. Protect employee rights and interests in accordance with the provisions of the Labor Standards Act

Protect employee rights and interests with benefits surpassing the provisions of the Labor Standards Act:

Salary and Rewards

1. Year-end Bonus
2. Special Contribution Bonus
3. Referral Bonus
4. Project Bonus
5. Newcomer Training Bonus
6. Production Staff Bonus
7. Proposal Improvement Bonus
8. Gender-Equal Pay with No Wage Disparity

Welfare Committee

1. Holiday Gifts/Vouchers
2. Birthday Vouchers
3. Department Gatherings
4. Condolence/Celebration Gifts or Cash for Weddings and Funerals
5. Domestic and Overseas Employee Travel
6. Employee family day
7. Hospitalization Consolation Payments for Employees and Their Dependents
8. Year-End and Spring Banquets with Cash Lotteries
9. Food Truck Events
10. Partner Store Discounts
11. Organize art and cultural events, and parent-child activities

Medical Care and Insurance

1. National Health Insurance
2. Labor Insurance
3. Labor Pension Contributions
4. Travel Insurance for Business Trips
5. Annual Regular Employee Health Checkups
6. On-site Professional Nurse and Physician Providing Consultations and Lectures
7. Health Promotion Activities - Exercise Classes, Weight Loss Programs, Smoking Cessation Programs, etc.

Friendly Environment

1. Employee Cafeteria
2. Freshly Brewed Coffee Provided in the Office
3. Free Car and Motorcycle Parking for Employees
4. Designated Parking Spaces for Women and Children
5. Breastfeeding Room
6. Five-Star Restrooms Throughout the Facility
7. Personal Lockers for Production Staff

Management System

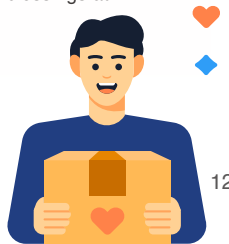
1. Employee Uniforms
2. Safety Shoes for On-site Employees
3. Complete Protective Equipment for On-site Employees
4. Employee Suggestion Boxes
5. Employee Care and Support
6. Comfortable Work Environment

Education and Training

1. Comprehensive Training for New Employees
2. Occupational Safety and Health Training
3. Company-wide Employee Training Programs
4. Subsidies for On-the-Job Professional Training to Obtain Certifications and Licenses
5. Scholarships for Employees Pursuing Further Education
6. Career Development and Skill Certification Programs
7. Regular Company-wide Team-building Workshops
8. Regular Fire Drills Emphasizing Employee Safety
9. Participation in Domestic and International Exhibitions to Broaden Knowledge
10. Diverse Training Programs - Family Education Activities and More

Other Benefits

1. Scholarships for Employees' Children (From Kindergarten to Ph.D.)
2. Maternity/Paternity Allowance
3. Occasional Fruit Gift Boxes
4. Nonscheduled treats for drinks and snacks
5. Meal Allowance
6. Annually, ignite the Light of Wisdom and offer blessings at Yong Xin Temple.





Caption : Worry-free blessing three-day employee travel



Caption : Two-day Employee Trip to Taipei Yuanshan



HYC aims to create a happy workplace and enhance employee satisfaction by establishing the Employee Welfare Committee (hereinafter referred to as the Welfare Committee). The committee carefully plans a variety of activities and continuously improves the company's welfare facilities each year, enabling employees to work with joy and peace of mind. These efforts boost employee morale, strengthen their sense of belonging to the company, and promote a harmonious balance between work and life.



Caption : Freshly baked meals prepared on site by a food cart



Caption : The Company occasionally gifts fruit boxes



Caption : Company year-end party events

Parental Support

HYC encourages employees to raise children and supports the national birth policy by placing special emphasis on subsidies and allowances related to childbirth, parenting, and family within its employee benefits system. Plans welfare measures that exceed industry standards, including Wedding Gifts, childbirth and parenting subsidies, and education scholarships for employees' children from kindergarten through to Ph.D. graduation. Additionally, HYC provides a parental leave without pay policy that applies to all full-time employees, regardless of length of service.



Caption : Award scholarships for employees' children.

Parental Leave Return and Retention Status

Item	2025		2024		2023		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees Eligible for Parental Leave	4	5	3	5	1	0	1	2
Actual Number of Employees Who Took Parental Leave	1	1	2	1	0	0	0	0
Expected to Return from Parental Leave (A)	1	1	2	1	0	0	0	0
Actually Returned to Work (B)	0	0	1	0	0	0	0	0
Returned from Leave in Previous Year (C)	1	0	0	0	0	0	0	0
Remained Employed One Year After Return (D)	1	0	0	0	0	0	0	0
Return Rate (B/A)	0%	0%	50%	0%	0%	0%	0%	0%
Retention Rate (D/C)	100%	0%	0%	0%	0%	0%	0%	0%

d. Employee Benefits

(1) Family-Friendly Measures

- 1 Signed an exclusive partnership with Nangang Daycare Center to offer discounted childcare services for employees' children.
- 2 Provides welcome gifts for employees' school-age children entering elementary school.
- 3 Offers educational scholarships for employees' children, from kindergarten to higher education.
- 4 Established a breastfeeding room: including a refrigerator, backrest chair, covered trash bin, power outlets, a door with interior lock, emergency call button, and hand-washing facilities.
- 5 Designated friendly parking spaces for women and children for added convenience.



Caption : Breastfeeding Room



Caption : Designated Parking Spaces for Women and Children

(2) Workplace Health Promotion

- 1 Provides on-site health checkups for employees annually, exceeding legal requirements, and organizes smoking cessation programs, weight loss programs, health consultations, and seminars to promote workplace wellness.
- 2 Implements an Employee Assistance Program (EAP) offering comprehensive physical and mental wellness support and psychological counseling services.
- 3 Employs on-site physicians and nurses to regularly monitor and support employee health.
- 4 Certified with the Badge of Accredited Healthy Workplace by the Ministry of Health and Welfare.
- 5 Participated in the Ministry of Education's "Family-Friendly Enterprise Alliance Promotion Program - Pilot Project for Promoting Family Education in the Workplace," and held parenting seminars to help employees balance work and family life. The company received a certificate of appreciation from the Ministry of Education for its efforts.

(3) Other Measures

- 1 Annually, ignite the Light of Wisdom and offer blessings at Yong Xin Temple for all employees and their families.
- 2 Implementation of Employee Stock Warrants: Stock warrants are granted to outstanding employees who have made significant contributions, with trading permitted starting in 2026. This initiative aims to retain top talent and reinforce the principle of sharing the company's operational achievements.



Caption : Family Education Series Lectures



Caption : Nantou Family Education Center –
"Nurturing My Family with Love" Series of Activities



Caption : Certificate of Appreciation
from the Ministry of Education

5-1-5 Collective Bargaining Agreements

The Company has no labor union.

5-1-6 Talent Development, Growth, and Remuneration Policy

The Company places great importance on creating a learning-oriented environment, fostering a friendly corporate culture, and engaging in social responsibility. The Company prioritizes transformation in human resources by building a learning organization, motivating employees, and encouraging rapid learning in order to adapt to fast-changing markets.

Career Development

Innovative process management is key to enhancing the company's competitiveness. Building a learning organization, motivating employees, and encouraging rapid learning are essential to adapting to fast-changing markets. As part of this strategy, job rotation is implemented for Indirect Unit employees to promote diverse skill development across different roles. For Production Department employees, a structured internal promotion pathway is in place: from entry-level Process Associate Engineer -> Process Engineer -> Senior Process Engineer -> Lead Process Engineer. Employees must pass multiple assessments and undergo rigorous training, with production quality being a key evaluation criterion. Further encourage learning to operate various types of machinery, establish a multi-skilled workforce mechanism, and increase staffing flexibility. The Company actively supports continuing education and provides tuition subsidies for employees pursuing a master's degree or higher.



Caption : Promotion Process Engineer evaluation

Education and Training

In response to the retirement of senior employees, the onboarding of younger generations, and the factory's transition toward smart manufacturing, HYC's training programs go beyond general education and onboarding for new employees. The focus is placed on:

1. Professional Skills Transfer (technical and quality knowledge)
2. Occupational Safety Education and Training
3. Communication, Coordination, and Teamwork
4. Work-Life Balance Education.

Throughout the talent development process, HYC continuously explores both organizational and individual needs, regularly reviewing and launching essential training programs to equip employees with the knowledge and skills necessary for career advancement.

The company provides employees with the training required for career growth. In 2025, managers received an average of 49 training hours per person, an increase of 9 hours from the previous year. For non-managerial staff, the average remained steady at 27 hours per person. The company expects its managers to foster a workplace culture that encourages learning and improvement while motivating their team members to participate in training and educational programs, thereby enhancing the company's overall learning environment.

Job Rotation Mechanism

To cultivate employees with cross-functional capabilities, the company implements a structured job rotation system aligned with the career development plans of different job categories. Through regular rotation arrangements, employees are given the opportunity to engage and learn across various departments, gaining core knowledge and skills in multiple fields. This enhances organizational flexibility and competitiveness. In addition, the Job Rotation Mechanism also facilitates the stimulation of employees' innovative thinking, allowing them to solve problems from diverse perspectives and contribute greater value in a rapidly changing market environment.

Performance Appraisal

Performance appraisal at HYC is not only a key basis for management to adjust employee compensation but also a vital tool for creating an excellent career development environment and helping employees achieve their personal goals. Employees with outstanding performance are offered promotion opportunities, encouraging them to demonstrate their individual strengths while also taking on the responsibility of leading teams and driving performance, thereby maximizing their impact.

According to the company's internal "Employee Appraisal Method," the company conducts a performance evaluation once a month. In each evaluation, the company engages in in-depth discussions with employees about the execution of their goals and reviews specific behavioral examples to evaluate and improve employee behavior, ensuring alignment with the Company Vision. In 2025, all employees completed the annual Performance Appraisal, achieving a coverage rate of **100%**.



Average Employee Training Hours (Hours)

Year	Gender	Manager	Non-Manager	Total
2025	Female	25.9	28.3	54.2
	Male	36.5	26.7	63.2
	Total	62.4	55	117.4
2024	Female	33.6	17.9	51.5
	Male	33.7	16	49.7
	Total	67.3	33.9	101.2
2023	Female	39.8	20.3	60.1
	Male	27.1	17.7	44.8
	Total	66.9	38	104.9

Note 1: Managerial positions refer to manager level and above.

Note 2: Average training hours = Total training hours for the category ÷ Total number of employees in that category.



Caption : Conduct regular monthly quality education and training.



Caption : Product professional education and training.



Caption : Introductory Application of Generative AI Education and Training

Hazard Identification and Risk Awareness

- 1 Full coverage, fulfilling commitments Achieved a 100% training completion rate among managers and colleagues, demonstrating the company's highest commitment to zero bullying and zero harassment in the workplace.
- 2 Layered training for precise protection with tailored courses designed for "management positions" and "frontline high-risk personnel."
Managers focus on behavior recognition and crisis management; frontline staff focus on communication skills and conflict resolution.
- 3 Optimize mechanisms to establish a sense of security in conjunction with education and training, promoting an anonymous grievance hotline and Employee Assistance Programs (EAP). Employees' awareness and trust in the reporting mechanism for illegal violations have been enhanced.
- 4 Quantification of results, substantial feedback Post-training, employee satisfaction and awareness significantly increased, successfully establishing a culture of workplace safety.



Caption : Workplace Unlawful Infringement Education and Training

Establish a Defense Awareness and Implement Technical Protection

Coverage Rate 100%: This year's Information Security Education and Training Completion Rate reached 100% for all employees (including new recruits, contract staff, and outsourced personnel).

The rate of reporting information security incidents increased by 45%: The number of employees proactively reporting and intercepting suspicious social engineering emails increased significantly by 45% compared to last year. The bait rate in social engineering decreased to 1.2%: Following multiple unannounced social engineering drills throughout the year, employees' click rate on malicious emails significantly dropped from 8.5% to 1.2%, which is better than the industry average.

Information security incidents: 0 cases. No major information security incidents occurred this year, and there were no incidents of Customers' privacy breaches.

From "Passive Defense" to "Active Identification": Deepening the Infocomm Security DNA of All Employees

Constructing Precise Quantification Assessment: Using the PDCA Cycle for Improvement Tracking and Effectiveness Review

Strengthening Digital Transformation Resilience: Linking Sustainability Governance (G) and Social Responsibility (S)



Caption : Information Security Education and Training

Compliance with Laws and Regulations

Completion Coverage Rate Reached 100%: The completion rate for all board directors, senior managers, and general colleagues (including new employees) reached 100%.

Total Training Hours: The company's accumulated training hours on ethical corporate management and insider trading prevention reached 6 hours.

Signing of Statement 100%: The signing rate of the Year "Insider Trading Prevention and Ethical Corporate Management Code Statement" by core insiders (directors and managers) and prospective insiders reached 100%.

Zero dishonest whistleblowing incidents: This year, with the implementation of preventive mechanisms and the inventory by the Audit Office, there were zero incidents of corruption, bribery, or insider trading violations. Deepen ethical governance, with senior leaders implementing compliance; 100% coverage for all colleagues to institutionalize insider trading prevention.

Promote a diverse range of digital advocacy and mechanisms to shape a culture of corporate integrity.

5-1-7 Employee Compensation Policy and Pay Equity

5-1-7-1 Overview of Compensation System

The Company has established a fair and consistent compensation system based on market salary surveys and internal job evaluations, ensuring that all employees receive reasonable and competitive remuneration.

5-1-7-2 Disclosure of Full-Time Non-Managerial Employee Compensation

To enhance salary transparency and build stakeholder trust, the Company discloses the compensation of full-time non-managerial employees in accordance with Article 4-2 of the Financial Supervisory Commission's "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," as follows:

Year	Average Annual Salary (NT\$ thousand)	Median Annual Salary (NT\$ thousand)	Average Annual Growth Rate	Median Annual Growth Rate
2023	580	554	8.61%	5.52%
2024	578	554	-0.34%	0%
2025	590	568	2.08%	2.53%

5-1-7-3 Pay Equity Policy

The Company regularly reviews compensation differences to ensure there are no unjustified gaps across gender, age, or job level. Looking ahead, ESG performance indicators will also be integrated into the compensation system to further strengthen the Company's sustainability culture.

5-2 Occupational Safety and Health

5-2-1 Occupational Safety and Health Policy

HYC clearly defines employee rights and responsibilities related to safety, hygiene, and health in both labor contracts and its Occupational Safety and Health Code of Practice. It sets health and safety goals: implementing ISO 45001 standards across all facilities, ensuring comprehensive assessment and management of occupational safety and health risks. HYC places great emphasis on occupational safety and health performance, striving to provide safe, comfortable, environmentally friendly, and efficient operations for employees, customers, communities, and business partners. Occupational safety and health management is regarded as one of the Company's key competitive advantages and is fully integrated into its organizational management systems.



Caption : ISO 45001 and TOSHMS (Taiwan Occupational Safety and Health Management System) Certificates

Workplaces at each production site are audited and safety observations conducted by supervisors and safety personnel to identify deficiencies and carry out continuous improvements aimed at reducing occupational hazards. In 2025, a total of 28 deficiencies were identified through audits and self-management, all of which have been fully addressed and resolved.

a Implementation of Occupational Safety and Health Management System

To ensure workplace safety for employees, the company has implemented ISO 45001 and TOSHMS (Taiwan Occupational Safety and Health Management System). These certifications apply to all personnel working within HYC's factory premises.

Name	2024			2025		
	Personnel-related Factors	Maintenance and Repairs	Equipment Improvements	Personnel-related Factors	Maintenance and Repairs	Equipment Improvements
On-site Occupational Safety and Health Inspection Deficiencies	25 cases	24 cases	34 cases	6 cases	10 cases	12 cases

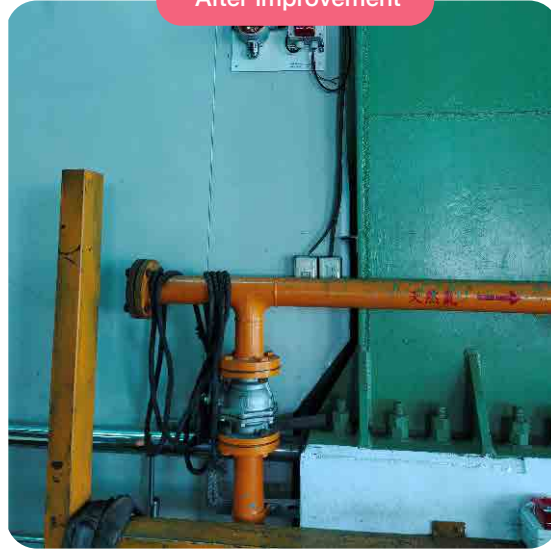
In 2025, a total of 28 deficiencies were identified through audits and self-management, all of which have been fully addressed and resolved.

Before improvement



Caption : Before improvement: There was no natural gas detector above the natural gas switch.

After improvement



Caption : After improvement: Added a natural gas detector.

Before improvement



Caption : Before improvement: There was no protective barrier in the filter disassembly operation area of the padding machine.

After improvement



Caption : After improvement: replaced with protective barrier.

鑫永銓股份有限公司
安全觀察、巡查記錄表

受觀察者姓名	鄭榮功	工作區域	一廠	日期	114年11月07日
擔任此工作時間	114年9月				
受觀察者情況	☐ 1. 新進人員 ☐ 2. 調換作業人員 ☒ 3. 容易錯誤人員 ☐ 4. 情緒不穩 ☐ 5. 其他 (安全觀察)				
項次	觀察項目	結果	責任歸屬	改善對策	
01	是否有不安全的動作或行為	✓			
02	是否未經授權擅自操作機械或其他設備	✓			
03	是否在安全的速度下工作或操作	✓			
04	是否有以不安全之方法使用工具或設備	✓			
05	是否物料之配置太擁擠或處理不安全	✓			
06	是否工作於吊掛物、開口、轉軸、施工架下方	✓			
07	是否在設備運轉中清理或調整	✓			
08	有無配戴適當防護具 (口罩、耳塞)	✓			
09	其他:				
安全觀察方式: ☐ 當天現場觀察 ☐ 監視系統觀察					
1. 危險性機械、設備初使用、發生事故或虛警不斷之部門使用。 2. 由環安處各單位主管執行觀察。 3. 觀察結果: 良好"✓", 異常"×", 無此項目"-".					
經理			巡查人		

T24030014

鑫永銓股份有限公司
安全觀察、巡查記錄表

受觀察者姓名		工作區域	三廠	日期	114年11月13日
擔任此工作時間	年 月				
受觀察者情況	☐ 1. 新進人員 ☐ 2. 調換作業人員 ☐ 3. 容易錯誤人員 ☐ 4. 情緒不穩 ☐ 5. 其他				
項次	觀察項目	結果	責任歸屬	改善對策	
01	是否有不安全的動作或行為				
02	是否未經授權擅自操作機械或其他設備				
03	是否在安全的速度下工作或操作				
04	是否有以不安全之方法使用工具或設備				
05	是否物料之配置太擁擠或處理不安全				
06	是否工作於吊掛物、開口、轉軸、施工架下方				
07	是否在設備運轉中清理或調整				
08	有無配戴適當防護具 (口罩、耳塞)				
09	其他: 機車停放處, 晚上照明不足	✓		立即告知單位, 並改善	
1. 危險性機械、設備初使用、發生事故或虛警不斷之部門使用。 2. 由環安處各單位主管執行觀察。 3. 觀察結果: 良好"✓", 異常"×", 無此項目"-".					
經理			巡查人		

T24030014

Caption : Safety Observation and Inspection Record Form

The occupational safety and health management system has become an integral part of HYC's corporate value system. The company will continue to focus on the needs of stakeholders and, by promoting environmental, safety, and health management efforts, is committed to establishing a safe, healthy, and comfortable working environment.

b

Scope of Occupational Safety and Health Management

Employees

Refers to individuals employed by the Company who perform work and receive wages.

Other workers not classified as employees

Includes personnel who do not have an employment relationship with the Company but work at the workplace under the direction or supervision of the Company's responsible persons.

Contractors

Refers to individuals or groups who have no employment or subordinate relationship with the company. These personnel are hired by external companies to complete specific tasks for the company and receive compensation upon completion of the tasks.

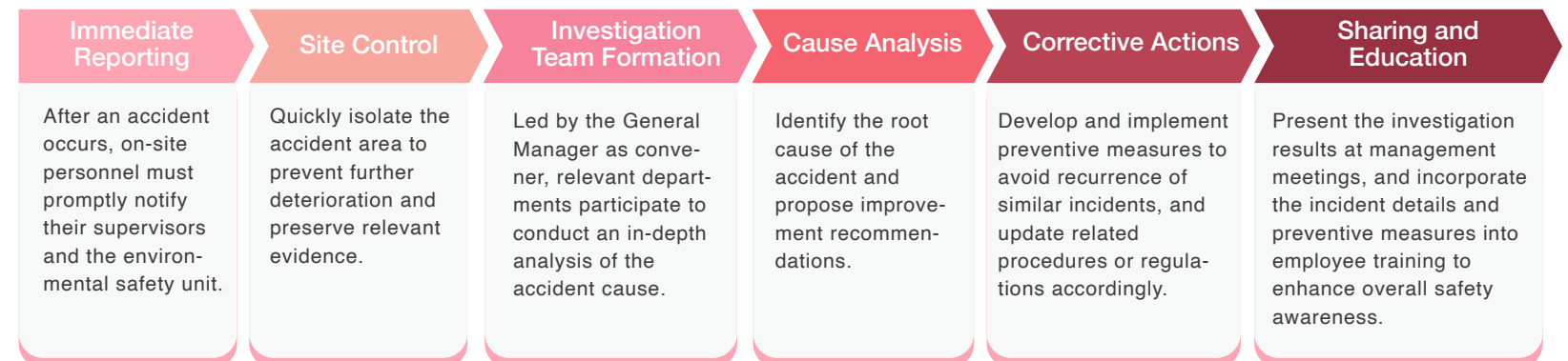
To ensure the safety and health of other workers not classified as employees and contractors, the Company provides necessary safety and health training as well as medical assistance, and permits these personnel to use the Company's shared facilities. For specialized and high-risk operations, the Company commissions professional contractors and strictly requires them to comply with local occupational safety and health regulations as well as the Company's implemented safety and health management measures.

c

Hazard Identification, Risk Assessment, and Incident Investigation

The Company places great emphasis on the safety and health of workers, adhering to the principles of prevention, zero accidents, and zero injuries. These principles apply not only to internal company operations but also to other personnel active within HYC workplaces, such as contractors and visitors. The General Manager is responsible for reviewing and approving hazard identification and risk assessment processes, which are executed by the safety and health unit together with respective unit managers.

HYC classifies risk levels based on severity and frequency of occurrence, focusing key management efforts on high-risk operations. Measures for these include enhancing protective equipment, conducting specialized safety inspections, and providing regular training, with mid-to senior-level managers assigned to supervise and report regularly. For medium- and low-risk items, periodic reviews are conducted, and employees are encouraged to propose improvements collaboratively to develop risk mitigation measures. To enhance workplace safety, the company has established a comprehensive accident investigation process to ensure every incident is properly handled and rectified. The investigation process includes:





In accordance with regulations, safety and health-related meetings are held regularly. Internal and external audits review the applicability of hazard identification and risk assessment, with timely discussions and revisions conducted as needed. Following legal requirements and ISO 45001 certification standards, the risk assessment process is implemented to achieve the goals of zero accidents and zero injuries.

In new employee training, the company emphasizes employees' responsibilities regarding occupational safety and health, as well as the importance of self-protection. In 2025, the Company recorded no incidents of employees being disciplined for reporting safety concerns or for evacuating to safe locations due to safety concerns.



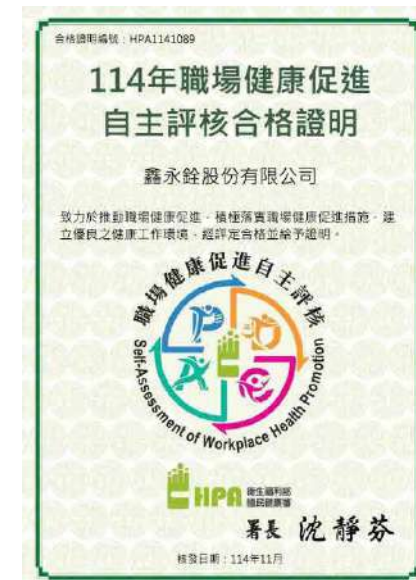
Caption : Regular monthly occupational safety prevention education and training.

d

Health Promotion Program

Upon hiring new employees, the company provides pre-employment health screenings and conducts annual employee health checkups that exceed regulatory requirements with 56 items, including ECGs and ultrasounds, with an employee participation rate of over 95%. The company has established a comprehensive health management system and regularly organizes health seminars and joint health promotion activities with local health centers, such as weight loss programs, guided exercises, and chronic disease prevention education. A friendly workplace environment is fostered, including a comfortable nursing room and designated parking spaces for women and children.

	Name	2024	2025
1	The participation rate of health check-ups (%) annually	97%	99%



Caption : Professional medical support provided by nurses and doctors



Caption : Certificate of Excellence in Workplace Health Promotion Self-Assessment

Additionally, contracted nurses provide on-site health services 48 times per year, and professional physicians offer on-site health services 4 times annually. First aid personnel are assigned based on workplace headcount, providing professional medical assistance for employees. In new employee training, the company promotes information on health services, medical support, and occupational disease prevention. The Company has also obtained the Badge of Accredited Healthy Workplace from the Ministry of Health and Welfare's Health Promotion Administration.

	Name	2024	2025
1	On-site Health Services by Nurses	48 sessions in total, with 99 employee consultations and care sessions	48 sessions in total, with 93 employee consultations and care sessions
2	On-site Health Services by Doctors	4 sessions in total, with 11 employee consultations and care sessions	4 sessions in total, with 11 employee consultations and care sessions



Caption : Morning exercise for all employees



Caption : Workplace Health Promotion Balanced Diet Seminar



Caption : Annually plan regular health checkups for all employees.

e Worker Participation, Consultation, and Communication on Occupational Safety and Health

HYC’s operations are based in Taiwan. In accordance with legal requirements, occupational safety and health (OSH) personnel are appointed to oversee and coordinate OSH-related matters. Regularly convene meetings to develop safety and health management policies, Education and Training programs, health management, occupational disease prevention, health promotion, equipment self-inspections and safety and health audits, hazard prevention measures for machinery and raw materials, and occupational incident investigation reports on various safety and health topics.

In accordance with the “Occupational Safety and Health Management Regulations,” the Company has established an Occupational Safety and Health Committee, chaired by the highest-ranking EHS executive serving as the management representative. The committee holds meetings quarterly. Its responsibilities include providing recommendations on the Company’s proposed safety and health policies, reviewing, coordinating, and advising on various OSH-related matters. Based on the committee’s resolutions, the EHS team implements necessary improvements to operational procedures.

f Occupational Safety and Health Training

HYC strictly complies with government regulations and provides necessary occupational safety and health training for new employees, along with regularly scheduled professional courses. In addition, to enhance fire safety awareness and response capabilities, the Company conducts regular fire drills to ensure employees are well-prepared for emergency situations.

For non-employee workers, hazard communication and occupational safety and health training are provided before they enter the worksite. Safety awareness is further reinforced through job safety analysis and safety reminders. During operations, the Company promotes a stronger safety culture by conducting safety supervision and irregularly sharing safety and health knowledge and concepts.

	Name	2024	2025
1	New Employee Orientation Training (including migrant workers)	34 sessions, 42 participants	35 sessions, 47 participants
2	Occupational Safety Awareness Training	4 sessions	15 sessions
3	Safety and Health License Refresher Training (e.g., forklift and overhead crane operators)	8 items, 13 participants	11 items, 59 participants
4	Safety and Health License Acquisition	Forklift Operator License (3 individuals) 3-Ton Crane Operator (9 individuals) Organic Solvent Operations Supervisor (1 individual) Energy Manager (1 individual)	Forklift Operator License (1 individuals) 3-Ton Crane Operator (19 individuals) First Aid Personnel (3 individuals) Energy Manager (2 individual)
5	Fire Drill	194 participants across the first and second half of the year	209 participants across the first and second half of the year



Caption : Forklift Use Education and Training



Caption : Fixed Crane Education and Training



Caption : Occupational Safety and Health Training



Caption : Annual Company-Wide Fire Drill

9 Prevention and Mitigation of Occupational Safety and Health Impacts Directly Related to Business Activities

The Company also complies with legal requirements by implementing necessary management measures for non-company workers to ensure that contractors have a safe and healthy working environment within company premises. Measures include incorporating safety regulations into contracts, providing hazard communication and briefings before contractors enter the facility, and conducting safety supervision and related training. In addition, the company performs irregular safety inspections and reports any deficiencies to the contracting unit or responsible party to prompt corrective actions and improve safety.

	Name	2024	2025
1	Hazard Communication and Safety Training for Contractors Before Entering the Facility	14 sessions, 58 participants	15 sessions, 48 participants



5-2-2 Occupational Injuries

Occupational Injuries and Occupational Diseases

The Company regularly compiles occupational incident statistics across all factory sites. The total working hours for FY2025 amounted to 248,059 hours. During this period, no major or hospitalization occupational injury incidents occurred. Education and training were conducted regularly.

To further optimize the occupational safety environment, the company will conduct a comprehensive review of minor injuries and near-miss incidents within internal management, establish corrective and preventive measures, improve equipment operation procedures, and continuously strengthen safety promotion to enhance employees' safety awareness. In recent years, no occupational injury accidents or lost workdays have occurred among non-employee workers.

Year	Total Work Hours (Hours)	Occupational Incidents			Occupational Injury Fatality Rate	Serious Occupational Injury Rate (excluding fatalities)	Recordable Occupational Injury Rate
		Deaths	Serious Injuries (Note 4)	Number of Recordable Occupational Injuries (Cases)			
2025	248,059	0	0	0	0	0	0
2024	236,645	0	0	1	0	0	0.845

Note 1: TRIR (Total Recordable Incident Rate) is the Recordable Occupational Injury Rate calculated as the number of occupational injuries ÷ Total Work Hours × 200,000 work hours.

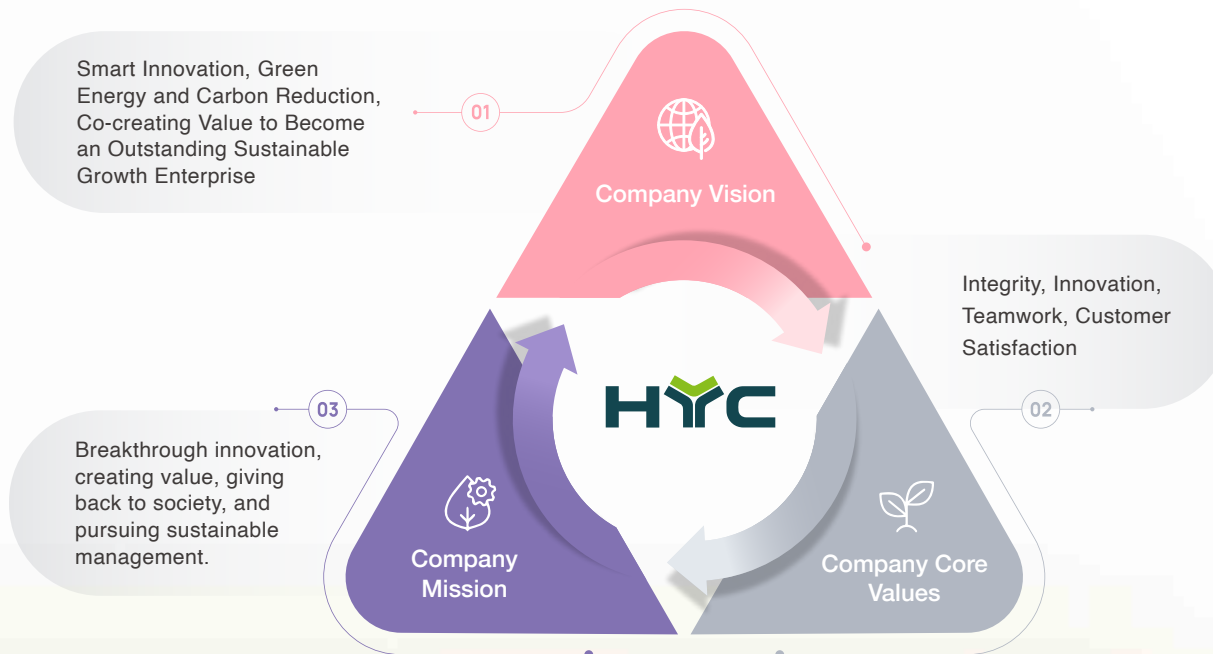
Note 2: LTIFR (Lost Time Injury Frequency Rate) for serious (disabling) occupational injury rate is calculated as the number of serious occupational injuries ÷ Total Work Hours × 1,000,000 work hours.

Note 3: The Company has established basic management systems such as contractor hazard communication and facility entry safety education. The total work hours and occupational injury rate for non-employee workers have not been completely recorded yet. In the future, records will be improved to include the number of workers, work hours, and the number of occupational injuries at the facilities.

Note 4: Serious occupational injuries are defined as irreversible injuries (e.g., amputation) or injuries that cannot or are unlikely to recover to the pre-injury health condition within six months (e.g., complicated fractures).

5-3 Community Engagement, Investment in Infrastructure, and Support Services

5-3-1 Community Philanthropy and Engagement



a

Due to the impact of the external environment, internal care for employees

1

Following the September 21 Earthquake in 1999, the Company resumed operations within one week. Prioritizing employee welfare and guided by a spirit of public service and maternal care, the Company initiated a series of social welfare activities: providing condolence payments to employees whose homes in the severely affected Nantou area were partially destroyed, and arranging container housing for employees whose homes were completely destroyed.

2

During the 2008 global financial crisis, the Company did not implement unpaid leave or salary cuts. Production downtime was replaced with training courses, ensuring employees maintained steady income.

3

When the COVID-19 pandemic broke out in 2019, causing a sharp economic downturn and widespread unemployment and unpaid leave, HYC did not lay off employees nor implement unpaid leave. The Company took active steps to foster a gender-friendly and family-supportive environment, including:

- A. Providing employees with epidemic prevention insurance, allowing confirmed cases to receive treatment without financial worries
- B. Distributing plum extract lozenges to employees to enhance immunity
- C. Using video conferencing to reduce external visitors and protect employee safety
- D. Arranging vaccination programs and purchasing masks, alcohol, and other epidemic prevention supplies to support employees and their families
- E. Placing ozone sterilizers in every office
- F. Providing Family Care Leave to employees needing to care for their families
- G. Managing leave types and days in accordance with Ministry of Health and Welfare and Labor Standards Act regulations.

b

Contribution to Society

When profit is no longer the sole indicator of a successful business, shaping corporate culture through a "people-oriented" approach, establishing a corporate image through social welfare initiatives and employee benefits, and conveying the brand's value proposition can enhance corporate competitiveness and promote sustainable development.

Continuously invest in public welfare, caring for disadvantaged families.

Long-term commitment to public welfare care, continuously supporting the development of local social welfare. The Company has sponsored the Taiwan Fund for Children and Families' "Warm Winter Charity Fair" for over 20 consecutive years, helping to raise funds for public welfare and supporting economically disadvantaged families through difficult times. This continuous effort reflects the Company's commitment to social care and responsibility through actual actions and has been honored with the "National Model for Child Welfare" award by the Taiwan Fund for Children and Families, recognizing the Company's long-standing contributions to child welfare work.

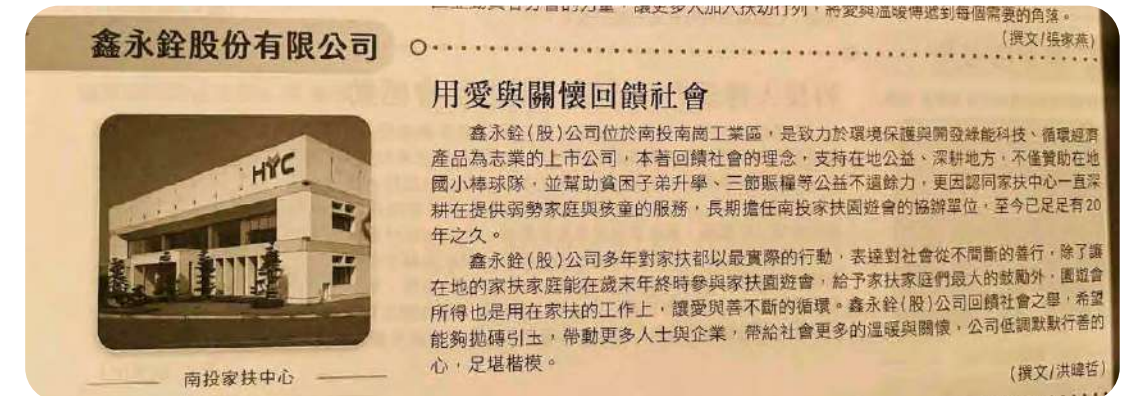
In addition to financial support, Hsin Yung Chien also donated a small truck to the Taiwan Fund for Children and Families for use in daily services and goods transportation, assisting in enhancing efficiency in family visits for disadvantaged groups, goods distribution, and various public welfare activities, ensuring that service resources are delivered more quickly and effectively to families in need.



Caption : National Model for Child Welfare Award



Caption : Long-term support for Nantou Branch, Taiwan Fund for Children and Families activities.



Caption : Press coverage



Caption : Donated a small truck for public welfare services.



Caption : Sponsoring an International-Level Band Theater Performance



Caption : Certificate of Appreciation from Taiwan Fund for Children and Families

Industry–Academia Collaboration Programs, Student Corporate Visits, and Internships:

Industry-academia collaboration is a crucial strategy for Talent Development at HYC and one of the core goals of the company's sustainable development. Fostering industry–academia collaboration is one of the Company's long-term commitments to talent cultivation. The "Industry–Academia Joint Employment Program" was first launched in 2006 in partnership with Chaoyang University of Technology and Nan Kai University of Technology. Over the years, the initiative has been expanded in scope and curriculum design, and subsequently extended to include additional institutions such as National Yunlin University of Science and Technology, Hsiuping University of Science and Technology, and Chienkuo Technology University. Through these collaborations, the Company strengthens academic-industry linkages, provides students with practical learning opportunities, and supports the development of future professionals. Since 2007, the President has long served as a lecturer for the master's program at Chaoyang University of Technology, sharing practical business management, industry trends, and management experience to help students understand industry developments and global market trends, fulfilling the company's social responsibility of giving back to education.

In addition, the manager of the Administration Department has long been invited to deliver special lectures at institutions such as National Chung Hsing University, Dayeh University, National Yunlin University of Science and Technology, Chaoyang University of Technology, Chienkuo Technology University, Nan Kai University of Technology, and Hsiuping University of Science and Technology. These lectures share practical business experiences and, through corporate visits, special competitions, and industry-academia exchange activities, promote the integration of academic theory with industry practice. This helps students grasp industry development trends in advance, explore career directions, and enhance their competitiveness in the job market after graduation.

In terms of Talent Development, the Company also provides long-term internship opportunities for students from mechanical departments at Hsiuping University of Science and Technology and Nan Kai University of Technology. This allows students to accumulate professional skills and workplace experience through practical operations, narrowing the gap between academic learning and practical application. Additionally, it establishes a talent reserve mechanism for the company, achieving a sustainable cooperation model that benefits schools, students, and enterprises.



Caption : Corporate Visit Activity of the Department of Business Administration, Chaoyang University of Technology



Caption : Corporate Visit of Students from the Department of Applied Chemistry



Caption : Manager Feng-Yi Lin Sharing at Chaoyang University of Technology <Workplace Ethics and Responsibility>

Child Sponsorship:

For over 20 years, the Company has sponsored underprivileged and motivated students from nearby schools. From the sponsorship start date until university graduation, the Company provides scholarships and financial aid. Regular discussions are held to care for the students' daily lives and learning progress, emphasizing character development to help them become valuable contributors to the nation in the future.



Caption : Regularly held sponsored students' discussion meetings and awarded scholarships.

Winter Relief Food Aid:

Providing food aid to local impoverished residents during periods of economic downturn.



Caption : Dragon Boat Festival food aid event

Emergency Relief During the Pandemic:

In 2021, due to the pandemic causing an economic shutdown, many businesses halted operations, and people suddenly lost their income sources. To help Nantou City, Caotun Township, and Mingjian Township residents who faced severe hardship during the pandemic receive timely care and assistance, the Company allocated special funds for emergency relief to those in need. A total of NT\$30 million from the company's profits was allocated for emergency relief funds. Applications were reviewed under the principle of "providing urgent relief without long-term dependency," with the assistance of the Nantou County government. Those who met the criteria received a subsidy of NT\$10,000 per person, with a maximum of NT\$60,000 per household. After the review, the President and General Manager, accompanied by members from the Administration and Finance Departments, personally distributed the relief funds to 85 villages.



Caption : Emergency relief fund distribution to local residents in Nantou affected by pandemic-related unemployment

Sponsorship of Elementary School Baseball Team:

For over ten years, the Company has continuously sponsored the Shin Feng Elementary School baseball team in Nantou County by providing funding for uniforms and equipment. This support enables underprivileged students to stay after school for training while completing their academic work. Besides fostering good character, it helps develop their athletic interests and skills, strengthens their physical health, and boosts their confidence and future competitiveness. Scholarships are also awarded to players who achieve honors in competitions as encouragement.



Caption : Sponsorship of Shin Feng Elementary School Baseball Team



Caption : Baseball Team Players Receiving Awards and Cheering Each Other with Team Chants

Corporate Visits:

Every year, social groups from across Taiwan visit the Company. In addition to promoting concepts of green beautification and energy conservation, the Company shares its public welfare achievements and employee care initiatives, aiming to inspire mutual resonance.



Caption : Corporate visit by the Professional Management Association



Caption: Corporate visit by the Central District Fellowship Association

Sponsorship for Military Personnel:

Long-term sponsorship of the Friends of Armed Forces Association's morale-boosting and respect-for-military activities
Long-term sponsorship of the Nantou County Friends of the Police Association
Long-term sponsorship of the Nantou County Volunteer Police and Fire Brigade
Sponsored the Friends of Armed Forces Association's Lunar New Year morale subsidy, condolence payments for aviation accident victims (Air Force F-16V in Chiayi), condolence payments for soldiers involved in the joint military training accident (Army Armored 564 Brigade in Pingtung), and additional meal allowances for Military Day celebrations



Caption: Long-term sponsorship for military personnel

Overseas Disaster Relief:

Following the March 11 Tōhoku earthquake in 2011, HYC donated a generator capable of supplying emergency power to a hospital. The Management Department coordinated with the Japan-Taiwan Exchange Association, becoming the first to receive approval from the Japanese government to deliver relief supplies to Japan. The generator was inscribed in Chinese, English, and Japanese with a message of care from Taiwan, and marked as a donation from Hsin Yung Chien Co., Ltd.



Caption : Donating Generator for March 11 Tōhoku earthquake relief



Sponsoring the Local Community:

Long-term sponsored the Nantou County Government in organizing the Nantou Lantern Festival, actively participated in planning the Company's designated exhibition zone with a focus on brand visibility, showcasing a joyful atmosphere and contributing to the prosperity of tourism in Nantou.



Caption : Long-term sponsorship of the local highlight, the Nantou Lantern Festival

Sponsoring Rural Schools:

Due to limited resources in small rural elementary schools, the Company periodically leads a children's theater troupe to perform at these schools, using the performances to promote moral values and enhance the Company's public image.



Caption : Sponsorship of children's theater performances at elementary schools in Nantou

Protecting Medical Resources in Rural Areas:

To enhance emergency medical rescue capabilities in the rural areas of Nantou County, the Company donated three brand new ambulances to the Nantou County Fire Department, which are allocated to remote areas such as Yushan, Yuchi, and Ren'ai to participate in frontline emergency rescue services. HYC profoundly recognizes the importance of "racing against time" in saving lives and hopes to enhance rural ambulance capabilities through actual actions. This aims to assist firefighters and medical personnel in executing emergency rescue missions more promptly, thereby safeguarding the lives and safety of residents.



Caption : To support ambulance stations in the rural areas of Yushan, Yuchi, and Ren'ai, donate three brand new ambulances.

Supporting Local Religious Culture:

Sponsor the pilgrimage activities of Baishatun Mazu, Shoutian Temple's Xuantian God, and Chongshou Temple's Nine Heavens Female, supporting local temples in hosting reception, supply, and related services. Provide pilgrims with comprehensive rest and logistical support to ensure the smooth conduct of this century-old religious and cultural event. Actively support local religious activities to promote community interaction and cultural heritage.



Caption : Sponsor the pilgrimage activities of Baishatun Mazu, Shoutian Temple's Xuantian God, and Chongshou Temple's Nine Heavens Female.



5-3-2 Social Inclusion and Community Prosperity

The Company actively responds to the United Nations Sustainable Development Goals (SDGs) and Taiwan's Sustainable Development Goals formulated by the Executive Yuan's National Council for Sustainable Development with concrete objectives and actions. Through identifying, prioritizing, and selecting appropriate goals for implementation, aligned from multiple aspects of corporate strategy and business operations, two key Indicators most relevant to its business have been identified: SDG 4 Quality Education and SDG 3 Good Health and Well-being. By doing so, the Company supports national sustainable development and actively fulfills its corporate social responsibility.

The Company is committed to achieving mutual prosperity with the community. Prior to establishing or expanding new facilities, the Company conducts thorough assessments of potential impacts on the surrounding environment and infrastructure. After construction begins, continuous safety monitoring is implemented to minimize environmental impact during operations.

To enhance transparency and fulfill its social responsibility, the Company will align its current practices with international disclosure standards by incorporating comprehensive social impact assessments, including the needs of women and vulnerable groups. The Company will disclose monitoring data on noise, air quality, and wastewater discharge, and regularly inform stakeholders of the impact assessments and mitigation measures. In terms of community involvement, the company will collaborate with local representatives to promote infrastructure development and educational resource projects.

5-3-3 Facility Environment and Employee Well-being

The Company's long-term investment in facility landscaping not only contributes to the environment but also serves as a tangible practice of employee well-being and community integration. The green landscaping coverage rate in the plant area is approximately 20%, with over 30,000 plants and trees cultivated, and since 2012, it has repeatedly won the "Industrial Park Beautifying Championship" for nationwide industrial park facilities. For a complete description of the site's greening and biodiversity, please refer to 6-8-5 Nature Positive Actions.



Caption : The plant view is lush green, a beautiful forest factory.

06

Environmental
Aspects

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6-1 Climate Change

6-1-1 Climate Change Risks and Opportunities for the Company and Corresponding Response Measures

The company's comprehensive carbon reduction pathway and phased targets in response to climate change are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy, section 1, E Environmental Sustainability."

1

Climate Governance and Oversight Structure

The Company has established a Steering Sustainability Committee responsible for formulating sustainable development strategies and promoting ESG-related initiatives. The Committee conducts regular assessments of climate-related risks and opportunities in accordance with the TCFD framework. Identified risks and opportunities are reported quarterly to the Board of Directors, which oversees implementation and ensures that relevant departments coordinate their efforts in line with the Paris Agreement, the 2050 net-zero emissions target, and the requirements of Taiwan's Climate Change Response Act. These efforts include conducting relevant operational risk assessments.

2

Identification and Assessment Process for Climate-Related Risks and Opportunities

To effectively manage climate-related risks and opportunities, HYC's Sustainable Development and Climate Change Response Committee incorporates climate change risks into its monitoring and evaluation scope. The Committee continues to track climate-related factors that may impact the Company's operations, including international regulatory developments and occurrences of extreme weather events.

By adopting the TCFD framework, the company analyzes its climate-related risks and opportunities. The company also engages external experts to conduct Education and Training sessions, covering global Risk Trends and climate change topics such as the current state of TCFD development, its recommended assessment structure for climate risks and opportunities, and scenario analysis to identify potential impacts. This training enhances employees' understanding of global risk trends and climate change, and each department assesses the climate risks and opportunities relevant to their operational activities. For high-risk or high-impact items, the company holds discussions to determine corresponding Mitigation Strategies and target indicators, which serve as concrete actions in climate management.



Assessment Process:

STEP
01

Define climate
change scenarios

STEP
02

Evaluate impacts on the
operational environment

STEP
03

Identify climate-related
risks and opportunities



3. Scenario Analysis

HYC references five climate scenarios from the IPCC AR6 report and sets two scenarios for analysis: SSP5-8.5 (temperature rise up to 6°C) and SSP1-2.6 (temperature rise up to 2°C). Under these scenarios, the Company examines potential physical risks and transition risks it may face. The identification results are summarized below:

Climate Change Risk Identification Summary Table

Risk Ranking	Risk No.	Risk Type	Risk Factor	Timing Assessment
1	001	Transition Risk - Policy and Legal	Laws and regulations related to greenhouse gas reduction and energy management	Short-term
2	002	Physical Risk - Long-term	Changes in rainfall patterns and extreme climate variability	Long-term
3	003	Physical Risk - Long-term	Climate change impacts on upstream and downstream supply chains	Medium-term

Note: Definitions of time thresholds: Short-term: 2025–2027; Medium-term: 2027–2031; Long-term: 2032–2051.

Climate Change Opportunity Identification Summary Table

Opportunity Ranking	Opportunity No.	Opportunity Type	Opportunity Factor	Timing Assessment
1	001	Opportunity - Product and Service	R&D and innovation in developing new products and services	Medium-term
2	002	Opportunity - Resource Efficiency	Adoption of more efficient production and distribution processes	Long-term
3	003	Opportunity - Resource Efficiency	- Participation in renewable energy projects and implementation of energy-saving measures - Development of recyclable green materials to enhance resource reuse	Short-term

Note: Definitions of time thresholds: Short-term: 2025–2027; Medium-term: 2027–2031; Long-term: 2032–2051. Climate change-related risk and opportunity management strategies.



Risk 001 | Laws and regulations related to greenhouse gas reduction and energy management

Impact Scenario

- 1 There is a growing stringency in both domestic and international regulations concerning greenhouse gas emissions and energy usage. These include requirements for disclosing energy consumption and GHG emissions, setting targets for energy efficiency and carbon reduction, and imposing carbon taxes or fees.
- 2 If the company and its supply chain fail to establish clear carbon reduction targets, formulate short-, medium-, and long-term plans, or effectively reduce greenhouse gas emissions, it may result in non-compliance with governmental greenhouse gas reduction and energy management regulations. This could lead to increased carbon-related fees or taxes and misalignment with customers' supply chain decarbonization goals, ultimately impacting order acquisition and causing revenue decline.
- 3 To comply with relevant regulations, the company will need to invest more resources in related management efforts, which will increase operating costs and procurement expenses. Without proper management, these challenges may negatively affect the company's overall operations, including risks to financing activities and capital availability.

Risk Impact Aspects

- 1 **Increase in Raw Material Costs:**
Suppliers may raise product prices in response to carbon taxes and fees, leading to an increase in our company's raw material costs. Additionally, if the Company opts for higher-priced low-carbon alternatives to enhance carbon reduction efforts, procurement costs may also rise.
- 2 **Management and R&D Costs:**
To reduce greenhouse gas emissions, the Company has established processes for GHG disclosure and management, which may increase related administrative costs. To further lower carbon emission expenses, the Company plans to incorporate circular economy models and energy-efficient designs in newly constructed plants and offices. It also aims to strengthen GHG emissions management across the supply chain. These initiatives are likely to increase both management and R&D expenditures.

Financial Impact

Increased operating costs and expenses; without appropriate management measures, this may lead to setbacks in financing and investment activities, as well as capital reduction.

Mitigation Strategies

- 1 New factory buildings and offices will adopt sustainable building certification standards, integrating circular economy models and energy-efficient designs to ensure environmental friendliness and efficient resource utilization during construction.
- 2 During the operational phase, the Company will continue to enhance energy efficiency and implement the ISO 50001 Energy Management System to achieve more effective energy management and continuous improvement.

Mitigation Costs

- 1 Capital expenditures
- 2 Operating costs



Opportunity 001 | R&D and innovation in developing new products and services

Impact Scenario

- 1 By offering products with high heat resistance, cold resistance, and weather resistance, HYC helps customers cope with potential extreme weather events caused by climate change, thereby enhancing the competitiveness of its products in the market.
- 2 Development of recyclable green materials to enhance resource reuse

Financial Impact

- 1 **Revenue Increase:**
By improving corrosion resistance and overall performance of its products, the Company has earned customer support and increased sales volume.
- 2 **Increased Investment Opportunities:**
By investing in green energy-related industries and adding green value, the Company's green energy products attract external investors' attention, indirectly increasing opportunities to secure capital.

Opportunity Impact Aspects

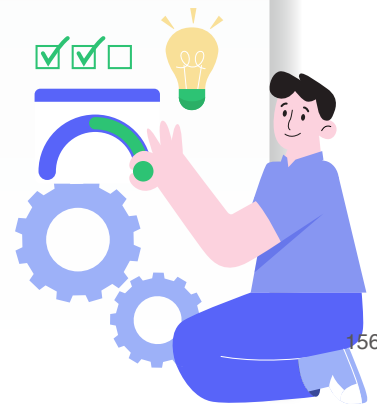
- 1 **Enhancing Product Resilience:**
Developed products maintain stable performance under extreme climate conditions, meeting market demand for high-performance materials and thereby increasing the market appeal of the company's products.
- 2 **Expanding Market Share:**
By offering more durable products, our company can further explore new market segments, especially in industries highly sensitive to climate change, thereby increasing its market share.
- 3 **Promoting Brand Value:**
Through innovative and leading-edge product development, our company will strengthen its industry leadership and advance its sustainable brand image, attracting a broader customer base with strong environmental and climate responsibility.

Mitigation Strategies

- 1 **Increase R&D Investment:**
Invest in the research and development of products with high heat and cold resistance to ensure stable performance under extreme climate conditions.
- 2 **Collaboration and Alliances:**
Partner with materials science research institutions or related enterprises to enhance technical capabilities and drive product innovation.
- 3 **Marketing Promotion:**
Focus marketing efforts on regions with high climate risks, emphasizing the products' climate resilience and environmental benefits.

Mitigation Costs

- 1 R&D costs
- 2 Marketing promotion costs



6-1-2 Climate Change-Related Indicators and Targets

Climate Change Indicators

- ① Reduce the number and scope of assets or business activities vulnerable to climate change impacts.
- ② Establish comprehensive supply chain management plans to enhance supply chain resilience.
- ③ Reduce absolute Scope 1 and Scope 2 greenhouse gas emissions through energy management and plant design.
- ④ Integrate energy-saving, electricity-saving, and low-carbon concepts into daily operations and production activities; enhance operational efficiency through green buildings, energy-saving programs, and energy management systems.

Climate Change Opportunity Indicators

- ① Increase the proportion of renewable energy usage in total energy consumption.
- ② Enter new markets and increase the revenue proportion from renewable energy and low-carbon products.
- ③ Increase R&D budget for green products and energy-saving products to support business growth and environmental sustainability.
- ④ Development of recyclable green materials to enhance resource reuse.



Caption : On-site green landscaping in the factory area absorbs carbon dioxide and purifies air quality

6-1-3 Internal Carbon Pricing Management

1. Current Situation of the External Carbon Pricing Environment.

1.1 Survey on the Current Situation of Taiwan's Carbon Fee System

The Ministry of Environment officially began the levy in May 2026. The carbon fee system adopts a dual-track design of "basic rate + preferential rate":

Rate Category	Fee (NT\$/Metric Ton CO ₂ e)	Scope of Application
General Rate	300	Failure to Submit or Pass the Self-Reduction Plan
Preferential Rate B	100	Adopt a technology benchmark reduction pathway
Preferential Rate A	50	Adopt industry-specific SBTi reduction targets.

According to the "Carbon Fee Charging Regulations," the levy applies to factories (sites) with annual Greenhouse Gas Emissions (direct emissions + indirect emissions from electricity use) exceeding 25,000 metric tons of CO₂e, covering the electricity, gas supply, and manufacturing industries. The first phase in 2026 will include approximately 500 factories and 281 enterprises, accounting for about 54% of the country's total emissions.

1.2 Current Situation Statement of the Company: Not subject to statutory carbon fee collection, belongs to voluntary disclosure Mitigation Strategies.

The company's FY2025 Total Scope I and II greenhouse gas emissions are 7,462.184 metric tons, far below the carbon fee levy threshold of 25,000 metric tons CO₂e (approximately 29.8% of the threshold), therefore, the company is currently not subject to the statutory carbon fee levy. However, considering proactive risk management and the carbon reduction pressure from the supply chain, the Company still voluntarily incorporates carbon pricing into its decision-making assessment tools as part of its long-term ESG sustainable development initiatives.

1.3 Potential Impact of the EU Carbon Border Adjustment Mechanism (CBAM)

The EU CBAM will be officially implemented in 2026, requiring imports of high carbon emission products such as steel, cement, and aluminum to the EU to report carbon emissions and purchase CBAM certificates. Taiwan is one of the top 20 source countries for products during the CBAM transition period (ranked 13th), with steel products being the most affected.

The Company's Main Products, rubber conveyor belts, rubber dams, cushioning packaging materials, and composite material components are currently not within the scope of products regulated by CBAM. However, the company will continue to monitor the potential expansion of CBAM-regulated products in the future and its potential impact on cost pass-through from upstream metal and chemical raw material Suppliers in the supply chain.

2. The Concept of Internal Carbon Pricing (ICP) and International Practices

Internal Carbon Pricing (ICP) refers to the process of internalizing the external costs of greenhouse gas emissions, by setting a price per ton of carbon emissions within a company. This price is used as a comparative and evaluative indicator and is incorporated into the assessment tools for investment decisions, operational management, and strategic planning. According to the Carbon Disclosure Project (CDP) statistics, IFRS S2 also explicitly lists the "application of internal carbon pricing" as an encouraged disclosure Item for climate-related Indicators (S2.29(d)).

2.1 Three Main Types of Internal Carbon Pricing

Category	Operation Mechanism	Adoption Percentage (CDP Statistics)
Shadow Price	When evaluating investment plans, companies incorporate expected carbon costs into financial analysis as a "shadow price," without involving actual cash flow, solely as a reference for decision-making.	Approximately 50.8% (international mainstream)
Implicit Price	The carbon price level implied by the marginal cost of internal carbon reduction investments by enterprises is often used to evaluate the cost-effectiveness of carbon reduction measures.	Approximately 19.3%
Internal Carbon Fee	Companies actually charge carbon emission fees to internal departments or business units, and the income is used to establish a climate fund dedicated to energy-saving investments, purchasing green electricity, or carbon offsets.	Approximately 15%

3. The Company's Internal Carbon Pricing Planning and Application

Although the company is not subject to the statutory carbon fee levy, considering:

- 1 International brand customers' supply chain carbon reduction requirements are becoming increasingly stringent.
- 2 In the long term, the scale of emissions may change with business growth.
- 3 Enhance climate risk awareness in capital expenditure decisions, and decide to proactively plan for the introduction of an internal carbon pricing mechanism as a concrete action for advanced deployment of climate governance.

3.1 Carbon Price Level Setting Method

Refer to the following three bases as the foundation for setting the Company's internal carbon price in the future:

- 1 **Government-mandated carbon fee rates:** General Rate 300 TWD/ton, Preferential Rate A 50 TWD/ton, Preferential Rate B 100 TWD/ton, used as the lower boundary reference for domestic regulatory costs.
- 2 **International Carbon Pricing Trend:** According to the World Bank's 2025 Carbon Pricing Trend report, global carbon pricing ranges from 40 to 160 USD per ton of CO₂e (approximately NT\$1,280 to NT\$5,120), serving as the upper reference for long-term climate resilience scenarios.
- 3 **Peer Practice Level:** Referring to the experience of Taiwan's small and medium-sized manufacturing industries in adopting shadow pricing, start with a gradual, low-impact approach.



3.2 Selection of Introduction Type: Shadow Pricing Method

- ✓ Plan to adopt "shadow pricing" as the initial introduction tool.

The Company plans to prioritize the use of "shadow pricing" as the initial form of internal carbon pricing for the following reasons:

- 1 It does not involve actual cash flow transfers, requires no changes to existing financial processes, and encounters the least resistance during implementation.
- 2 The international mainstream approach, adopting a percentage exceeding 50%, has a broad practical reference basis.
- 3 In line with the actual situation of our company's current phase, where the emission scale is relatively small and the organization's carbon governance capability is still in the construction phase.

3.3 Decision-making Application Scenarios of Shadow Pricing

Application scenarios	The application methods of the Company	Expected Benefits
Capital expenditure decisions	For major capital expenditure projects such as adding new production line equipment or plant expansion, incorporate the shadow carbon price into the financial evaluation model to compare the full life cycle carbon costs of different equipment efficiency solutions.	Prioritize choosing low carbon emission equipment to avoid future conversion costs.
Energy Procurement Assessment	When evaluating the cost-effectiveness comparison of self-consumption of solar energy, green energy procurement, and existing grid electricity usage, incorporate a shadow carbon price to reflect potential external costs.	Enhancing the Persuasiveness of Decision-Making in Renewable Energy Investment
Product R&D Direction	When the Newsheet Division develops new products such as low carbon footprint materials and recyclable composite materials, shadow carbon pricing is incorporated into the profit capability evaluation of the product line.	Enhance the internal resource ranking priority of green products.
Supplier selection	In the supplier ESG grading management mechanism, the carbon emission intensity of raw materials is included as an evaluation factor.	Driving the overall low-carbon transformation of the supply chain.

4. Shadow Carbon Price Simulation: Scenario Analysis Based on 2025 Emission Levels

To facilitate the Board of Directors and management in concretely understanding the financial implications of implementing internal carbon pricing, the company has conducted a simulation of potential cost scales under different shadow carbon pricing scenarios, based on the FY2025 Scope I and II greenhouse gas emissions (7,462.184 metric tons of CO₂e), as a reference for internal communication and decision-making:

Scenario Setting	Carbon price level	Convert to New Taiwan Dollars (approximately)	Potential Annual Cost (Estimation)
Scenario 1: Domestic Statutory Preferential Rate A	50 TWD/ton	50 TWD	Approximately NT\$373,000
Scenario 2: Domestic Statutory General Rate	300 TWD/ton	300 TWD	Approximately NT\$2,239,000
Scenario Three:International Peer Median Level (approximately 25 USD/ton)	Approximately 800 TWD/ton	800 TWD	Approximately NT\$5,970,000
Scenario 4: Statutory Rate After 2030 (Upper Bound of Expert Recommendation Range)	1,800 TWD/ton	1,800 TWD	Approximately NT\$13,432,000

Simulation result interpretation

Even in the strictest Scenario 4 (Upper Bound of Statutory Rate After 2030, 1,800TWD/ton), the company's potential carbon costs are still only approximately NT\$13,432,000, which is manageable relative to the company's operating scale (about 0.9%). However, the core value of this assessment is not the amount itself, but rather to build the organization's decision-making awareness that "carbon emissions have financial implications," and to verify the long-term economic rationale of early investments in enhance energy efficiency, self-consumption of solar power, and other carbon reduction measures.

Based on the evaluation, adopting Scenario Two + Scenario Three, with a median reference value of 500 TWD/ton.

5. Internal Carbon Pricing Promotion Schedule

2025

- The Steering Sustainability Committee approved the level and scope of shadow pricing.
- Pilot in the financial evaluation of the solar expansion project.

2026

- Expand to each business unit's capital expenditure assessment process.
- Incorporate trial evaluation factors into supplier selection.

2027

- Expand to each business unit's capital expenditure assessment process.
- Incorporate trial evaluation factors into supplier selection.

Starting from 2029

- Assess whether to transition to an internal carbon fee mechanism. Formally disclose according to the requirements of IFRS S2 in the annual report's dedicated section.



6-2 Greenhouse Gas Management

6-2-1 Greenhouse Gas Management Strategy, Methodology, and Targets

The setting of short, medium, and long-term goals for Greenhouse Gas Reduction and the advancement timelines are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy, section 1, E Environmental Sustainability."

The Company is committed to the effective management and reduction of greenhouse gas emissions, establishing concrete strategies and targets. The Company conducted its first carbon inventory in 2023 and set the results from that year as the Base Year for its emission reduction efforts. At the same time, investments have been made to enhance energy efficiency, introduce renewable energy, and optimize production processes, aiming to gradually reduce greenhouse gas emissions to achieve the goal of reducing Scope 1 and Scope 2 emissions by 2% compared to the base year by 2025.

Regarding Scope 1 emission reductions, HYC follows the government's energy-saving and carbon reduction policy of "using high-efficiency power equipment and accelerating the replacement of outdated equipment." Considering the future implementation of domestic carbon fee regulations and the maturing carbon trading market, the Company prioritizes the use of low-carbon-emission equipment when expanding new plants and facilities, aiming to reduce greenhouse gas emissions from product manufacturing processes. In addition to reducing greenhouse gas emissions related to capital goods, the Company also emphasizes carbon reduction measures in products and processes. For example, by installing smart meters to monitor major energy-consuming equipment, the Company has implemented various technological improvements aimed at lowering the overall carbon footprint and enhancing energy efficiency.



Caption : ISO 14064-1 Greenhouse Gas Inventory Training

6-2-2 Greenhouse Gas Emissions

HYC follows the guidelines of ISO 14064-1:2018 and the Greenhouse Gas Protocol (GHG Protocol) to determine organizational boundaries based on operational control. The baseline year is set as 2023 to calculate and verify greenhouse gas emissions.

In 2025, the Company's direct Scope 1 greenhouse gas emissions amounted to 3,235.524 metric tons of CO₂e, while Scope 2 indirect emissions from energy consumption was 4,226.660 metric tons of CO₂e. In 2025, the company completed verification according to ISO 14064-3:2019 and met the following standard requirement of ISO 14064-1:2018. The verification was conducted by an independent third-party verification body, and a reasonable assurance level verification opinion was obtained.



Caption : ISO 14064-1 Verification Opinion Statement

a. 2023 Greenhouse Gas Emissions Data

Scope 1	1.1 Direct emissions from stationary combustion sources	3,172.487
	1.2 Direct emissions from mobile combustion sources	18.874
	1.4.1 Emissions from refrigerants	23.709
	1.4.2 Emissions from fire-fighting equipment	0.000
	1.4.3 Emissions from wastewater treatment	0.138
	1.4.4 Emissions from composting facilities	8.623
	Total	3,223.831
Scope 2	2.1 Emissions from purchased electricity	5,112.825
	Total	5,112.825
Scope 1 Scope 2 Total		8,336.656

b. 2024 Greenhouse Gas Emissions Data

Scope 1	1.1 Direct emissions from stationary combustion sources	3,059.871
	1.2 Direct emissions from mobile combustion sources	17.637
	1.4.1 Emissions from refrigerants	23.709
	1.4.2 Emissions from fire-fighting equipment	0.000
	1.4.3 Emissions from wastewater treatment	0.023
	1.4.4 Emissions from composting facilities	7.462
	Total	3,108.702
Scope 2	2.1 Emissions from purchased electricity	4,272.170
	Total	4,272.170
Scope 1 Scope 2 Total		7,380.872

c. 2025 Greenhouse Gas Emissions Data

Scope 1	1.1 Direct emissions from stationary combustion sources	3,151.6151
	1.2 Direct emissions from mobile combustion sources	24.0244
	1.3 Process emissions	0.2389
	1.4.1 Emissions from refrigerants	45.4395
	1.4.2 Emissions from fire-fighting equipment	6.7000
	1.4.3 Emissions from wastewater treatment	0.0196
	1.4.4 Emissions from composting facilities	7.4866
	Total	3,235.524
Scope 2	2.1 Emissions from purchased electricity	4,226.6599
	Total	4,226.660
Scope 1 Scope 2 Total		7,462.184

Greenhouse Gas Emissions and Intensity (Unit: Metric Tons CO₂e)

Year	Scope 1	Scope 2	Total	Revenue (Million NT\$)	Emission Intensity
2025	3,235.524	4,226.660	7,462.184	1,596	4.67
2024	3,108.702	4,272.170	7,380.872	1,466	5.03
2023	3,223.831	5,112.825	8,336.656	1558	5.35

Note 1: Gasoline and diesel used for company vehicles are calculated based on fuel purchase records; diesel used for forklifts is based on fuel purchase records; liquefied petroleum gas (LPG) and carbon dioxide usage are calculated based on procurement records; electricity consumption is based on electricity bills.

Note 2: Greenhouse gas emissions = Activity data × Emission factor × Global Warming Potential (GWP). The emissions inventory is compiled using the operational control approach. Emission factors and GWP values refer to the Ministry of Environment's published Greenhouse Gas Emission Factor Management Table Version 6.04 and the IPCC Fifth Assessment Report (2013). The carbon emission factor for electricity is based on the figure announced by the Bureau of Energy, Ministry of Economic Affairs.

Note 2: Emission intensity unit is tons of CO₂ / million NT\$ revenue.

Note 5: The unit conversion for liquefied petroleum gas uses the Bureau of Energy's energy product unit heat value table, where 1 kilogram equals 1.818 liters.



6-3 Energy Management

6-3-1 Energy Use Policy

The phased planning for energy transition and green power introduction is detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy, section 1, E Environmental Sustainability."

The Company is committed to improving energy use efficiency by upgrading equipment and implementing various energy-saving measures, successfully increasing production output while conserving energy, thereby enhancing overall production efficiency. Obtained ISO 50001 Energy Management System certification in 2025 and plans to further expand the scope of ISO 50001 implementation. Through energy-saving programs, the company is committed to reducing electricity consumption in production and improving product manufacturing efficiency.



The Company has also established an energy monitoring system and developed electricity models for utility facilities and process systems, along with production process electricity usage analysis, which significantly improved energy efficiency. In FY2025, the Company implemented a total of 11 energy-saving measures, achieving a total energy saving of approximately 6,386.92 GJ (billion joules) compared to the previous year.

Caption : ISO 50001 Energy
Management System Certification

6-3-2 Energy Consumption Overview

To respond to market demands for low carbon and low energy consumption, the company actively introduced the latest energy-saving equipment. In 2025, the Company's overall energy intensity decreased by 6.62% compared to 2024 and by 7.28% compared to 2023, achieving expanded production while effectively controlling environmental impact.

Energy Items	2025	2024	2023
Natural Gas (cubic meters)	1,192,347.00	1,163,449.00	1,206,269.00
Gasoline (liters)	4,868.62	6,040.00	6,463.83
Electricity - Non-Renewable Energy (kWh)	8,917,004.00	8,639,444.00	10,187,776.00
Electricity - Renewable Energy (kWh) Self-Generated and Self-Consumed	298,610.00	218,050.00	0

Energy Items (Unit: GJ)	2025	2024	2023
Natural Gas (cubic meters)	44,116.84	43,047.61	44,631.95
Gasoline (liters)	155.80	193.28	206.84
Electricity - Non-Renewable Energy (kWh)	32,101.22	31,102.00	36,676.00
Electricity - Renewable Energy (kWh) Self-Generated and Self-Consumed	1,075.00	784.98	
Total Energy Consumption (GJ)	77,448.84	75,127.87	81,514.79
Revenue	1,596,478,298	1,466,395,626	1,558,155,945
Energy Intensity	48.51	51.95	52.32

Note 1: Acetylene consumption is negligible and therefore excluded.

Note 2: Energy consumption = fuel usage × fuel calorific value; calorific value coefficients are based on the Bureau of Energy's Energy Product Calorific Value Table.

Note 3: Energy intensity is measured in GJ / million revenue.

6-4 Product Carbon Footprint

With the increasing demands from international brand customers, the EU Carbon Border Adjustment Mechanism (CBAM), and supply chain carbon management requirements, the carbon footprint information at the product level has become the key foundation for the company to respond to customers' green procurement and seize carbon reduction opportunities. In 2025, the company followed ISO 14067 "Greenhouse gases — Carbon Footprint of Products — Requirements and guidelines for quantification" to complete the Product Carbon Footprint (CFP) quantification study for the main product, rubber conveyor belt, and commissioned an independent third-party verification body to conduct verification, obtaining a reasonable assurance level verification opinion.



Caption : ISO 14067 Verification Opinion Statement

6-4-1 Verification Summary and Scope

The Product Carbon Footprint study this time uses 1 kilogram of rubber conveyor belt product as the functional unit, adopting a Cradle-to-Gate (B2B) system boundary. It covers the two major life cycle phases of raw material acquisition and manufacturing production, and has been confirmed by third-party verification to meet the materiality threshold (5%). The key verification information is as follows:

Item	Content
Inspect the target product.	Rubber conveyor belt
Inspection agency	ARES International Certification
Inspection standards	ISO 14067:2018 、 ISO 14064-3:2019 、 ISO 14040:2006 、 ISO 14044:2006
Verification Opinion Statement No.	ARES/TW/A2606732P
Issuance Date/Validity Period	June 16, 2026 / June 15, 2028 (Valid Period: two years)
Assurance Level	Reasonable Assurance
System boundary	Cradle-to-Gate, B2B
Data Coverage Period	January 1, 2025 to December 31, 2025
Materiality threshold	5% (Not violating the materiality threshold)

Third-party Verification Statement

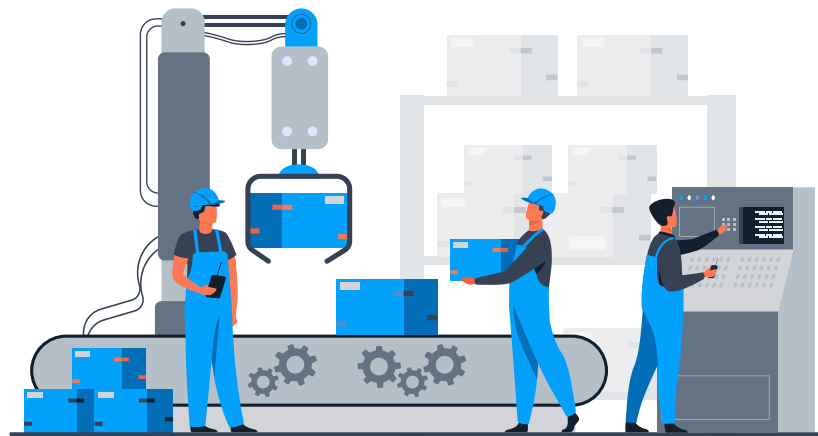
The Product Carbon Footprint of the company's rubber conveyor belt was independently verified by Arise International Certification Co., Ltd. following ISO 14064-3:2019. The verification was conducted on May 18 and May 27, 2026, confirming that the calculation process and data presentation of the product's life cycle Greenhouse Gas Emissions met the expected standard requirements, did not exceed the Materiality threshold, and complied with the reasonable assurance level. The full text of the Verification Opinion Statement is included in the appendix of this report.

6-4-2 Quantification Result of Product Carbon Footprint

The Product Carbon Footprint of the company's rubber conveyor belt is verified to be 3.66 kg CO₂e/kg. The analysis by lifecycle phase is as follows:

Lifecycle phase	Carbon Emissions (kg CO ₂ e/kg)	Percentage
Raw Material Acquisition Phase	2.839	77.60%
Manufacturing and Production Phase	0.820	22.40%
Total (Cradle to Gate)	3.66	100.00%

The research results indicate that the Raw Material Acquisition Phase is the main carbon emission hotspot for the company's rubber conveyor belt products, accounting for 77.60% of the total life cycle emissions. This is mainly due to the upstream emissions from rubber raw materials, chemical materials, and outsourced mixing processes. The Manufacturing and Production Phase accounts for 22.40%, with the primary sources of emissions being electricity and Natural Gas usage. The priority for reducing carbon in our company's products should focus on the raw material side (introduction of low-carbon materials, supply chain carbon management) and enhancing energy efficiency in the manufacturing phase.



6-4-3 Quantification Method and Data Quality

The Description of the research's quantification method, data sources, and quality management is as follows. All primary activity data come from Actual operational records, ensuring High traceability:

Methodology Item	Content
Quantification standards	ISO 14067:2018
Functional unit	1 kilogram of rubber conveyor belt product (average annual formulation)
System boundary	Cradle to Gate (raw material acquisition, raw material transportation, product Manufacturing, production waste treatment)
Global Warming Potential (GWP)	IPCC AR6 (2021)
Primary data source	Main Raw Materials, Auxiliary Raw Materials, Plant Chemicals (ERP System); Electricity (Taiwan Power Company Bill); Natural Gas (cubic meters) (Payment Slip); Water (Water Bill); Output and Waste (ERP, Triplicate Forms)
Secondary data source	Environmental Protection Administration Carbon Footprint Platform, Ecoinvent 3.11
Calculation tools/technology	Excel Table Calculation
Product Category Rules (PCR)	Not related to PCR

In terms of sensitivity analysis, the company evaluates key parameter variations of ±10%. The results show that the Product Carbon Footprint is most sensitive to the "rubber raw material emission factor" (approximately ±5.5%), followed by the outsourced mixing emission factor (approximately ±2-3%) and the electricity emission factor (approximately ±2.4%). This is consistent with the raw material phase hotspot identified in the life cycle analysis, demonstrating the robustness of the research results.

6-4-4 Application and Reduction Direction of Carbon Footprint Management

Completion of the product carbon footprint verification enables the Company to support customers' carbon management needs with product-level quantified data and provides a scientific basis for subsequent carbon reduction decisions. Based on the results of this hotspot analysis, the Company's Application and Reduction Direction of Carbon Footprint Management are as follows:

Management Aspect	Specific directions
Priority for carbon reduction on the raw material side	• Increase the ratio of recycled rubber and low-carbon material usage, reducing reliance on virgin rubber. • Encourage suppliers to provide raw material carbon footprint data to enhance supply chain carbon management. • Introduction of natural rubber sources compliant with EUDR
Carbon reduction on the manufacturing side	• Continuously enhance process energy efficiency through ISO 50001 Energy Management. • Expand self-consumption of solar photovoltaics and procurement of green energy certificates.
Customer value	• Provide Product Carbon Footprint information to respond to international customers' green procurement and CBAM requirements. • Differentiate through low-carbon products to strengthen market competitiveness.
Future development	• Gradually expand the range of products subject to carbon footprint verification. • Incorporate the Product Carbon Footprint into low-carbon product design decision-making.

The Company positions product carbon footprint management as the hub connecting "climate governance, product innovation, and customer value." Through quantification, verification, and reduction, it gradually establishes a low-carbon competitive advantage in the rubber industry. The related carbon reduction goals and advancement timelines are detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy." The organization-level greenhouse gas inventory (ISO 14064-1) is detailed in "6-2 Greenhouse Gas Management."

6-5 nagement

6-5-1 Footprint

HYC is located in Nangang Industrial Zone, Nantou City, Nantou County. Its water source comes from Pinglin Creek and is supplied by the Nantou Water Supply System, Nangang Water Purification Plant, operated by the Taiwan Water Corporation. Over the years, the water supply system has been stable with rare occurrences of supply interruptions. The Company also has a water storage tower to minimize operational impact in the event of supply disruptions. However, under the influence of global extreme climate conditions, water resources are increasingly scarce, and many regions face drought risks. The Company uses the WRI Aqueduct Water Risk Atlas as a risk assessment tool to conduct a preliminary assessment of water resource risks at the site, providing a reference for Water Stewardship and ESG strategic planning.

a. Water Resource Risk Assessment Targets and Scope

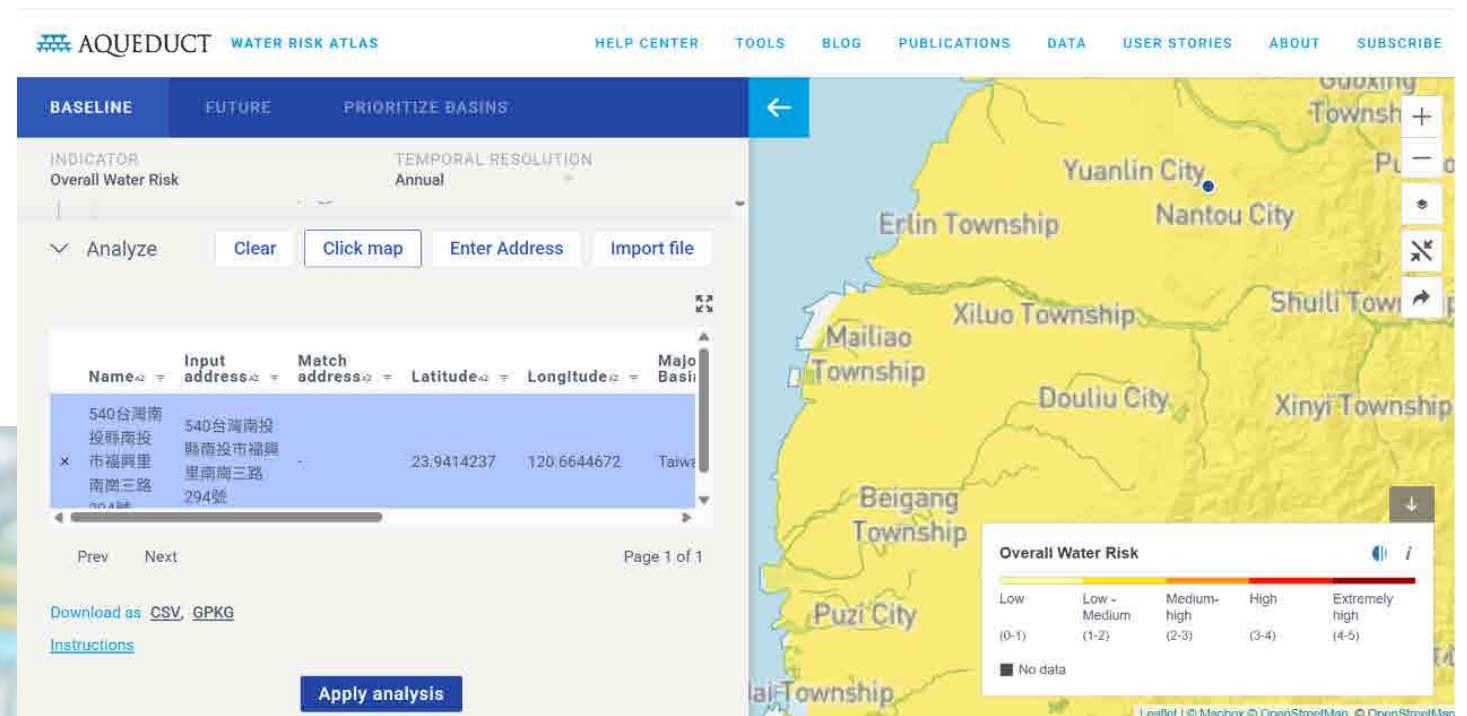
Item	Content
Company Name	Hsin Yung Chien Co., Ltd.
Assessment Site	Nangang Plant
Factory Address	Address: No. 294 Nan Kung 3rd Road, Nantou, Taiwan
The industrial park where it is located	Nangang Industrial Zone
Geographical location	Central Taiwan, approximately 23.9° N latitude, 120.7° E longitude
Belonging watershed	Zhuoshui River Basin (Taiwan's longest river, with a main stream length of approximately 186 kilometers)
Belonging watershed	The jurisdiction of the Water Resources Agency, Central Region Water Resources Office, under the Ministry of Economic Affairs; water supply by Taiwan Water Corporation.
Main water source	The Niaoxi/Zhuoshui River System, with water regulation at Jiji Weir, also utilizes the Deji and Sun Moon Lake reservoirs for additional regional water management.
Industry sector	Rubber conveyor belt manufacturing industry

b. Assess the Risk Category

Risk Category	Main Indicators
Physical Risk - Water Quantity	• Baseline Water Stress • Water Depletion • Interannual Variability • Seasonal Variability • Drought Risk
Physical Risk - Water Quality	• Untreated Connected Wastewater • Coastal Eutrophication Potential
Regulatory and Reputational Risk	• Access to untreated water and sanitation not improved • Media and reputation concerns related to Water Stewardship

c. Use of Tools and Methods

- WRI Aqueduct Water Risk Atlas
- Assessment Model: Hotspot Analysis (Point Analysis)
- Location: 23.94161979301149°N, 120.66446719619903°E



Caption : Data source



d. Water Resource Risk Assessment Result

According to Aqueduct's assessment of the Zhuoshui River Basin in central Taiwan, combined with local hydrological characteristics, the risk indicators are rated and judged as follows:

1. Physical Risk - Water Quantity

Risk Indicators	Rating	Analysis Description
Base Water Stress	Low-Medium	Taiwan receives abundant annual rainfall (approximately 2.6 times the global average), but it is unevenly distributed over time and space. In central regions, water use is primarily for agriculture and domestic needs, with moderate competition for industrial water usage.
Interannual variability	Medium-High	- The difference between wet and dry water years is significant, and typhoon rainfall is the main source of replenishment. - In recent years, typhoon landfalls have decreased, and the risk of drought years (such as the centennial drought of 2021) has increased.
Seasonal variability	High	- Rainfall is concentrated during the wet season from May to October; the dry season from November to April tends to be dry. - Water supply shortage during the dry season is the main water risk in the central region.
Drought Risk	Medium-High	- Water restrictions (Yellow/Orange Alert) were implemented in the central region during 2020–2021. - The frequency and intensity of droughts are expected to increase under climate change.

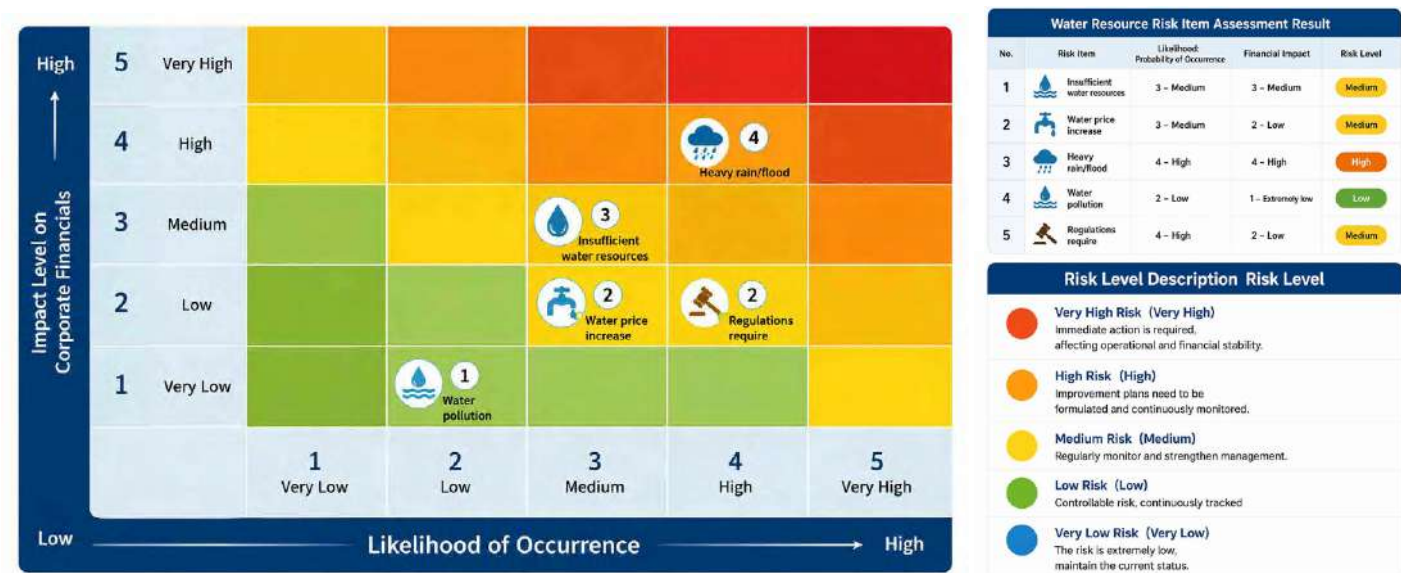
2. Physical Risk - Water Quality

Risk Indicators	Rating	Analysis Description
Wastewater treatment	Low-Medium	- Taiwan's industrial zones have wastewater treatment facilities, and the Nangang Industrial Zone has dedicated management. - Regulations require effluent to meet standards.
Overall water quality	Low-Medium	The quality of public water supply is stable; the quality of water for industrial processes is controllable.

3. Regulatory and Reputational Risk

Risk Indicators	Rating	Analysis Description
Regulatory Risk	Medium	- Taiwan has water-saving and recycling requirements for major water users. - During drought periods, phased water rationing measures may be implemented.
Reputational Risk	Low-Medium	- Water scarcity issues receive media attention, and water usage in manufacturing is easily scrutinized. - A good green image can reduce Reputational Risk.

Comprehensive Water Risk Rating: Medium. The main water risks for the Nangang Plant are "seasonal water shortage" and "tight water supply in drought years," which are structural water characteristics common to central Taiwan, rather than extreme risks unique to the factory address. The risks concerning water quality and regulatory aspects are relatively lower.



Caption : Water Resource Risk Matrix

e. Risk Mitigation Measures

Based on this assessment, it is recommended that the company adopt the following measures for Water Resilience Management, which will serve as the basis for TNFD disclosures and setting Water Resource Management or Reduction Targets:

1. Conservation (Enhance water use efficiency)

- Continually promote process water conservation, setting annual reduction targets for water usage per unit of production (water intensity).
- Introduce water meter zoning monitoring for the entire plant to detect abnormal water usage and leaks in real time.

2. Promoting Water Resources and Circular Processes (Enhancing Water Source Diversity)

- Expand rainwater collection systems to make good use of Taiwan's rainy season precipitation and reduce reliance on public water supply.
- Promote process wastewater recovery and the reuse of recycled water, increasing the water resource recycling and reuse rate.

3. Backup (Enhancing Drought Resilience)

- Establish water storage/backup water source facilities to enhance buffering capacity during drought periods and water rationing periods.
- Develop a water shortage contingency plan (production reduction ranking and key process assurance under tiered water restriction scenarios).



6-5-2 Water Stewardship

HYC follows the ISO 46001 Water Efficiency Management System and has established a comprehensive management mechanism, including water resource management, risk analysis, target setting, and continuous water-saving measures. Additionally, the Company collaborates with suppliers to develop water-saving technologies and water recycling systems to reduce water consumption and ensure stable water supply for operations and production lines. The Company's water supply mainly comes from tap water, used primarily for employee daily needs and plant equipment.

HYC proactively manages water shortage risks. When constructing the new Factory IV, water scarcity was taken into consideration. The basement of Factory IV has a water storage capacity of 1,520 tons, equivalent to 1.5 months of water intake. If water pressure exceeds the six-month average, the Company initiates a 5% voluntary water-saving measure. If the high water pressure persists for over a month without relief, the voluntary saving rate is further increased to 7%. Additionally, the Company employs an internal recycled water management system to flexibly allocate and reuse recycled water within the plant, thereby improving water resource use efficiency.

The Company's annual average water consumption is approximately 10,000 metric tons. The primary water-consuming equipment in the production process is the cooling tower, with water loss mainly due to evaporation and drift. To reduce water consumption, the Company has been promoting water-saving initiatives since 2023. The procedural steps are as follows:

a Inventory of water-consuming equipment and usage points

Conduct a comprehensive inventory of all water-consuming equipment throughout the Company, including cooling towers, process water systems, and personnel daily water use.

b Monitor water consumption

Track monthly water usage to determine the regular average consumption levels.

c Set targets

Aim to reduce water consumption by **2%** annually.

d Conduct employee training

Track monthly water usage to determine the regular average consumption levels.

e

Implementation Plan

(1) Installation of water-saving equipment:

Examples of specific measures include installing automatic sensor flush valves on urinals, replacing toilets with water-efficient models, fitting sensor faucets, adjusting water flow rates, and switching to easily rinsed hand soaps to reduce rinsing time. Install automatic sensor flush valves on urinals, replace toilets with water-efficient models, fit sensor faucets, adjust water flow rates, and switch to easily rinsed hand soaps to reduce rinsing time.

(2) Recycling and reuse of water resources:

Collect rainwater for garden and plant irrigation. Recycle wastewater from reverse osmosis drinking machines.

(3) Employee education and training to change water usage behaviors:

Encourage practices such as turning off faucets promptly and minimizing water use during cleaning activities.

(4) Water-Saving Improvement Plan for Cooling Towers.

A targeted improvement plan was developed to address the three main sources of water loss in cooling towers: evaporation loss, splash loss, and periodic discharge loss, and is being implemented year by year to meet water conservation goals.

a. Evaporation Loss

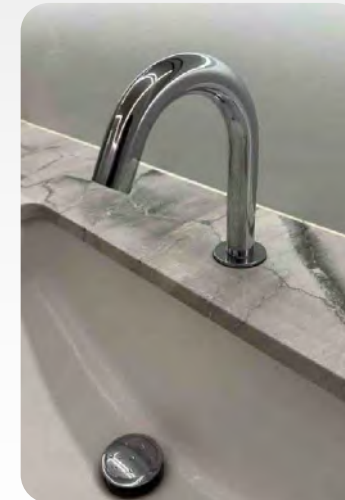
Apply evaporation loss recovery equipment to reduce the amount of water lost through evaporation.

b. Splash Loss

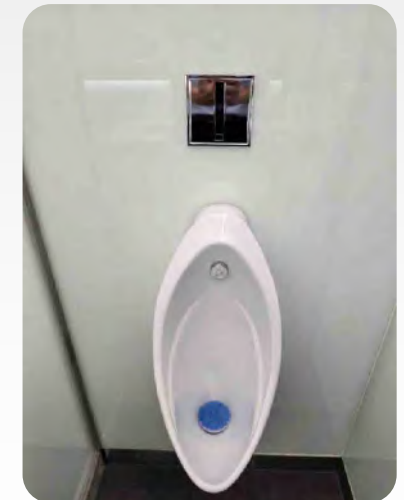
Effectively reduce water loss caused by splashing through the design and installation of drift eliminators, and by lowering fan speeds using variable-frequency drives to optimize fan operation.

c. Periodic Discharge Loss

Manage the quality of circulating water to reduce the frequency of discharges, thereby minimizing water loss.



Caption : Automatic Sensor Faucets



Caption : Automatic Sensor Urinals

6-5-3 Wastewater Management

HYC’s Plants I and II use a dry process that does not generate industrial wastewater; only domestic sewage from employees is produced. Plant III includes a drying process, and the exhaust gas scrubbers generate wastewater. All wastewater and sewage from the plants are discharged into the sewer system of the Nangang (and Zhushan) Industrial Park under the Ministry of Economic Affairs, where it is treated by the park’s wastewater treatment facility. Water quality sampling and analysis are conducted regularly, and the water quality complies with the influent limits set by the Nangang Wastewater Treatment Plant.

6-5-4 Water Usage Overview

In 2025, the Company's total water withdrawal was 13,122 cubic meters, representing a 19.3% increase compared to 2024, due to additional construction projects in the plant area. Moving forward, the Company aims to continuously reduce water usage by 5% and consider introducing water recycling measures to mitigate the impact of water shortages on operations.

a. Total Water Withdrawal

Discharge Category	2023	2024	2025
Tap Water	10,344	10,999	13,122
Total Water Withdrawal	10,344	10,999	13,122

Note 1: Unit: cubic meters.

b. Total Water Discharge

Discharge Category	2023	2024	2025
Tap Water	8,275	8,799	10,498
Total Water Withdrawal	8,275	8,799	10,498

Note 1: Unit: cubic meters.

Note 2: Total Water Consumption = Total Water Withdrawal - Total Water Discharge. In 2025, the total water consumption was 2,624 cubic meters.

上準環境科技股份有限公司
Eurofins Sun Dream Environmental Technical Corporation

環境部許可證字號：環境部國環檢證字第018號
地址：台中市西屯區工業35路41號
行程代碼：ERWA25110384

專案編號：ER114B3652
電話：(04)2358-2525
傳真：(04)2359-8745

水質樣品檢測報告

委託單位：鑫永銓股份有限公司
檢測目的：定檢申報
採樣單位：上準環境科技股份有限公司(環境部國環檢證字第018號)
採樣地點：南投縣南投市南崗三路294號
樣品名稱：放流水
樣品編號：B114112704
採樣方法：NIEA W109.54B

採樣時間：114/11/27 10:17
至：114/11/27 10:23
收樣時間：114/11/27 15:25
報告日期：114/12/10
報告編號：R1143652B11
聯絡人：劉子華

行業別：橡膠製品製造業
樣品特性：液態

檢測項目	檢測值	檢測方法	單位	備註
氫離子濃度指數	7.5	NIEA W424.53A	—	
水溫	25.0	NIEA W217.51A	℃	
懸浮固體	10.4	NIEA W210.58A	mg/L	
生化需氧量	2.9	NIEA W510.56B	mg/L	
化學需氧量	43.8	NIEA W517.53B	mg/L	
以下空白				

備註：
1. 檢測值低於方法偵測極限之測定以“ND”表示，並註明其方法偵測極限值(MDL)及單位。
2. 檢測值低於檢量線最低濃度而高於MDL濃度時，以“<”檢量線最低濃度值表示。
3. 本報告僅對該樣品負責，不得隨意複製及作為宣傳廣告之用，報告共2頁，分融使用無效。
4. 本報告已由樣品報告簽署人審核無誤，簽署人：劉子華(ERI-01)，江瑞欽(ERI-14)，謝曉鳴(ERI-16)。

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(1)茲保證本報告內容完全依照環境部及有關機關之標準方法及品保品管等相關規定，秉持公正、誠實進行採樣、檢測。絕無虛偽不實，如有違反，就政府機關所受損失願負連帶賠償責任之外，並接受主管機關依法令所為之行政處分及刑事處罰。
(2)吾人瞭解如自身受政府機關委任從事公務，亦屬於刑法上之公務員，應瞭解刑法上圖利罪、公務員登載不實偽造公文書及貪污治罪條例之相關規定，如有違反，亦應刑法及貪污治罪條例之適用對象，願受最嚴厲之法律制裁。

公司名稱：上準環境科技股份有限公司
檢驗室主管/報告簽署人：楊尚書

負責：鄭景智
檢驗室主任：楊尚書

第2頁(共2頁)

Caption : Certificate of compliance for wastewater discharge

6-6 Waste Management

6-6-1 Waste Management or Reduction Targets

The Company has obtained ISO 14001 Environmental Management System certification and established a dedicated unit to ensure proper handling of waste from generation to final disposal. The Company has set up storage areas in compliance with regulations and classifies waste for storage according to officially designated categories for recycling, reuse, and industrial waste. Licensed and professional waste recycling and disposal contractors are commissioned to handle these processes. There is no cross-border movement of hazardous waste for treatment. To prevent negative environmental impacts from improper waste disposal, HYC assigns responsible departments to manage various waste types and conducts regular tracking and audits to ensure the legality and safety of final disposal.

6-6-2 Waste Reduction and Circular Economy (Resource Recycling and Reuse)

The Company evaluates the life cycle of its products and establishes relevant measures to reduce waste generation. In material selection and product design, priority is given to durable and repairable materials, while harmful substances are gradually phased out. Additionally, by sourcing recycled materials, the Company aims to reduce dependence on limited natural resources.



Caption : ISO 14001 Environmental Management System Certificate

6-6-3 Waste Generation Overview

Waste Categories:

- 1 **Non-Recyclable Waste:** General industrial waste, mixed rubber waste, etc.
- 2 **Recyclable Waste:** waste rubber, waste paper, scrap iron, aluminum cans, and food waste.



Waste Storage and Disposal Methods:

Waste Name	Storage and Disposal Methods	Precautions
 General Waste	Stored in waste storage area Cleaned twice per week	Waste bins must be labeled in Chinese Avoid waste scattering on the ground; immediate cleanup required if waste falls on the floor
 Waste Rubber	Cleaned once per week Collected by production unit about once a week; entrusted to licensed recycling agencies for processing	Storage bins must be labeled in Chinese Avoid waste scattering on the ground; immediate cleanup required if waste falls on the floor
 Food Waste	Collected daily by catering supplier	Avoid food waste scattering on the ground; immediate cleanup required if waste falls on the floor
 Waste Paper	Stored in waste storage area Cleaned once per month	Storage bins must be labeled in Chinese Avoid waste scattering on the ground; immediate cleanup required if waste falls on the floor
 Scrap Iron & Aluminum Cans Scrap Iron	Stored in waste storage area Cleaned approximately every two weeks	Storage bins must be labeled in Chinese Avoid waste scattering on the ground; immediate cleanup required if waste falls on the floor

Waste Management Approach:

The Company's waste management begins with source reduction. Each month, the Company reviews the amount and volume of waste generated to assess the effectiveness of waste reduction efforts. Waste produced within the factory is first sorted by category. For disposal, the company entrusts licensed waste treatment contractors approved by the Environmental Department, with whom formal contracts are signed. Before signing, on-site inspections are conducted to verify the contractor's qualifications and capability to handle the waste, ensuring only qualified vendors are commissioned for waste collection and disposal.

Before disposing of general industrial waste, it is required to report on the Ministry of Environment's waste control website and print the "Industrial Waste Joint Treatment Control Delivery Triplicate Form." Within 4 days after the waste leaves the factory, the Company must verify online that the reported form matches the actual status of waste collection, treatment, reuse, or export. After the waste has been properly treated, the disposal contractor submits the "Industrial Waste Proper Treatment Document" along with the "Industrial Waste Joint Treatment Control Delivery Triplicate Form" back to the Company. The Company then cross-checks the weight receipts and confirms the quantity processed before approving the payment for the treatment service.

The Company's management unit conducts weekly supervision and measurement of waste storage sites or performs these checks during waste disposal operations. During waste collection, measures are taken to prevent waste from scattering on the ground, and if any waste does fall, it is cleaned up immediately.



Caption : Waste rubber classification and storage



Caption : Waste and Garbage Classification
Education and Training



Caption : Waste rubber processing flowchart

Waste Generation Overview

The Company's total waste volume for 2025 was 562.65 tons, an increase of 47.77 tons compared to 2024, representing a 9.3% Increase. However, the total material intake in 2025 increased by approximately 22.6%, resulting in the Actual waste rate decreasing from 5.81% in 2024 to 5.18% in 2025. The overall loss decreased by 0.63 percentage points, with an annual waste rate reduction of 10.8%, Achieving the target of a 5% annual waste rate reduction.

The main sources of waste generation are as follows:

Waste rubber generated from production conveyor belt trimming

HYC, adhering to the principles of recycling and maximizing resource utilization, entrusts the waste rubber produced on-site to qualified industrial waste recycling organizations. These organizations recycle the waste rubber into environmentally friendly carbon black and regenerated rubber, which are then returned as raw materials for the Company’s products. Additionally, they produce high-value recycled rubber conveyor belts that have obtained environmental certification and patent applications.

Domestic waste and general business waste from the plant

In accordance with waste disposal regulations, domestic waste and general business waste must be entrusted to qualified waste removal and treatment agencies approved by the Ministry of Environment for proper handling.

The plant is equipped with two large waste rubber collection containers and several smaller collection bins. Waste rubber is transported once it accumulates to a certain volume; onsite management personnel notify the contracted waste disposal company to pick it up, approximately once a week.

Domestic waste and general business waste from the Office

Handled by a legally established third-party waste disposal contractor.



Item	Category	2023	2024	2025
Quantity	Non-hazardous industrial waste (waste rubber) - Reuse	507.21	462.16	521.00
Quantity	Non-hazardous industrial waste (household and general business waste) - Incineration treatment	55.73	52.72	41.64
Quantity	Total Quantity	562.94	514.88	562.65

Note 1: Waste quantities are measured in metric tons.

Note 2: Waste quantities are aggregated from reported data on the environmental management platforms of each plant, covering 100% of the production sites included in this report.

Note 3: Industrial waste data is consistent with the data reported to the Ministry of Environment's declaration platform.



6.7 TCFD (Taskforce on Climate-related Financial Disclosures)

The comprehensive short, medium, and long-term roadmap for "Metrics and Targets" in this chapter is detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy, section 1, E Environmental Sustainability."

In accordance with the recommendations of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD), the Climate Information Disclosure Guidelines for Listed Companies issued by the Financial Supervisory Commission (FSC), and the IFRS S2 Climate-related Disclosures Standard, systematically disclose the company's identification, assessment, and response to climate-related risks and opportunities across the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets. The quantitative data presented for greenhouse gas emissions, energy, and water resources are all based on the 2023-2025 ESG Key Performance Indicators provided in the "1-4 ESG Sustainability Performance" section of this report.

Important milestones in our company's climate governance

- 1 Officially adopt the TCFD framework in 2025, completing the first systematic identification of climate risks and opportunities.
- 2 Established 2023 as the base year for greenhouse gas emissions, establishing a medium-term reduction target of reducing emissions by 30% by 2030 compared to the base year.
- 3 Committed to achieving Net-Zero Emissions by 2050.
- 4 Achieve ISO 50001 Energy Management System Certification in 2025 and obtain renewable energy certificates.
- 5 Passed multiple international management system verifications, including ISO 14001, ISO 14064, ISO 14067, and ISO 45001.
- 6 In 2026, the eco-friendly rubber conveyor belt obtained the Cradle to Cradle Certified (C2C) Bronze certification.

6-7-1 Governance

The Company has established a Steering Sustainability Committee chaired by the General Manager. This committee is responsible for reviewing the company's climate change strategies, goals, and significant climate-related risks and opportunities. It coordinates the implementation and progress tracking of cross-departmental climate action plans and oversees their implementation.

(1) Climate Governance Structure and Division of Responsibilities

Level	Organizational Unit	Main Responsibilities	Reporting Frequency
Highest Oversight Level	Board of Directors	Approve climate strategies, carbon reduction targets, and significant capital expenditures; monitor the effectiveness of the Steering Sustainability Committee's implementation.	At least 4 times Annually
Strategic Decision-Making Level	Steering Sustainability Committee	Review TCFD identification results, the financial impacts of climate change, and the achievement of ESG indicators and targets.	Twice Annually
Execution and Promotion Level	ESG Executive Team (supervised by the General Manager)	Coordinate cross-functional execution and track the progress of carbon reduction action plans across departments.	Once per month
Dedicated Operational Level	Climate Adaptation Group / Energy Management Group	Conduct TCFD climate-related risk identification, energy-saving program design, and climate information disclosure.	Once per month

(2) FY2025 Board of Directors Climate-Related Oversight Situation

The Company's Board of Directors held a total of six meetings in FY2025, with an average attendance rate of 94%. Major issues related to Climate Change risk and opportunity were listed as one of the supervisory topics of the Board. In FY2025, the total training hours for all directors reached 60, with the average per person achieving regulatory standards.

Meeting Category	Number of meetings held in 2025	Highest participant	Key Climate-related Topics in 2025
Regular Board of Directors meeting	6 times (Attendance Rate 94%)	President	Tracking Greenhouse Gas Reduction targets, approving low-carbon transition investment budget, TCFD identification results report.
Energy-saving and Carbon Reduction Project Meeting	Once	President	Yearly energy-saving performance, 2030 carbon reduction pathway, renewable energy deployment progress
ESG Executive Team	Once per month	General Manager	The execution progress of climate action plans by departments, and the achievement status of ESG indicators.

(3) Responsibilities of the Climate Adaptation Project Promotion Team

Job Title	Position Held	Main Responsibilities and Authorities
Convener	General Manager	Formulate climate adaptation management policies; review the progress in implementation; preside over adaptation management meetings; approve the annual action plan.
Adaptation Management Representative	Manager of the Environmental Protection, Safety, and Health Department	Approve risk impact assessment results; Decide action priorities; Regularly report to the Convener; Convene adaptation management meetings.
Adaptation Executive Secretary	ESG Advancement Leader	Compile records of climate impact events; identify, analyze, and assess climate risks; review the progress of action plans; coordinate cross-departmental communication.
Adaptation Management Committee Member	Managers of each department	Provide departmental risk assessment data; formulate departmental action plans; attend adaptation management meetings.
Adaptation Management Specialist	Environmental representatives of each department	Provide process-related climate impact information; assist in executing departmental action plans; compile annual climate event records.

(4) Link between Compensation and Climate Performance

Planned Climate KPI Indicators for Senior Managers

(Indirectly Incorporated into General Performance, No Independent ESG Weight Set)

- Achievement rate of greenhouse gas emissions reduction compared to the base year.
- The increase in the percentage of renewable energy usage.
- Completion rate of energy-saving investment projects
- Supplier carbon disclosure coverage rate
- Compliance with Climate Change Laws and Regulations Situation

The Company plans to implement climate KPI indicators for senior management, covering the achievement rate of greenhouse gas emissions reduction compared to the baseline year, the increase in the ratio of renewable energy use, the completion rate of energy-saving investment projects, the coverage rate of supplier carbon disclosure, and the compliance status with climate-related laws and regulations.

Relevant KPI data is linked to the ISO 14001 Environmental Management System, ISO 14064-1 Organizational Carbon Inventory, ISO 14067 Product Carbon Footprint, and ISO 50001 Energy Management System, and is verified or certified by impartial third-party organizations to ensure the credibility of energy-saving and carbon reduction data and projects.

To better address the IFRS S2 disclosure expectations for "linking compensation with climate performance," the company currently indirectly incorporates climate-related performance into the general performance assessment of senior managers, without setting an independent ESG weight. We plan to establish climate-related quantitative indicators (such as annual carbon reduction target achievement rate) and will specify the linkage ratio and calculation method in subsequent reports.



6-7-2 Strategy

(1) Identification Process for Climate Change and Opportunities.

The Company has established a comprehensive climate change risk and opportunity identification process in accordance with the TCFD framework, conducted annually by the Steering Sustainability Committee. This process encompasses five major steps: collection of climate-related information, materiality assessment, Scenario Setting, Financial Impact analysis, and formulation and tracking of response measures.



	Operation Content	Main Unit
Step1 Collection of climate-related information	Referencing IPCC AR6, IEA WEO, the TCFD guidance for the chemical rubber industry, and disclosure data from domestic and international peers, establish a climate risk issue list specific to the rubber conveyor belt industry.	ESG Team Leader
Step2 Materiality Assessment	Senior managers from the sales, production, procurement, finance, and environment, safety, and health departments conduct matrix evaluations based on the "Degree of Association with the Business" and the "Potential Timing of Occurrence" to select material topics.	Interdepartmental interviews
Step3 Climate Scenario Setting	Conduct impact assessments using the extreme scenarios of SSP5-8.5 (high emission extreme physical risk) and NZE/SSP1-2.6 (net-zero transition).	Steering Sustainability Committee
Step4 Potential Financial Impact Quantification	For major issues with high impact, the financial and business units collaboratively estimate the potential financial impact (quantitative) and qualitative effects for the years 2025 and 2030.	Finance Department/ Business Department
Step5 Mitigation Measures and Tracking	Propose adaptation action plans, estimate management costs, incorporate into the annual corporate risk management assessment, and report annually to the Steering Sustainability Committee and Board of Directors.	ESG Team Leader

(2) Climate Scenario Setting

Scenario	Application scenarios	Main Assumptions
SSP5-8.5 (Extreme Physical Risk)	Physical Risk Assessment	Without new global mitigation actions, the temperature will rise by 4.4°C by the end of the century, with a significant increase in the frequency and intensity of extreme climate events.
NZE/SSP1-2.6 (net-zero scenario)	Transition Risk and Opportunity Assessment	Achieving global net-zero emissions by 2050; limiting warming to 1.5–2°C; active carbon pricing, renewable energy policies, low-carbon procurement requirements.

Detailed Setting of Physical Risk Scenario (SSP5-8.5)

Climate disaster	Likelihood: Probability of Occurrence	Scenario description	Plant facilities scenario setting
Heavy rain/flood	Approximately 12% / 100-year recurrence	According to estimates from the Water Resources Agency, heavy rainfall resulted in 0.5-1.0 meters of flooding around the plant area.	The plant area experienced 0.5-1.0 meters of flooding, which lasted for one day, affecting production and the storage and transportation of raw materials.
Drought	Approximately 28%	No rain for more than 51 consecutive days, reaching the scale of a drought.	The Water Resources Agency has announced Phase II water restrictions, with a 4-day supply followed by a 3-day suspension, lasting for 20 days.
High temperature heatwave	Approximately 15%	In 2035, there will be a 15% likelihood of extreme high temperatures above 38°C in the region.	The maximum temperature in the plant area reached above 38°C for three consecutive days, affecting outdoor operations, the temperature of the plant, and the cooling capacity of refrigeration equipment.
Typhoon strengthening	—	100-year recurrence period typhoon strengthening.	The maximum wind speed increased by 15%, with potential damage to plant equipment and disruption in supply chain delivery and service capacity.

Detailed Setting of Transition Risk Scenario (NZE)

Transition Risk Event	Future Scenario Setting
Domestic carbon fee levy	The carbon levy rate takes effect on January 1, 2025; those meeting the annual emission threshold of 25,000 metric tons of CO ₂ e or above must declare and pay based on their 2025 emissions in 2026. General Rate of 300 TWD per ton; the company is currently below the threshold, and the relevant amount is only for shadow carbon price simulations, not actual carbon fees payable.
EU Carbon Border Adjustment Mechanism (CBAM)	CBAM will be officially implemented starting in 2026, with certificate prices announced periodically by the EU authorities. The company's current products, such as rubber conveyor belts, are not directly regulated, and we continue to assess the risk of cost pass-through from upstream raw materials like steel and aluminum.
Mandatory renewable energy	Large electricity consumers (contract capacity >800kW) must install renewable energy amounting to 10% of their contract capacity; the ratio of renewable energy to total electricity for our company in 2025 is 3.2%.
Pass-through of raw material carbon costs	Natural rubber/synthetic rubber raw materials are estimated to increase by 3-7% per ton due to suppliers passing on carbon fees (2030 full levy scenario).
Mandatory disclosure of climate information	The Financial Supervisory Commission requires companies to disclose greenhouse gas and climate information in their annual reports without distinction based on capital size.



(3) Identification Result of Significant Climate Change Risks

Category	Risk issue	Time	Impact	Potential Financial Impact Aspects
Transition - Policy and Legal	Domestic carbon fee levy/EU CBAM carbon tariff	Short-term (<3 years)	High	↑ The increase in carbon fee expenditures impacts 0.8-1.5% of the revenue.
Transition - Policy and Legal	Renewable Energy Major Consumer Clause	Short-term (<3 years)	Medium	↑ The cost of purchasing green electricity increases.
Transition - Policy and Legal	The regulations for mandatory disclosure of climate information are becoming stricter.	Short-term (<3 years)	Medium	↑ Compliance management costs
Transition - Technology	Low-carbon process transition technology cost	Short-term (<3 years)	High	↑ Capital expenditures increase.
Transition - Market	Customers require low-carbon products/Product Carbon Footprint Disclosure.	Short-term (<3 years)	Medium	↓ Risk of order loss (Potential 10-20%)
Transition - Market	Raw materials increase in price due to the pass-through of carbon costs.	Short-term (<3 years)	High	↑ Manufacturing costs increase by 3-7%.
Transition - Goodwill	Poor ESG ratings lead to higher borrowing rates.	Medium-term (3-7 years)	Medium	↑ Increase in funding costs.
Physical - Acute	Heavy rain/flood caused production interruption and equipment damage in plant facilities.	Medium-term (3-7 years)	High	↑ Production losses + repair costs
Physical - Acute	Drought-induced water restrictions impact rubber cooling processes and lead to production cuts.	Medium-term (3-7 years)	Medium	↓ Reduced production, delayed delivery
Physical - Chronic	High temperatures cause rubber quality deterioration and storage losses.	Medium-term (3-7 years)	Medium	↑ Scrap losses, increase in energy expenditures.
Physical - Supply Chain	Extreme climate disruptions in the main natural rubber producing regions (Southeast Asia)	Medium-term (3-7 years)	High	↑ Rising raw material costs, unstable supply.

(4) Identification Result of Significant Climate Change Opportunities

Opportunity Type	Opportunity Topic	Time	Development potential	Potential Financial Benefits
Products and Services	Develop low-carbon/energy-saving rubber conveyor belts (LRR series).	Short-term	High	↑ Green product revenue growth +15-30%
Resource Efficiency	Energy-saving projects reduce process electricity costs and carbon costs.	Short-term	High	↓ Reduce annual energy expenditure
Market	Waste Rubber Circular Re-Manufacturing Market (Recycling Conveyor Belt Reprocessing)	Medium-term	Medium	↑ Revenue from new markets
Low-carbon energy	Installing solar power generation reduces electricity carbon emissions and power costs.	Short-term	High	↓ Electricity cost savings + green electricity order protection
Resilience	Government energy-saving subsidies and green finance reduce transition costs.	Short-term	Medium	↓ Reduced low-carbon transition financing costs



(5) Financial Impact Analysis of Significant Climate Change Risks and Opportunities

Issue	Scenario	Impact Description	Impact in 2025	Impact in 2030
Scenario simulation for a shadow carbon price	NZE	Taiwan's carbon fee is 300 TWD per ton, estimate the annual carbon fee expenditure based on Scope I + II emissions.	Impacts +0.14% of the revenue.	Impacts -11.5% of the revenue.
EU Carbon Border Adjustment Mechanism (CBAM)	NZE	Entering formal phase in 2026; the company's products are currently not directly regulated, evaluating cost pass-through from upstream steel and aluminum.	None (Not implemented before 2025)	Impacts +0.2% of the revenue.
Changes in customer behavior	NZE	Not Applicable (The current product is not directly regulated)	Evaluation of upstream cost pass-through pending.	Potential Risk of Order 20%
Low-carbon energy opportunity	NZE	Expand green electricity to meet customer requirements, enhancing product pricing capability.	Revenue increased by 8%	Revenue increased by +20%
Low-carbon product opportunity	NZE	Green products such as LRR low resistance conveyor belts meet Market demand.	Green product revenue +12%	Green product revenue +28%
Enter new markets	NZE	Regulations on recycling in various countries promote the Waste Rubber Circular Re-Manufacturing Market.	Revenue from new markets +5%	Revenue from new markets +15%

(6) Preliminary Quantification Estimation of Climate-Related Financial Impact

In response to the IFRS S2 requirements for quantification disclosure of climate financial impacts, the company conducted the following preliminary estimation based on "1-4 ESG Sustainability Performance":

Risk/Opportunity Item	Quantification Assessment Method	Potential Financial Impact (Estimation)	Assessment Status
Scenario simulations for a shadow carbon price, with potential carbon costs	Based on the 2025 Scope I + II emissions of 7,462.184 metric tons of CO ₂ e, estimate the carbon cost using a levy of NT\$300 per ton (as announced by the Ministry of Environment).	Approximately NT\$2,240,000 per year	Preliminary estimation
Carbon reduction benefits of solar power generation	In 2025, self-generated solar power will reach 298,610 kWh. Using Taiwan's grid emission factor of approximately 0.474 kgCO ₂ e/kWh. The avoided cost is estimated based on the carbon levy rate.	Avoided cost of approximately NT\$42,000 per year	Preliminary estimation
Preliminary estimation	Potential increase in procurement costs as suppliers raise prices in response to carbon taxes and fees.	Quantification model yet to be established	In planning
Extreme climate operational disruptions risk	Potential loss assessment of supply chain disruptions and plant damage.	Quantification model yet to be established.	In planning

Note: The amounts listed in this table are preliminary estimations based on existing public data and reasonable assumptions. They have not yet been verified by accountants or third-party organizations and are provided only as a reference for the disclosure of the methodology for assessing the Financial Impact of climate change.



6-7-3 Risk Management

The Climate Change Risk Assessment process has been integrated into the company's overall Enterprise Risk Management (ERM) framework, adopting consistent risk ratings and prioritization methods with market risk, financial risk, and operational risk.

(1) Five Major Low-Carbon Transition Strategies

The Company has established the following five major low-carbon transition strategies, coordinating the carbon reduction pathway planned through 2030, spearheaded by the Energy Management team:

Strategy	Core Direction	Execution results in 2025	Investment Scale (2023-2030)
1 Enhance energy efficiency	AI intelligent Energy Management, replacement of IE4 high-efficiency motors, compressor system updates, and thermal energy recovery.	Promote energy-saving projects (gas/electricity/Inverter replacement), and obtained ISO 50001 Certification.	NT\$12 million
2 Low-carbon fuel substitution	Replace heavy oil boilers with Natural Gas (cubic meters) boilers; evaluate biofuels; In long-term planning, hydrogen energy testing.	Continuing to promote the replacement of heavy oil with Natural Gas.	NT\$12 million
3 Develop renewable energy	Expansion of solar power on plant rooftops; purchase of Renewable Energy Certificates.	The solar photovoltaics self-generated and self-consumed 298,610 kWh, accounting for 3.2% of total electricity, and Renewable Energy Certificates have been obtained.	NT\$18 million
4 Transformation of raw material use	The ratio of recycled rubber powder from waste tires is enhanced; reduce the consumption of petroleum-based synthetic rubber.	The ratio of recycled rubber to total purchases is 6.82%; waste rubber recycling and reprocessing is 521 metric tons.	NT\$8 million
5 Energy storage system	Evaluate the feasibility of implementing an Energy Storage System to strengthen power supply resilience.	Feasibility assessment of Energy Storage System	NT\$39 million



(2) Internal Carbon Pricing Mechanism

Introduce an internal carbon pricing mechanism to strengthen incentives for carbon reduction investment decisions.

The Company will introduce an internal carbon pricing mechanism in 2025, internalizing the cost of carbon emissions into its internal decision-making process through price simulation, thereby promoting the realization of a Low-carbon transition. The mechanism is based on the internal and external carbon costs of global Manufacturing plants, covering regulatory penalties, emission trading prices, international corporate benchmark cases, as well as multiple considerations such as the company's investment in renewable energy solutions and the cost of purchasing renewable electricity.

Note: The level and mechanism of internal carbon pricing are detailed in the "6-1-3 Internal Carbon Pricing" section of this report.

Operational Status:

- 1 When evaluating energy-saving and carbon reduction investment projects, increase the calculation of carbon benefits to strengthen carbon reduction incentives.
- 2 Calculate carbon costs in the monthly management reports of each department as a decision-making reference and as a reference for the general performance appraisal of the highest managers in each business group, without setting an independent ESG weight;
- 3 As a reference basis for pricing new Product Carbon Footprints and market negotiation.

(3) Strategy for Supply Chain Carbon Management

Management Aspect	Execution results in 2025	Follow-up Objectives
Important supplier carbon disclosure coverage rate	The top 20 suppliers have completed the collection of carbon inventory information, achieving a coverage rate of 68%.	The top 20 suppliers coverage rate reaches 90%.
Supplier ESG evaluation	Add environmental/climate assessment items, incorporating them into the annual supplier evaluation; Suppliers Code of Conduct Signing Rate (%) 92%	Include carbon emissions in the procurement scoring weights.
Low-carbon raw material procurement	The ratio of recycled rubber to total purchases is 6.82%, establishing GRS certification traceability.	Gradually enhance the percentage of recycled raw material procurement.
Supplier energy-saving guidance	Organized 2 sessions of energy-saving and carbon reduction workshops, with 14 participating companies.	Annually cover the top 30 suppliers in carbon training.



(4) Climate Change Adaptation Strategy

Climate Change	Main Impact Aspects	Adaptation strategy measures
Heavy rain/flood (Physical - Acute)	Production equipment, electrical facilities, raw material storage, plant external roads	1 Factory flood protection wall enhanced to 1.5m. 2 Electrical equipment elevated 1 meter or higher above the ground. 3 Off-ground storage 4 Regular Drainage Dredging 5 Establish emergency response and production recovery SOPs.
Drought/Water Shortage (Physical - Acute)	Cooling process water for rubber, wastewater recycling and reuse	1 Process cooling water recovery system 2 Installation of a 500 metric ton emergency water storage tank 3 Installation of a rainwater harvesting system 4 Establish a water restriction response plan. 5 Introduction of smart water meters for real-time monitoring.
High temperature heatwave (Physical - Chronic)	Outdoor work safety, rubber quality deterioration, equipment cooling efficiency.	1 High temperature scheduling adjustment (avoid peak hours from 11:00 to 14:00) 2 Automated monitoring of storage temperature and humidity 3 Plant Insulation and Heat Dissipation Upgrades 4 Promote semi-automation of outdoor operations.
Supply chain disruptions (Southeast Asia production regions)	The stability of the supply of natural rubber raw materials and cost fluctuations.	1 Establish a 3-month safety stock 2 Supplier diversification (Thailand, Malaysia, Vietnam, Indonesia) 3 Flexible Formulation Adjustment Mechanism 4 Supply Assurance Agreements

(5) Water Resource Resilience Management

The Company uses the WRI Aqueduct Water Risk Atlas tool to regularly assess water resource risks at each site. According to the 2025 assessment result, the company's main plants are located in areas with medium water resource stress, and have established multi-tiered water conservation management strategies:

Strategy	Implementation and Execution	Results in 2025
Process water circular reuse	Cooling process water for rubber, wastewater recycling and reuse system, circular processes and reuse.	The water recovery rate in the plant continues to enhance.
Rainwater recycling and utilization	Roof rainwater collection system.	The rainwater recycling system continues to operate.
Smart Water Stewardship	Weekly inspection of water meters for real-time tracking and leak detection.	Report on water resource use during monthly ESG meetings.
Water-Saving Improvement Plan for Cooling Towers	Three Corrective Actions for Evaporation/Splash/-Discharge in Cooling Towers.	Water-saving projects are continuously being promoted.
Support the government's reclaimed water policy	Commit to prioritizing the use of reclaimed water for part of the industrial water supply.	Continuously monitor county and city reclaimed water supply plans to reduce reliance on tap water.

6-7-4 Metrics & Targets

(1) Indicators for Greenhouse Gas Emissions and Reduction Targets

The Company follows ISO 14064-1:2018 for greenhouse gas inventory and engages a third-party organization for external verification. Annually, Scope I and Scope II emission data are disclosed in the Sustainability report, and the reasons for increases or decreases are regularly reviewed. The following data is consistent with the "1-4 ESG Sustainability Performance" and "6-2 Greenhouse Gas Management" sections of this report.

Strategy	2023	2024	2025	Goals for 2030
Scope 1 (Direct Emissions, Metric Tons CO ₂ e)	3,223.831	3,108.702	3,235.524	—
Scope 2 (Energy Indirect Emissions, Metric Tons CO ₂ e)	5,112.825	4,272.170	4,226.660	—
Scope 1 + 2 Total (Metric Tons CO ₂ e)	8,336.656	7,380.872	7,462.184	decreased by 30% compared to the 2023 baseline year
Year-on-year change	—	-11.5%	+1.1%	—
Emission Intensity (Metric Tons CO ₂ e/ Million NT\$ Revenue)	5.35	5.03	4.67	Continually decreasing
Carbon Emission Intensity (kg CO ₂ e/kg product)	—	—	3.66	Continually decreasing

Summary of carbon reduction performance in 2025.

- In 2025, Scope 1 + 2 greenhouse gas emissions amounted to 7,462.184 metric tons of CO₂e, an increase of 1.1% compared to 7,380.872 metric tons of CO₂e in 2024; however, it still represents a 10.5% reduction compared to the 2023 base year of 8,336.656 metric tons of CO₂e.
- The Emission Intensity decreased from 5.03 in 2024 to 4.67 metric tons CO₂e per million NT\$ revenue in 2025, achieving an improvement of 7.2%.
- In 2025, for the first time, Product Carbon Footprint data was obtained, with a Carbon Emission Intensity of 3.66 kg CO₂e/kg product.
- Medium-term target: Scope I and Scope II emissions will be reduced by 30% by 2030 compared to the 2023 base year; Long-term commitment: Achieve net-zero emissions by 2050.

(2) Energy Management Indicators

Energy Indicators	2023	2024	2025	Goals for 2030
Total Energy Consumption (GJ)	82,514.79	75,127.87	77,448.84	Continuing to optimize
Energy Intensity (GJ / Million NT\$ Revenue)	52.32	51.95	48.51	-20%
Renewable Energy Usage (kWh)	0 (In system planning.)	218,050	298,610	Continuously expanding
The ratio of renewable energy to total electricity (%)	0%	2.5%	3.2%	15%

(3) Water Indicators

Water Indicators	2023	2024	2025	Goals for 2030
Total Water Withdrawal (cubic meters)	10,344	10,999 (YoY +6.3%)	13,122 (YoY +19.3%)	Unit production water withdrawal -20%
Wastewater Discharge (cubic meters)	8,275	8,799 (YoY +6.3%)	10,498 (YoY +19.3%)	Meets effluent standards
Water Saving Rate (vs Base Year)	Base Year	—	Target 5%	Continuous Improvement

(4) Waste and Circular Economy Indicators

Indicators	2023	2024	2025
Total Waste (metric tons)	562.94	514.88	562.65
Waste Rubber Recycling and Reuse (metric tons)	—	462.16	521
The ratio of recycled rubber to total purchases (%)	10.37%	7.17%	6.82%

(5) Other Climate-Related Indicators and Targets

Indicators Category	Indicators Item	Achieved in 2025	Goals for 2030
Supply Chain	Suppliers Code of Conduct Signing Rate (%)	92%	100% of all suppliers
Carbon footprint certification	Suppliers Code of Conduct Signing Rate (%)	Continually expanding	Comprehensive coverage of main products
Management System	Number of products verified for ISO 14067 Product Carbon Footprint	Obtained certification	Maintain validity
Air quality	Factory VOC emissions reduction	Continuous Improvement In	-15%
Climate disclosure	TCFD reports continue to be published	Year 1 (2025)	Annually continuing

6-7-5 Low Carbon Green Products and Innovation

In response to the growing demand from global industrial customers for low-carbon procurement, the company is comprehensively driving the green transformation of products through three major research and development themes (3R framework): "Recycle - recycling and regeneration," "Reduce - decreasing energy and resource consumption," and "Replace - substituting petroleum-based raw materials."

3R Strategy	Product series	Core Technology	Low carbon benefits
 Recycle - recycling and regeneration	Eco-friendly rubber conveyor belt	Manufacturing of recycled rubber powder from process scrap conveyor belts	Reduce the consumption of petroleum-based materials, Circular Reuse to lower the carbon emissions from waste disposal. The eco-friendly rubber conveyor belt has obtained the Cradle to Cradle (C2C) Bronze certification for Circular Economy Product Certification.
Reduce - decreasing energy and resource consumption	HYC-LRR low rolling resistance conveyor belts	Special rubber formula reduces heat generation and energy consumption. Optimize the cord fabric material and structure to reduce the belt's weight	Customers' driving energy consumption is reduced by 5-10%. The carbon footprint has decreased by approximately 5-10% compared to traditional conveyor belts.
Replace - substituting petroleum-based raw materials	Bio-based plasticizers/Low-carbon synthetic rubber series (under development)	Bio-based plasticizers replace petroleum-based plasticizers; evaluation of low-carbon synthetic rubber	Reduce reliance on petroleum-based raw materials, decrease upstream extraction carbon emissions; pilot formulation assessment has been completed in collaboration with a chemical plant.

Featured Case: HYC-LRR Low Rolling Resistance Rubber Conveyor Belt

The daily electricity expenses for large-scale mine transportation systems can easily reach hundreds of thousands of dollars. After three years of optimizing formulas focusing on the viscoelastic properties of rubber, our company's R&D department successfully developed the HYC-LRR low rolling resistance conveyor belts series.

Main Technological Achievements:

- Special filler formula reduces heat generation and rolling loss (Tan δ value reduced by approximately 15%).
- Optimize the design of the cord fabric, steel wire weaving, and the thickness of the rubber cover layer.
- The 10-kilometer transportation system can save customers an estimated NT\$200,000 in electricity costs annually.
- Market achievements: Officially adopted by large domestic and international mining customers, becoming the core competitive advantage of our company's green product line.

Green Product Commitment and Targets

Indicators	2023	2024	2025	Goals for 2030
The ratio of recycled rubber to total purchases	10.37%	7.17%	6.82%	25%
Number of products verified for ISO 14067 Product Carbon Footprint	—	—	Continue to expand the verification of products	Comprehensive coverage of main products
Cradle to Cradle (C2C) Bronze certification for Circular Economy Product Certification	—	—	Certification has been completed, and efforts will be continuously promoted	30% revenue percentage



6-7-6 TCFD Framework Disclosure Comparison Table

TCFD aspects	Suggested Disclosure Indicators	Corresponding Disclosure Section
Governance	Describe the Board of Directors' oversight of Climate-related risks and opportunities.	6-7-1、6-1-1
Governance	Describe the role of management in assessing and managing Climate-related risks and opportunities.	6-7-1、2-2
Strategy	Describe the short, medium, and long-term Climate-related risks and opportunities identified by the organization.	6-7-2、6-1-1
Strategy	Describe the impact of Climate-related risks and opportunities on business, strategy, and financial planning.	6-7-2
Strategy	Describe the organization's strategic resilience (including scenarios below 2°C).	6-7-2、6-7-3
Risk Management	Describe the organization's identification and assessment process for Climate-related risks.	6-7-2、6-7-3
Risk Management	Describe the organization's Management Process for Climate-related risks.	6-7-3、4-5
Risk Management	Describe how it is integrated into the overall Risk Management System.	6-7-3、4-5-2
Metrics and Targets	Disclose the indicators used to assess Climate-related risks and opportunities	6-7-4、1-4
Metrics and Targets	Disclosure of Greenhouse Gas Emissions (Scope I, II)	6-7-4、6-2-2、1-4
Metrics and Targets	Describe the goals and performance in managing Climate-related risks and opportunities.	6-7-4、6-1-2

Description of Organizational Greenhouse Gas Inventory

Item	Description
Statistical scope	All Hsin Yung Chien Co., Ltd. plants in Taiwan (summarized using the operational control approach)
Types of Greenhouse Gases	CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ (including Direct Emissions and Energy Indirect Emissions)
Inventory basis	ISO 14064-1:2018 Greenhouse Gas Inventory Standard
Verification Status	The emission volumes for Scope I, II, III, and IV have been verified and certified by a third-party organization.
Data baseline	All emission data in this section is based on the data provided in the "1-4 ESG Sustainability Performance" and "6-2 Greenhouse Gas Management" sections of this report.

6-8 TNFD (Taskforce on Nature-related Financial Disclosures)



The phased planning for nature-related goals in this chapter is detailed in the "2-3 ESG Short, Medium, and Long-term Development Strategy, section E Environmental Sustainability" under the "Nature and Biodiversity" dimension.

Developed in accordance with the TNFD v1.0 recommended framework and LEAP approach (Locate → Evaluate → Assess → Prepare), and utilizing the ENCORE database, WRI Aqueduct Water Risk Atlas tool, and KBA critical biodiversity area mapping data, the systematic identification and disclosure of nature-related Dependencies, Impacts, Risks, and Opportunities (DIRO) for the rubber conveyor belt industry have been completed for the first time. The quantitative performance data cited in this section are all based on the 2023-2025 ESG Key Performance Indicators provided in the "1-4 ESG Sustainability Performance" section of this report.

Natural Growth: The Rubber Industry's Generational Commitment to Care About Earth

In an era of intensifying extreme climate conditions and ecological crises, the Company deeply realizes that businesses are not only economic participants but also guardians of the Earth's sustainability. According to the World Economic Forum (WEF) Global Risk Report, several of the top ten risks over the next decade stem from Environmental Aspects, including "biodiversity loss and ecosystem collapse" and "natural resource shortage," which continue to rise.

Rubber conveyor belts are essential support products for fundamental industries such as global mining, steel, and cement. While our products drive industrial progress, they are inevitably closely linked to the consumption of natural resources: natural rubber relies on tropical ecosystems, the production process consumes a significant amount of energy, and waste rubber affects the health of land and water bodies. In 2025, our company will introduce the TNFD framework for the first time, using the LEAP approach to systematically identify the three key natural capital issues for the rubber conveyor belt industry: water resources, ecosystem integrity, and species diversity. We commit to continuously reducing negative impacts on nature and moving towards Nature Positive growth by adhering to the five key principles of "Avoidance, Mitigation, Restoration, Regeneration, Transformation."

6-8-1 Governance

The TNFD recommends that companies disclose the oversight and management mechanisms of the Board of Directors and management regarding nature-related Dependencies, Impacts, Risks, and Opportunities (DIRO). The Company has established a three-tier nature governance framework to ensure the effective promotion of nature-related issues.

(1) Oversight of the Board of Directors

Board of Directors' oversight mechanism	Content
Issue Scope	Nature-related dependencies (water supply, soil, species), impacts (water consumption, pollution emissions, waste), risks (raw material supply interruption, regulatory tightening), and opportunities (recovery and re-manufacturing market, certification premium).
Supervision Frequency	In 2025, the Board of Directors held six meetings (Attendance Rate 94%); the Steering Sustainability Committee reports Twice Annually.
Important resolutions in 2025.	Approve the TNFD implementation plan; approve the use of Recycled Rubber in processes; approve the responsible procurement policy for natural rubber; review plant water resource Resilience improvement plans.
Director training	Completed the "Natural Capital and Enterprise Risk" director training course in 2025 (including an introduction to the TNFD framework, biodiversity, and supply chain relations); all directors completed 60 hours of training in that year.
Performance evaluation linkage	Incorporate nature-related indicators into the KPIs for directors and senior managers: reduction in water intake per unit of production; waste rubber reuse ratio; audit coverage rate of nature-sensitive suppliers.



(2) The Role of Management

Management Level	Unit	Nature-related responsibilities
Strategic Decision-Making	Steering Sustainability Committee (Convener: General Manager)	Coordinate the integration of TNFD; set nature-related targets; coordinate cross-departmental nature action plans; and regularly report to the Board of Directors.
Business Integration	ESG Team Leader	Mainly responsible for LEAP analysis; compile ENCORE assessment results; coordinate with environmental, safety and health, procurement, and R&D departments; write TNFD disclosure content.
Environmental Monitoring	EHS Center	Plant water resource monitoring; wastewater quality control; waste categorization tracking; air pollution prevention; ecological sensitive area patrol.
Supply Chain Management	Procurement units	Responsible procurement audit for natural rubber; supplier KBA sensitivity assessment; certification management for Recycled Rubber suppliers.
Research and Innovation	Research and Development Department	Development of low rolling resistance formulation; development of bio-based plasticizer substitutes; research on waste rubber recycling technology; evaluation of Product Carbon Footprint and natural footprint.
Production execution	Factory Managers at Various Plants	Improvement of water-saving processes; waste rubber trimming recycling management; maintenance of ecological greening in the factory area; execution of noise and light pollution control.

(3) Nature Governance Structure and Frequency of Operation

Governance level	Frequency	Nature-related Issues
Board of Directors (Highest Oversight Level)	At least 4 times Annually	Approval of Nature-related Strategies; Natural rubber procurement policy; Capital expenditures for plant ecological improvements; Review of TNFD disclosure Content.
Steering Sustainability Committee	Twice Annually	TNFD identification results report; Tracking Nature Indicators performance; Water resource Resilience improvement project; Waste Rubber recycling expansion plan.
ESG Executive Team (supervised by the General Manager)	Once per quarter	LEAP assessment result; supplier KBA audit report; progress of the plant water-saving project; status of the achieved ratio for the use of Recycled Rubber.
Natural Capital Management Working Group	Once per month	Plant water resource monitoring data; wastewater discharge records; waste category statistics; ecological sensitive area patrol results.

6-8-2 Strategy: LEAP Analysis

(1) Business Model and Natural Interface (LEAP L1)

The value chain of the rubber conveyor belt manufacturing industry spans the phases of raw material procurement, rubber formulation and mixing, molding and vulcanization, finished product shipment, and the end of product lifespan. Each link has varying degrees of dependence on and impact on natural capital.

Value chain phase	Main Activities	Main Natural Aspects
Upstream raw materials (natural rubber)	Procurement from Southeast Asian rubber plantations, procurement of Recycled Rubber, procurement of carbon black/sulfur/plasticizers	Tropical forest ecosystems, species habitats, land use, agricultural water use
Upstream raw materials (synthetic rubber)	Procurement of petrochemical-based rubber (such as SBR/NBR/CR)	Extraction of fossil resources, upstream industrial waste-water discharge
Upstream processes (rubber raw material mixing)	Rubber raw material mixing	Energy Use (Electricity)
Manufacturing Phase (This Plant)	Rubber mixing, calendering, shaping, vulcanization, quality inspection	Industrial water (cooling), wastewater discharge, VOC/NOx emissions, waste rubber scraps
Use Phase (Customers)	Operation of conveyor belts in mines, ports, and factories	Energy consumption (not directly from the factory); quantity of waste rubber determined by lifespan
The end of product lifespan	Recycling and processing of used conveyor belts	Landfill vs. Rubber Recycling; Impact of Waste on Soil and Water Bodies

Industry category (ISIC classification) and ENCORE analysis applicability

ISIC Code	Industry Description	ENCORE analysis applicability
C2219	Manufacture of other rubber products	Directly Applicable: Rubber Products Manufacturing Industry
A0130	Planting rubber trees	Suppliers: Natural rubber planting
C2011	Manufacture of basic chemicals	Suppliers: Synthetic rubber/carbon black raw materials



(2) Positioning: Links with Sensitive Areas (LEAP L4)

Assessment of the Natural Sensitivity of Operational Sites

The "National Ecological Green Network Mapping" from the Department of Agriculture, Forestry and Nature Conservation is used to assess the natural sensitivity of the Assessment Site, and the WRI Aqueduct Water Risk Atlas is used to evaluate the Risk Level of water resource risks.

Plant facilities	Location	Ecological Sensitivity Assessment	Water Stress	Key Material Species/Ecosystems
Main Plant (Including Research and Development)	Nangang Industrial Zone, Nantou City, Nantou County	Medium to high (Maoluo River watershed, a tributary of Wuxi River, National Ecological Network Key Area; agricultural ecosystem surrounding the plant facilities)	Medium (WRI Aqueduct score of 2-3; located near the middle and lower reaches of the Wu River, with significant differences between wet and dry seasons)	Eastern Grass Owl (Critically Endangered); Greater Painted-snipe; waterbirds in the Wuxi River watershed; lowland farmland conservation species
Rubber storage area	Nangang Industrial Zone, Nantou City, Nantou County	Medium (3-5 km surrounding the plant facilities, covering National Ecological Network Key Area)	In (Aqueduct score of 2-3)	The same as above



Assessment of the Natural Sensitivity of Upstream Natural Rubber Suppliers

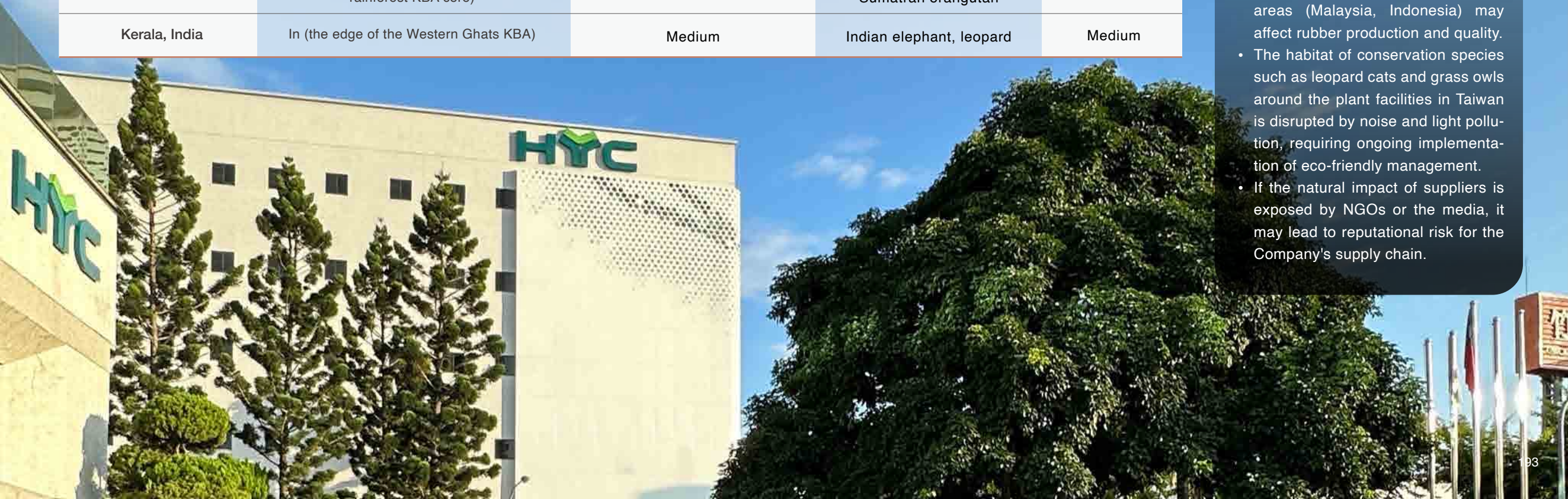
Based on the international mapping data of KBAs (Key Biodiversity Areas), evaluate the proximity relationship between the locations of major natural rubber suppliers and key biodiversity areas.

Suppliers' location	KBA Proximity Assessment	Water Stress	Sensitive species	Overall sensitivity
Main natural rubber producing region in southern Thailand	High (adjacent to the Thai-Malaysian border KBA tropical rainforest)	Medium	Malayan tiger, Asian elephant	High
Sabah/Sarawak, Malaysia	High (adjacent to the Borneo tropical rainforest KBA)	Medium to High (partially Aqueduct score of 3-4)	Bornean orangutan, Sarawak hornbill	High
Central rubber area of Vietnam	Medium (the edge of the Mekong River Basin KBA)	Medium	Indian elephant	Medium to High
Sumatra, Indonesia	High (on the outer edge of the Sumatra tropical rainforest KBA core)	High (peatland area)	Sumatran tiger, Sumatran orangutan	High
Kerala, India	In (the edge of the Western Ghats KBA)	Medium	Indian elephant, leopard	Medium

Summary of the Assessment of the Natural Sensitivity

The identification results show that the Company's upstream natural rubber supply chain has a high overlap with areas of high natural sensitivity, with the main risks being:

- The expansion of suppliers' rubber plantations encroach on tropical rainforests and peatlands, damaging key biodiversity areas (KBAs).
- Drought Risk in high Water Stress areas (Malaysia, Indonesia) may affect rubber production and quality.
- The habitat of conservation species such as leopard cats and grass owls around the plant facilities in Taiwan is disrupted by noise and light pollution, requiring ongoing implementation of eco-friendly management.
- If the natural impact of suppliers is exposed by NGOs or the media, it may lead to reputational risk for the Company's supply chain.



(3) Evaluation: Dependency and Impact Identification (LEAP E1-E4)**Ecosystem services dependency analysis (ENCORE database)**

Ecosystem Service Category	Petrochemical raw materials (Suppliers)	Natural rubber (Suppliers)	Rubber Manufacturing (This Plant)	Dependency Description
Water Supply	Low	High	Extremely high	The reliance on process cooling water is high, and stable water sources are needed for rubber plantation irrigation.
Soil Quality	Low	Extremely high	Low	Natural rubber plantations highly depend on soil fertility, and soil degradation affects yield.
Waste Remediation	Medium	Medium	High	The disposal of waste rubber, waste solvents, and waste catalysts relies on the environment's decomposition ability.
Water Purification	Low	Medium	High	Wastewater discharge relies on natural water body dilution and purification; plant facilities rely on the industrial park's wastewater treatment center to ensure water quality meets effluent standards.
Water Flow Regulation	Low	High	Medium	Stable water flow ensures stable irrigation for rubber plantations and stable water intake for plant facilities; typhoons/droughts have a direct impact.
Pollination	Low	Medium	No	Natural rubber sexual reproduction relies on pollinating insects.
Climate Regulation	Medium	High	Medium	If rubber plantations are well maintained, they can provide carbon sink functions; deforestation of tropical rainforests, on the other hand, exacerbates Climate Change.
Nursery Populations	Low	Medium	Low	Maintaining forest habitats near rubber plantations helps sustain natural pollinators and biological control species.

Scoring Description: High = High Dependency (ENCORE score 3-4); In = Medium Dependency (ENCORE score 2-3); Low = Low Dependency (ENCORE score 1-2).



Analysis of natural impact drivers (ENCORE database)

Impact Driver	Natural rubber suppliers	Synthetic rubber suppliers	Manufacturing (This Plant)	Main Impact Description
GHG Emissions	Medium	High	Medium	The hot oil boilers/vehicle combustion; vulcanization process N ₂ O; synthetic rubber manufacturing high carbon emissions.
Water Consumption	High	Medium	High	Process cooling water consumption; rubber plantation irrigation.
Non-GHG Air Pollutants	Low	Medium	High	Rubber mixing VOCs (sulfides, benzene compounds); boiler NOx/SOx.
The emission of toxic pollutants into water and soil	Medium	Medium	Medium	The wastewater contains accelerators and plasticizers; heavy metal leakage in waste rubber.
Solid Waste	Medium	Low	High	Rubber scraps, Recycled Rubber, waste catalysts, waste solvents
Land Use	High	Low	Low	The expansion of rubber plantations may encroach on important ecosystems such as tropical rainforests and peatlands.
Interference (noise, light)	Low	Low	Medium	Heavy equipment and nighttime production cause noise and light pollution interference to the habitat of conservation species around the plant facilities.
Invasive Species	Medium	Low	Low	The use of herbicides in rubber plantation management impacts native flora; invasion of exotic weeds.

(4) Assessment: Three Key Natural Capital Issues (LEAP A1-A4)

Integrating ENCORE dependency and impact analysis, KBA nature sensitivity assessment, and WRI water resource risk results, the three most significant natural capital issues identified for the Company are:

Key Material Topics	Importance	Key Material Focus Points
Water Resources	Extremely high	1 The process cooling water consumption is highly reliant on stable water supply. 2 Plant facilities are located in areas with medium Water Stress. 3 The drought risk is high in natural rubber supply areas; 4 Impact of Wastewater Discharge on Aquatic Ecosystems
Ecosystem Integrity	High	1 Natural rubber supply areas are adjacent to KBA tropical rainforests. 2 The Risk of rubber plantation expansion encroaching on tropical forests. 3 Significant carbon emissions from rubber cultivation on peatlands 4 Impact on Habitat Connectivity around Plant Facilities
Species Diversity	High	1 The habitat of conservation species such as leopard cats and grass owls around the plant facilities. 2 Supplier rubber plantations encroaching on species habitats. 3 Impact of VOC emissions on pollinator populations. 4 Toxic Pollutants in Wastewater Harm Aquatic Life

(5) Nature-related Risk Matrix (LEAP A3-A4)

Category	Nature-related Risk Issues	Timeline	Financial Impact Path	Impact Level
Physical Risk	Drought/floods in natural rubber supply areas (Southeast Asia) leading to reduced rubber production and interruption of raw material supply.	Short-term (<3 years)	Raw material costs increase by 5-15%; delivery delays; customer penalties.	High
Physical Risk	Destruction of peatlands and tropical rainforests has led to suppliers being blacklisted, resulting in a supply chain reputation crisis.	Medium-term (3-7 years)	Order loss; customers demand changing suppliers; increase in procurement costs.	High
Physical Risk	Complaints about the habitat of conservation species around the plant facilities have led the government to demand an environmental assessment review or a reduction in production.	Medium-term	Fines; production interruptions; public relations crisis	Medium
Physical Risk	Water Stress intensifies, process cooling water restrictions (water rationing).	Medium-term	Production capacity reduction of 10-25% (20-day water restriction scenario)	High
Transition Risk	International brand customers require suppliers to submit nature-related disclosures, and failure to provide them will result in contract termination.	Short-term	Order loss; risk of customer concentration.	High
Transition Risk	The EU Corporate Sustainability Due Diligence Directive (CSDDD) requires that the natural rubber supply chain must not encroach on forests.	Medium-term	Procurement reform costs; audit fees; if violations are found, exports to the EU may be banned	High
Transition Risk	The regulations on wastewater discharge are becoming stricter (effluent standards are being tightened).	Short-term	Investment in wastewater treatment equipment increases.	Medium
Transition Risk	Regulations for Mandatory Waste Rubber Recycling (EU-like ESPR)	Medium-term	The establishment of a recycling system is required; increase in management costs.	Medium
Systemic Risk	The continuous loss of tropical rainforests leads to the shrinkage of the Long-term supply of natural rubber.	Long-term (>7 years)	Formula transformation costs; loss of high-end customers.	Medium

(6) Nature-related Opportunity Matrix

Category	Nature-related Opportunity Topic	Timeline	Financial Impact Path	Opportunity Level
Resource Efficiency	Process water-saving improvements reduce industrial water costs and the risk of water restrictions.	Short-term	Annual savings on water bills + reduction in production losses due to water restrictions	High
Products and Services	Develop rubber conveyor belts with ISO 14067 Product Carbon Footprint and LCA Natural Footprint certification, compliant with EU ESPR.	Medium-term	Product differentiation premium 5-15%; capture the ESG procurement market.	High
Circular Economy	Recovery and Re-Manufacturing of recycled rubber: reduce reliance on virgin rubber, in line with customers' circular procurement preferences.	Short-term	Recycled rubber costs are 20-30% lower than virgin rubber; GRS certified orders increase.	High
Market Expansion	Enter the "Certified Recycled Rubber Products" Market (EU-like ESPR, UK Waste Regulations Promotion)	Medium-term	New customer base; Certification premium; Government procurement priority	Medium
Supply chain resilience	Responsible procurement audit for natural rubber reduces Reputational Risk and supply disruptions.	Medium-term	Reduce Supply Chain Reputational Crisis; Customer Trust Enhanced	Medium
Financing opportunity	Obtain green finance/nature-related financing, reduce capital costs.	Medium-term	Financing interest rate discount of 0.5-1.5%	Medium
Ecological Innovation	Plant facilities ecological greening and eco-friendly certification serve as PR assets and enhance corporate image.	Short-term	Enhancing Brand Value; Improved Government Relationships	Low to In



(7) Preliminary Estimation of Nature-Related Financial Impact

Issue	Scenario	Estimate for 2025 (ten thousand TWD)	Estimate for 2030 (ten thousand TWD)
Interruption of natural rubber supply (Drought/Floods)	SSP5-8.5 high emission scenario	1,200 - 2,800	3,500 - 7,200
Supply Chain Reputational Risk (KBA encroachment)	Scenario of Tightening Policies	500 - 1,500	1,000 - 4,000
Water rationing in plant facilities (drought)	SSP5-8.5 scenario (water restriction with a 4-day supply followed by a 3-day suspension, lasting for 20 days)	380 - 680	800 - 1,500
Process water-saving improvements (water-saving opportunity)	Base Scenario	Save 2-3	Save 3-5
Recovery and Re-Manufacturing of Recycled Rubber as a Replacement (Circular Opportunity)	Active Scenario	Save 800	Save 2,500
Low-carbon, nature-friendly certified products (opportunity)	NZE plus Nature Positive Scenario	Increase 600	Increase 3,000

Note: This table provides preliminary estimations based on existing information and has not yet been verified by third parties. It is intended for management decision-making reference only.



6-8-3 Risk & Impact Management

(1) Nature-related Risk Identification, Assessment, and Management System

Issue Management Process	Description	Assessment Cycle
1 Establish a list of nature issues	Referencing the ENCORE database and TNFD industry guidelines, establish a nature issue list specific to the rubber conveyor belt industry.	January Annually
2 Natural sensitivity scan	Update plant KBA/Ecological Green Network Mapping; update WRI Water Resource Risk Assessment; new supplier KBA assessment.	February to March Annually
3 Dependency and Impact Evaluation	ENCORE hotspot analysis; compilation of plant wastewater/waste/VOC emissions data; collection of supplier land use information.	March to May Annually
4 Risk and Opportunity Materiality Assessment	Interdepartmental manager interviews (procurement, production, R&D, finance); ranked based on "Impact Level" and "Likelihood of Occurrence".	May to June Annually
5 Formulation of response measures	Propose action plans for highly significant issues; estimate management costs; set annual objectives.	July Annually
6 Board of Directors report	Compile TNFD identification results and action plans, and report to the Steering Sustainability Committee and Board of Directors.	September Annually
7 Performance tracking	Quarterly tracking of the Status of nature-related KPIs; Annually updating the TNFD disclosure Content.	Quarterly/Annually

(2) Mitigation Hierarchy Management Strategy

Following the TNFD-recommended Mitigation Hierarchy, prioritize the company's Mitigation Strategies for addressing negative impacts on nature:

Level	Strategic Implications	Specific Actions
Avoid	Avoid creating new negative impacts on nature.	1 Natural rubber procurement policy: Prohibit procurement from suppliers who clear new tropical rainforests or peatlands, and new suppliers must submit land use declarations. 2 Plant facilities siting principles: Future construction of storage or research and development facilities will not be located within the KBA proximity area. 3 Chemical substitution: Assess the replacement of highly toxic chemical auxiliaries in the process with low-toxicity alternatives; 4 Light pollution control: Replace nighttime lighting in plant facilities with directional LEDs.
Reduce	Reduce existing negative impacts on nature.	1 Water conservation: Process cooling water recovery system; installation of smart water meters for real-time monitoring. 2 Wastewater: Upgrade of plant facilities' wastewater treatment system, COD discharge superior to effluent standards; 3 VOC reduction: Expansion of enclosed mixing equipment; exhaust gas recovery and combustion system; low-VOC solvent substitution; 4 Waste Rubber: Recovery and Re-Manufacturing of rubber scraps within the factory; outsourced re-refining of waste solvents; 5 Noise: Installation of equipment soundproof covers; Maintenance of buffer green belts in plant facilities.
Restore	Restore the damaged natural environment.	1 Ecological greening of plant facilities: Annually increase the planting of native tree species; 2 Maintenance of surrounding habitat: Establish eco-friendly buffer zones; 3 Waterbody Restoration: In coordination with local stream conservation programs, participate in surrounding stream cleanup and aquatic plant restoration; 4 Supplier Guidance: Assist major rubber suppliers in implementing natural habitat restoration programs.
Regenerate	Promote the positive growth of natural capital.	1 Recovery and Re-Manufacturing of recycled rubber through circular processes: enhance the percentage of recycled rubber usage to achieve an environmentally friendly cycle for waste tires; 2 100% Recycled Rubber Product Line: Develop secondary recycled products using rubber from used conveyor belts as raw materials. 3 Bio-based material development: Evaluate the replacement of certain plasticizers sourced from petroleum with bio-based alternatives; 4 Ecological Corridor Contribution: Cooperate with the government on ecological conservation corridor projects.
Transform	Change the business model to become a nature-positive enterprise.	1 Responsible supply chain procurement transformation: 100% of natural rubber to comply with responsible procurement standards by 2030 (including KBA no encroachment declaration); 2 Nature-positive Product Design: Incorporate natural footprint evaluation into new product development standards; prioritize the use of recycled rubber and bio-based materials; 3 Extended Producer Responsibility (EPR): Establish a Recovery and Re-Manufacturing mechanism for Rubber Conveyor Belts, and provide trade-in services; 4 Joint Actions in the Value Chain: Collaborate with peers to promote transparency in the Southeast Asia rubber supply chain.

(3) Integration into the Company's Overall Risk Management System

Integration Aspect	Description
Integration into the Risk Register	Nature-related risks (supply chain disruptions, water resource shortages, regulatory compliance) are included in the company's annual Risk Register, managed alongside market risk, credit risk, and operational risk (detailed in 4-5 Risk Management).
Supplier Due Diligence	The due diligence for procurement suppliers of natural rubber incorporates KBA sensitivity assessments, serve as one of the criteria for procurement qualification review (see 4-10 Supply Chain Management).
Capital Expenditure Review	For projects involving the addition of new production equipment or plant expansion, an Environmental Impact Assessment must be conducted, including assessments of water resource use and an Ecological Sensitivity Assessment.
Insurance Link	Incorporate scenarios of climate and natural disaster losses such as floods and drought into the property insurance assessment for plant facilities; Incorporate interruption of natural rubber supply into business interruption insurance assessment.
Financial Statement Disclosure	Nature-related material risks and management costs are disclosed in the notes to the financial statements in accordance with applicable accounting standards.



6-8-4 Metrics & Targets

The company establish core indicators based on three key natural capital issues. The following data are consistent with the "1-4 ESG Sustainability Performance" section of this report.

(1) Water Indicators and Targets

Water Indicators	2023	2024	2025	Goals for 2030
Total Water Withdrawal (cubic meters)	10,344	10,999	13,122	Unit production water withdrawal -20%
Wastewater Discharge (cubic meters)	8,275	8,799	10,498	Meets effluent standards
Water Saving Rate (vs Base Year)	Base Year	—	Target 5%	Continuous Improvement
Wastewater COD Effluent Compliance Rate	100%	100%	100%	100%
The Ratio of Water Withdrawal from WRI High Water Stress Areas	0%	0%	0%	0%

Note: The increase in water withdrawal and wastewater volume in 2024 and 2025 was mainly due to capacity expansion and the commissioning of new production lines. The company implemented Water-Saving Improvement Plan for Cooling Towers (which incorporates three corrective measures addressing evaporation, splashing, and discharge) and Inverter replacement and other water and energy-saving projects to reduce the water withdrawal intensity per unit of production.

Water Stewardship Action Plan and Execution Results in 2025

Action Plan	Implementation and Execution and Results in 2025
Cooling water cascade recovery system	Establish the filtration system next to the cooling water tower, and through fine filtration and side-stream treatment, enhance the concentration ratio of the cooling water, significantly reducing the need for makeup water.
The entire plant is equipped with smart water meters.	The installation of smart water meters has been completed at the main water usage points across the entire plant to monitor water usage anomalies in real time, with immediate alerts notifying relevant departments of any abnormal water usage.
Effluent reuse of reclaimed water	After wastewater treatment, reclaimed water is used for cooling tower make-up water to reduce reliance on tap water.
Rainwater collection system	The Roof rainwater collection system continues to operate, enhancing the ratio of non-traditional water source usage.
Emergency Backup Water Mechanism	500 metric ton emergency water storage tank; Establishment of groundwater backup activation SOPs.

(2) Indicators and Targets for Ecosystem Integrity

Ecosystem Indicators	2023	2024	2025	Goals for 2030
Ecological greening/beautifying of plant facilities	—	—	Green landscaping coverage rate in the plant area is 20%	Establish a greenery area baseline and continuously enhance it.
Plant facilities native tree species planting	In progress	In progress	Continuously plant native tree species	Establish a long-term planting plan.
Nighttime lighting low light pollution LED coverage rate	In progress	In progress	Continuously enhance	100%
The compliance rate of factory noise with regulations.	100%	100%	100%	100%
Coverage rate of Responsible procurement audit for natural rubber suppliers evaluation	—	—	The top 5 suppliers completed the assessment	Extended to the top 10
Suppliers Code of Conduct Signing Rate (%)	—	92%	92%	100%

(3) Species Diversity Indicators and Targets

Species Diversity Indicators	2025	Goals for 2025	Goals for 2030
Investigation of species around the plant facilities	Ongoing ecological investigation	Ongoing investigation	Establish a long-term species baseline
Maintenance of plant diversity around the factory	Maintain native vegetation	Increase native species	Increase native species
Incidents of toxic substances in wastewater effluent exceeding standards (times)	0	0	0
Illegal disposal incidents of waste rubber (times)	0	0	0
VOC emissions management	Continuous Improvement In	Continually reducing	-25% compared to the Base Year





(4) Waste and Circular Economy Indicators and Targets

Waste Indicators	2023	2024	2025	Goals for 2030
Total Waste (metric tons)	562.94	514.88	562.65	Continually Reducing
Waste Rubber Recycling and Reuse (metric tons)	—	462.16 (accounting for about 90% of waste)	521	Continuously Enhance
The Ratio of Recycled Rubber to Total Purchases (%)	10.37%	7.17%	6.82%	25%
The Ratio of Green Products to Total Purchases (%)	40.75%	41.82%	32.98%	Continuously Enhance
Recovery and Re-Manufacturing of Rubber Scraps within The Factory	In progress	In progress	Continuously recycling and reusing	100%

(5) Air Pollution Indicators (Natural Health Management)

Air pollution indicators	Current Situation	Goals for 2030
Nitrogen Oxides NOx	Continuous monitoring and compliance with legal standards.	-20% compared to the Base Year
Volatile Organic Compounds (VOC)	Expansion of enclosed mixing equipment; exhaust gas recovery and combustion system; low-VOC solvent substitution.	-25% compared to the Base Year
Sulfur Oxides SOx	Continuous monitoring and compliance with legal standards.	Continually reducing
Particulate Matter PM	Continuous monitoring and compliance with legal standards.	Continually reducing
Plant Facilities Wastewater COD	Superior to effluent standards.	Continuing to optimize

6-8-5 Nature Positive Actions

(1) Water Resource Resilience Management

Water resources are the critical natural dependency of rubber conveyor belt manufacturing. The Company has established a multi-level water resource resilience management system, encompassing water-saving process innovations, rainwater harvesting, wastewater reuse, water meter monitoring, and emergency backup mechanisms.

(2) Waste Rubber Recycling and Re-Manufacturing

The recovery and re-manufacturing of reducing reliance on virgin rubber, in line with customers' circular procurement preferences is the core strategy of our company to advance the circular economy and reduce dependence on natural materials. By increasing the use ratio of recycled rubber used in rubber conveyor belt formulations, the environmental impact of waste rubber is simultaneously reduced.

Circular Re-Manufacturing Item	Technical Description	Scale for 2025	Natural benefits
Recovery and Re-Manufacturing of Recycled Rubber	Waste tires are cryogenically crushed and subjected to deactivation treatment before being incorporated into the rubber formulation, partially replacing virgin rubber.	The ratio of recycled rubber to total purchases is 6.82%	Reduce reliance on petroleum-based raw materials; convert waste tires into resources; reduce carbon emissions.
Waste Rubber Recycling and Reuse	Scraps generated during the rubber mixing, calendaring, and vulcanization phases are recovered, crushed, and then incorporated into the formulation.	Waste rubber recycling and reprocessing is expected to reach 521 metric tons by 2025 (462.16 metric tons in 2024).	Reduction of waste within the plant; saving on raw material procurement costs.
Outsourced Re-refining of Waste Solvents	The waste solvents from process cleaning are outsourced to resource recycling plants for solvent recovery and refining.	Continued outsourcing	Hazardous waste converted into recycled resources; avoiding soil pollution risk.
GRS Certified Recycled Rubber Product Line	The conveyor belt produced using Recycled Rubber as the main raw material has passed the GRS Global Recycle Standard certification.	Continuously promote the expansion of certification.	Meet customers' green procurement requirements; Product differentiation premium.

(3) Ecosystem Protection and Species-Friendly Actions

HYC's plant facilities are located in Nantou County, near the low-elevation mountain ecosystem and the Wu River watershed, potential habitats for conservation-priority species such as leopard cats and grass owls. the Company has adopted the following biodiversity-friendly management measures:



Lighting control: Replace nighttime lighting around the plant boundary with directional low light pollution LED fixtures to reduce light spill and minimize disturbance to nocturnal wildlife.



Plant green belt maintenance: Retain natural vegetation within the green belt along the plant boundary, remove discarded machinery and debris, and maintain wildlife corridors.



Ecological monitoring: Install monitoring equipment at the plant boundary to continually record wildlife activity.



Coordination with government conservation plans: Participate in local ecological corridor conservation projects, provide land around the plant as a buffer zone for ecological corridors.



Ecological greening of plant facilities: Plant native tree species of Taiwan (such as Bischofia javanica, Podocarpus macrophyllus, Ligustrum lucidum, and Koelreuteria elegans) to provide habitats for native birds and insects.



Nectar sources for pollinators: Introducing native wildflower seeds into the plant facilities grasslands to establish a pollinator insect nectar plant area.



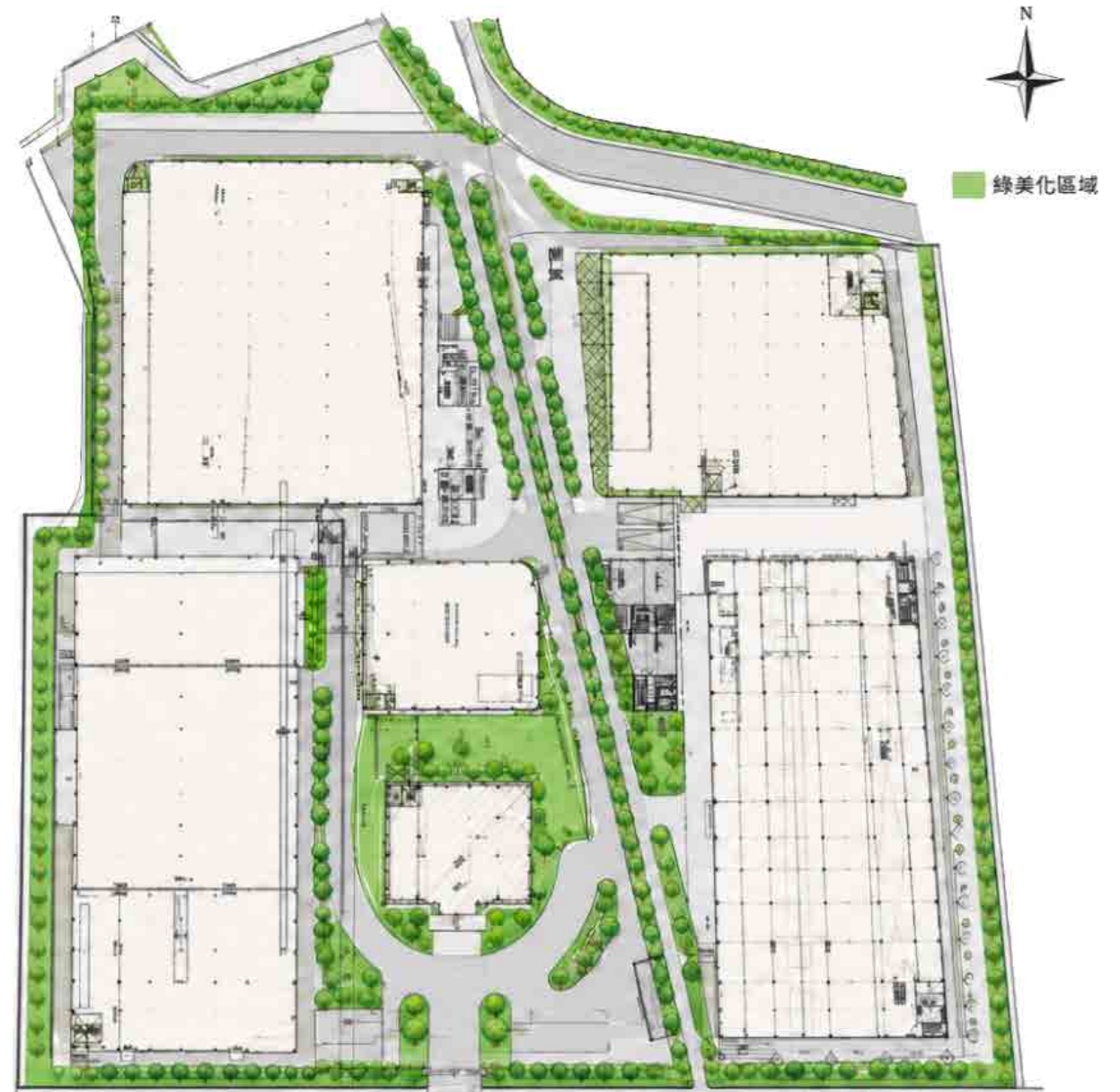
Aquatic ecological restoration: Planting native aquatic plants such as Nymphaea coreana and Hydrocharis dubia in the plant facilities ponds to improve water quality and provide habitats for waterfowl.

(4) Greening and Biodiversity of Plant Facilities

Ecological greening and beautification of plant facilities is the Company's most concrete and verifiable practice for making a positive contribution to nature. Since 2002, we have invested in greening of its plant facilities and environmental protection, transforming its traditional manufacturing facilities into a "forest factory" that combines production functionality with ecological value. The total area of the plant facilities is approximately 40,634 square meters, with a green landscaping area of about 8,125 square meters and greening coverage rate of approximately 20%, which is significantly higher than the standard of general industrial plant facilities. Since 2012, it has repeatedly received the "Industrial Park Beautifying Championship" for among industrial park facilities nationwide.

Key Data on Greening of Plant Facilities

- **Total area of plant facilities:** Approximately 40,634 square meters
- **Green landscaping area:** About 8,125 square meters (coverage rate approximately 20%)
- **Scale of tree planting:** More than 30,000 plants and trees are cultivated in the plant facilities.
- **Third-party recognition:** Since 2012, it has repeatedly won the "Industrial Park Beautifying Championship" for nationwide industrial park facilities.
- **Treasure of the Factory:** The 350-year-old ancient Cinnamomum camphora tree



Caption : Overall plant facilities green landscaping configuration diagram.

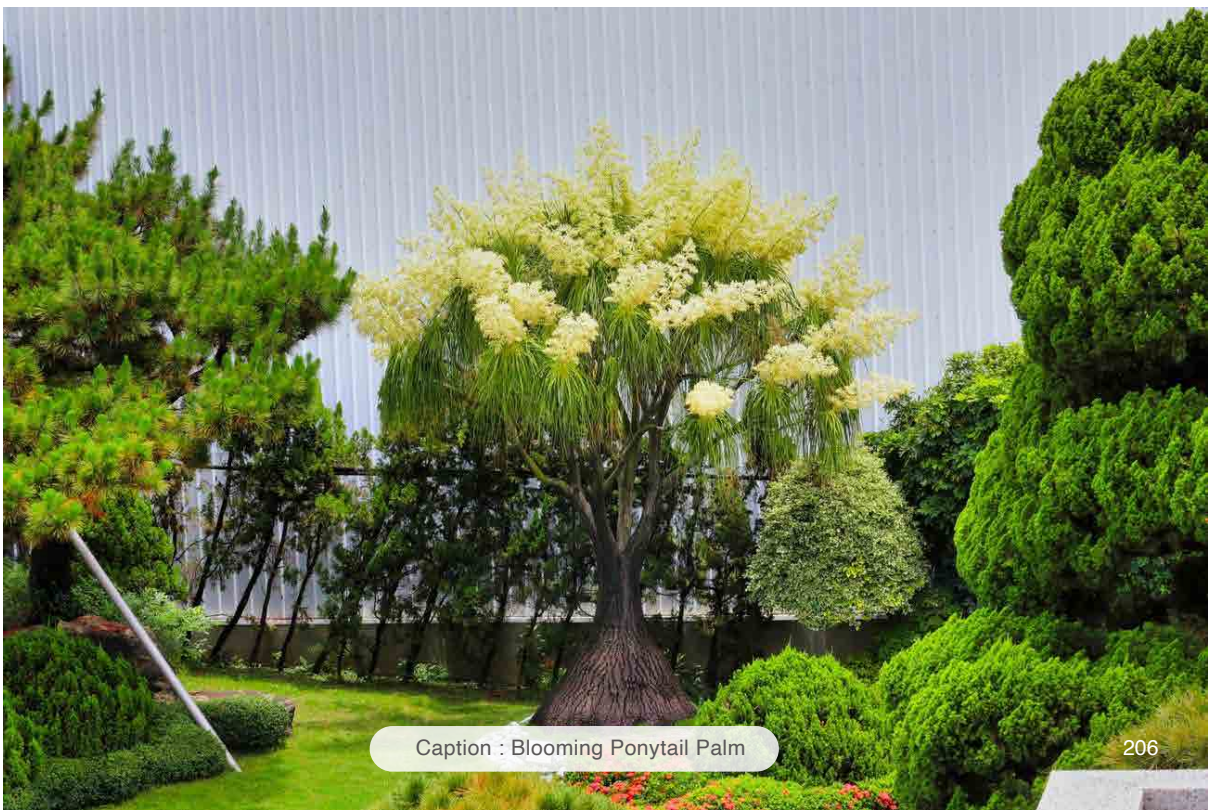
Diversity of Plantings and Ecological Value

The Company’s facilities feature a diverse range of plants, native tree species, landscape trees, and flowering plants, supporting rich species diversity. This serves as a valuable green habitat within an urban industrial area. The main characteristic tree species and their ecological contributions are as follows:

Category	Representative Tree Species/Plants	Ecological and Landscape Value
Century-old Native Trees	The 350-year-old Cinnamomum camphora tree Cinnamomum camphora tree (Treasure of the Factory)	The ancient native tree has an extremely high carbon sequestration capacity and ecological value, serving as a local ecological landmark.
Native and Cultivated Tree Species	Pinus Parviflora, Pinus Densiflora, Japanese Black Pine, Araucaria, Bischofia Javanica, Swietenia Mahagoni	Evergreen throughout the year, with stable root systems, providing habitats for birds and insects.
Feature Ornamental Plants	Bottle Tree, Golden Trumpet Tree, Crape Myrtle	Seasonal flowering enhances biodiversity and landscape value.
Aquatic Plants	Large lotus pond, Taiwan-themed lotus pond	Provide aquatic habitats, regulate microclimate, enhance the landscape’s ecological value.



Caption: Welcoming Tree at the Plant Facility

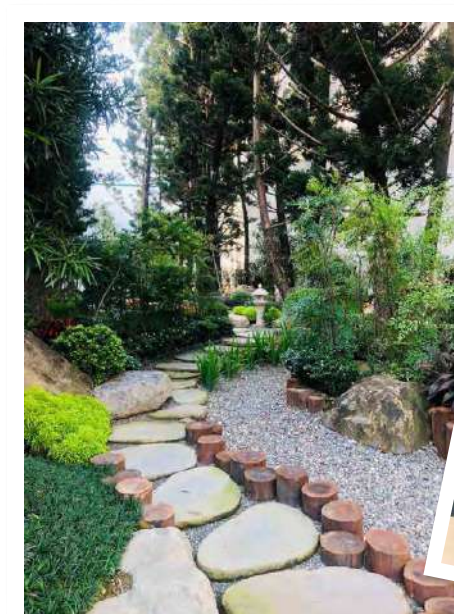


Caption : Blooming Ponytail Palm

Environmental and Social Benefits of Greening

The extensive greenery throughout the Company’s facilities not only enhances the surrounding environment, but also contributes substantially to climate adaptation and employee well-being by absorbing carbon dioxide, improving air quality, reducing noise, and regulating temperatures in the plant facilities.

Benefit Aspect	Specific Contributions
Carbon Sinks and Air Quality	• More than 30,000 plants and trees in the plant facilities absorb carbon dioxide, contributing to carbon sequestration. • Absorb particulate matter and harmful gases, release oxygen, and improve air quality. • Effectively suppress the odor from the rubber manufacturing process, keeping the plant facilities fresh and odor-free.
Microclimate Regulation	• The shade provided by trees lowers the surface temperature of the plant facilities, reducing air-conditioning energy consumption. • Enhance the infiltration of rainwater through green belts to strengthen the site's water retention capacity.
Biodiversity	• A variety of tree species and ponds provide habitats for birds, insects, and other species. • The conservation of native old trees contributes to local ecological preservation.
Physical and Mental Well-Being of Employees	• A workplace resembling a botanical garden offers a healing and refreshing space. • Helps enhance the physical and mental health of employees and work productivity.



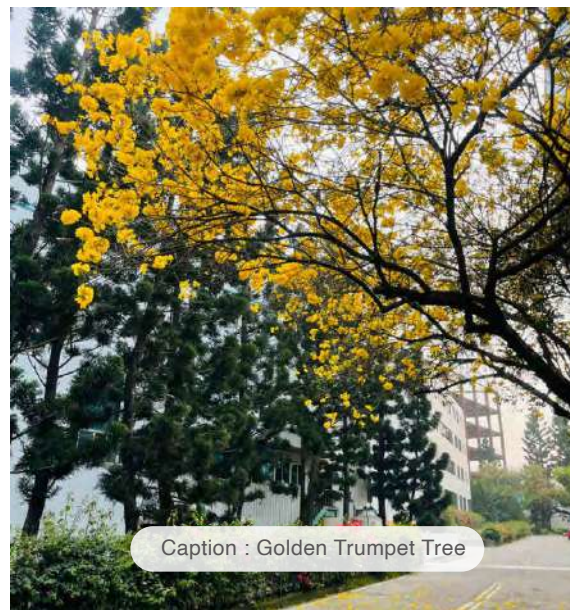
Caption : Relaxation Paths for Mind and Body Balance



Caption : Desk Plants for Stress Relief and Workspace Enhancement



Caption : The 350-year-old ancient Camphora Tree (Treasure of the Factory)



Caption : Golden Trumpet Tree



Caption : Taiwan-themed Lotus Pond

The Company envisions a "forest factory," demonstrating that the manufacturing industry can also coexist and thrive in harmony with nature.

This greening practice echoes the spirit of TNFD Nature Positive by transforming operational sites from "users of natural resources" into "contributors to the natural environment. It serves as the most concrete positive evidence of the Company's nature-related issues. For more details on related biodiversity commitments and strategic directions, please refer to Section 6-8-2 Strategy: LEAP Analysis.

(5) Nature Conservation Actions in the Supply Chain

For Southeast Asian natural rubber suppliers, the Company promotes a responsible procurement policy through the following actions:

- **KBA Non-Encroachment Declaration:** Require main suppliers to sign the "No Encroachment on KBA and Peatlands" commitment as a condition of procurement qualification.
- **Supplier Audits:** Complete KBA sensitivity assessments of major rubber suppliers and issue improvement requests to suppliers identified as high-risk.
- **Supplier Training:** Provide training on sustainable natural rubber cultivation and nature-friendly agricultural practices.
- **Supply Chain Traceability System:** Evaluate the implementation of a rubber supply chain traceability system, including satellite remote sensing to monitor forest cover.

HYC Natural Rubber Responsible Procurement Policy (Officially Issued in 2025)

Prohibitions

- Prohibit the procurement of natural rubber sourced from newly cleared tropical rainforests, peatlands, or KBAs.
- Prohibit the use of internationally banned pesticides (including those regulated under the PIC Convention)
- Prohibit forced labor and child labor.

Requirements

- Major suppliers must be able to provide traceability information on the origins of rubber raw materials (GPS coordinates or declarations of origin).
- Encourage suppliers to obtain relevant certifications (such as Rainforest Alliance, GRS, and other applicable certifications.)
- Annual self-assessment questionnaire: Suppliers annually report information on land use, pesticide use, worker treatment, and other details.
- High-risk suppliers must undergo third-party audits.

Policy Coverage: Major Natural Rubber Procurement Suppliers



6-8-6 TNFD Framework Disclosure Comparison Table

(1) TNFD Four Pillars Disclosure Comparison

TNFD Pillars	Suggested Disclosure Item	Corresponding Disclosure Section
Governance	Describe the Board of Directors' oversight of nature-related Dependencies, Impacts, Risks, and Opportunities (DIRO).	6-8-1
Governance	Describe the role of management in assessing and managing nature-related DIRO.	6-8-1
Governance	Describe the organization's human rights policies and engagement activities, as well as the oversight of stakeholders.	5-1-1\3-1
Strategy	Describe the short, medium, and long-term nature-related DIRO identified by the organization.	6-8-2
Strategy	Describe the impact of nature-related DIRO on the organization's business activities, value chain strategy, and financial planning.	6-8-2
Strategy	Describe the resilience of the organization's nature-related DIRO strategy in different scenarios.	6-8-2\6-8-3
Strategy	Describe the assets and activity locations in the organization's direct operations, as well as their links to priority natural areas.	6-8-2
Risk and Impact Management	Describe the process for identifying, assessing, and ranking nature-related DIRO in direct operations.	6-8-3
Risk and Impact Management	Describe the process for identifying, assessing, and ranking nature-related DIRO in the upstream and downstream value chain.	6-8-3\6-8-2
Risk and Impact Management	Describe the process for managing nature-related DIRO.	6-8-3
Risk and Impact Management	Describe how the process for nature-related risks is integrated into the overall Risk Management System.	6-8-3\4-5
Metrics and Targets	Disclose the indicators used to assess and manage nature-related risks and opportunities.	6-8-4\1-4
Metrics and Targets	Indicators for Disclosing Assessment and Management of Nature Dependencies and Impacts.	6-8-4
Metrics and Targets	Describe the objectives for managing nature-related DIRO and the progress achieved.	6-8-4\6-8-5



(2) Complete Comparison with the LEAP Approach

LEAP Steps	Description	Corresponding Disclosure Section
L1 Business Model and Value Chain	Identify business model, upstream and downstream value chain	6-8-2(i), 1-2
L2 Impact and Dependency Screening	Use ENCORE as the main tool to screen potential dependency and impact	6-8-2(iii)
L3 Connections with Nature	Relevance to planetary boundaries and environmental status indicators	6-8-2(iii)
L4 Links with Sensitive Areas	KBA mapping, water resource risk tools, ecological green network assessment	6-8-2(ii)
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(3) Explanation of Nature-related Terms

Chinese Term	English Term	Definition
Nature-Related Financial Disclosure	TNFD	The Nature-Related Financial Disclosure framework, jointly promoted by UNDP, UNEP FI, WWF, and Global Canopy, was officially released in its v1.0 version in September 2023.
LEAP Approach	LEAP	Locate → Evaluate → Assess → Prepare, TNFD recommended four-step methodology for nature-related risk and opportunity assessment.
Natural Capital	Natural Capital	The resource system formed by the Earth's natural environment covers elements such as species, ecosystem structures and functions, terrestrial and marine landforms, soil, water bodies, atmosphere, and minerals.
Ecosystem Services	Ecosystem Services	Natural capital provides various functions and services for human society, including provisioning services, regulating services, cultural services, and supporting services.
Nature Positive	Nature Positive	Refers to corporate activities that not only reduce harm to nature but also bring about a net gain in natural capital through conservation and restoration.
DIRO	Dependencies, Impacts, Risks & Opportunities	The four key categories of nature-related issues: dependencies, impacts, risks and opportunities.
Key biodiversity Areas	KBA	Sites that contribute significantly to the global persistence of biodiversity and are identified based on globally standardised criteria.
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure	A tool that helps organisations understand their dependencies and impacts on nature and assess nature-related risks and opportunities.
Global Recycled Standard	GRS	International certification standards verify the recycled content of products to ensure the traceability of recycled materials in the Supply Chain.
Mitigation Hierarchy	Mitigation Hierarchy	The priority framework for addressing negative impacts on nature: Avoidance → Mitigation → Restoration → Regeneration → Transformation.
WRI Aqueduct	WRI Aqueduct Water Risk Atlas	Water Resource Risk Assessment tools developed by the World Resources Institute evaluate water stress, flood risk, and regulatory reputational risk in various regions.
CSDDD	EU Corporate Sustainability Due Diligence Directive	The EU directive requiring companies to identify and address adverse environmental and human rights impacts in their operations and value chains.

Statement of this Section

This section was prepared by the Hsin Yung Chien Steering Sustainability Committee, in accordance with the TNFD v1.0 framework and LEAP approach, completing the nature-related financial disclosures for the rubber conveyor belt industry for the first time.

The nature-related analysis presented in this section is a preliminary evaluation result. The Company is committed to annually continuing updates and gradually completing a comprehensive quantification analysis of the financial impact of nature-related risks and opportunities.



The background of the page features a photograph of a person wearing a white lab coat, holding a grey folder. They are standing next to a row of lockers with teal and grey doors. The scene is brightly lit, suggesting an office or laboratory environment.

07

Appendix

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Appendix 1 GRI Content Index

The Company has prepared this report "with reference to" the GRI Standards. The following table comprehensively lists the corresponding GRI Standards and page numbers for each section presented in the order of the report chapters; chapters that do not directly correspond to specific GRI disclosure items are marked as "Non-GRI Disclosure" in the "GRI Reference" column.

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1-1-4	Reporting Scope and Boundaries	GRI 2-2 Entities Included in the Organization's Sustainability Reporting	05
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1-3-1	KING Rubber Business Division	GRI 2-6 Activities, Value Chain and Other Business Relationships	14
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Appendix 2 GRI × SASB × TCFD × TNFD × SDGs Comparison Index Table

In addition to being prepared in accordance with the GRI Standards, this report also incorporates the SASB Sustainability Accounting Standards, TCFD Recommendations on Climate-related Financial Disclosures, TNFD Recommendations on Nature-related Financial Disclosures, and the United Nations Sustainable Development Goals (SDGs). The following table presents the correspondence between each framework and the relevant report chapters; "Non-GRI Disclosure" indicates that the section does not directly correspond to specific GRI disclosure items, and "—" indicates no direct correspondence with the respective framework.

Section Number	Section Name	GRI Reference	SASB Reference	TCFD Reference	TNFD Reference	Corresponding SDG Goals	Page Number
1-1-1	Reporting Basis	Using the GRI Standards	—	—	—	—	05
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1-1-3	Reporting Period and Frequency	GRI 2-3	—	—	—	—	05
1-1-4	Reporting Scope and Boundaries	GRI 2-2	—	—	—	—	05
1-1-5	Restatements of Information	GRI 2-4	—	—	—	—	05
1-1-6	External Assurance/Assurance Status	GRI 2-5	—	—	—	—	05
1-1-7	Responsible Unit for Sustainability Reporting	GRI 2-3	—	—	—	—	07
1-1-8	Report Preparation Process and Quality Management	Non-GRI Disclosure	—	—	—	—	07
1-2-1	Company Information Overview	GRI 2-1	—	—	—	—	09
1-2-2	Company History	GRI 2-1	—	—	—	—	10
1-2-3	Main Products / Services	GRI 2-6	—	—	—	SDG 9	13
1-2-4	Business Operations	GRI 2-6	—	—	—	SDG 8	13
1-3-1	KING Division — Rubber Conveyor Belts, Rubber Dams, Livestock Waterbeds, Rubber Sheets, Custom Rubber Products	GRI 2-6	—	—	—	SDG 9	14
1-3-2	SILIEET Division — Electronic-grade Hot-press Cushioning Pad	Non-GRI Disclosure	—	—	—	SDG 9	21
1-3-3	Newsheet Division — Thermoplastic Carbon Fiber Composite Material	Non-GRI Disclosure	—	—	—	SDG 9	25
1-4	ESG Sustainability Performance	GRI 2-6 (ESG Quantification Performance Summary for Each Topic Corresponding to GRI Disclosure)	—	—	—	SDG 8-9	29

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2-4-1	E Environmental Sustainability Short, Medium, and Long-term Strategy	Non-GRI Disclosure	—	Strategy	Strategy	SDG 13	40
2-4-2	S Corporate Social Responsibility Short, Medium, and Long-term Strategy	Non-GRI Disclosure	—	—	—	SDG 8	42
2-4-3	G Corporate Governance Short, Medium, and Long-term Strategy	Non-GRI Disclosure	—	—	—	SDG 16	44
2-5-1	Sustainability Promotion Governance Framework	GRI 2-9、2-13	—	Governance	Governance	SDG 16	46
2-5-2	Operations and Implementation Status	GRI 2-16	—	—	—	SDG 16	48
2-6-1	Link between Sustainability Performance and Compensation	GRI 2-19~2-21	—	—	—	SDG 16	49
2-6-2	Role and Achievements of the Board in Sustainability Governance	GRI 2-12、2-14、2-17、2-18	—	Governance	Governance	SDG 16	49
2-6-3	Structure and Operations of the Board of Directors	GRI 2-9~2-11、2-15、405-1	—	—	—	SDG 5、16	51
2-6-4	Structure and Operations of Functional Committees	GRI 2-9	—	—	—	SDG 16	56
3-1	Stakeholder Engagement	GRI 2-29	—	—	—	SDG 17	58
3-2	Process to Determine Material topics	GRI 3-1	—	—	—	SDG 17	60
3-3	Materiality Matrix	GRI 3-2	—	—	—	SDG 17	65
3-4	List of Material Topics	GRI 3-2	—	—	—	SDG 17	67
3-5	Management Policies, Approaches, and Indicators for Material Topics	GRI 3-3、2-23、2-24	—	—	—	SDG 12、17	68
3-6	Short-term goals for the 12 Material Topics in 2026	GRI 3-3	—	—	—	SDG 17	75
3-7	Measures to Remedy Negative Impacts and Effectiveness of Implementation	GRI 2-25	—	—	—	SDG 16	76
3-8	Feedback Channels and Procedures	GRI 2-26	—	—	—	SDG 16	78

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4-1-2	Financial Income, Expenses, and Profitability Analysis	GRI 201-1	—	—	—	SDG 8	80
4-1-3	Financial Subsidies	GRI 201-4	—	—	—	SDG 8	80
4-2-1	Tax Policy	GRI 207-1	—	—	—	SDG 1、10、17	81
4-2-2	Tax Governance System	GRI 207-2	—	—	—	SDG 17	81
4-2-3	Communication and Management of Stakeholder Tax Issues	GRI 207-3	—	—	—	SDG 17	81
4-2-4	Government Agencies	GRI 207-3	—	—	—	SDG 17	81
4-2-5	Investor	GRI 207-3	—	—	—	SDG 17	81
4-2-6	Annual Tax Payment Status	GRI 207-4	—	—	—	SDG 1、10	81
4-3-1	Philosophy, Policies, and Code of Conduct for Ethical Corporate Management	GRI 2-23~2-26	—	—	—	SDG 16	82
4-3-2	Ethical Governance	GRI 205-1~3	—	—	—	SDG 16	83
4-3-3	Anti-Competitive Behavior	GRI 206-1	—	—	—	SDG 16	84
4-4-1	Occupational Incidents	GRI 403-9	RT-IG-320a.1	—	—	SDG 3、8	85
4-4-2	Workplace bullying	GRI 406-1	—	—	—	SDG 8	86
4-4-3	Workplace sexual harassment.	GRI 406-1	—	—	—	SDG 5、8	87
4-4-4	Grievance and Suggestion Channels and Procedures	GRI 2-26	—	—	—	SDG 16	87
4-5-1	Risk Management Mechanism	Non-GRI Disclosure	—	Risk Management	Risk and impact management	SDG 16	88
4-5-2	Company Risk Management Process	Non-GRI Disclosure	—	Risk Management	Risk and impact management	SDG 16	88
4-5-3	Compliance with Laws and Regulations	GRI 2-27	—	—	—	SDG 16	89
4-6-1	Corporate Information Security Management Policy	GRI 418-1	—	—	—	SDG 16	90

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4-6-2	Information Management Process Cycle	Non-GRI Disclosure	—	—	—	SDG 16	90
4-6-3	Information Security Management Organization	Non-GRI Disclosure	—	—	—	SDG 16	91
4-6-4	Information Security Management Incident Reporting and Handling Procedures	Non-GRI Disclosure	—	—	—	SDG 16	91
4-6-5	Specific Corporate Management Programs	Non-GRI Disclosure	—	—	—	SDG 16	92
4-6-6	Information Security Risks and Mitigation Measures	Non-GRI Disclosure	—	—	—	SDG 16	93
4-6-7	Specific Outcomes of Information Security Protection	GRI 418-1	—	—	—	SDG 16	94
4-7	Customer Privacy Protection	GRI 418-1	—	—	—	SDG 16	95
4-8-1	Industry Association Involvement	GRI 2-28	—	—	—	SDG 17	95
4-8-2	Learning and Development	Non-GRI Disclosure	—	—	—	SDG 4	96
4-8-3	Networking and Social Engagement	Non-GRI Disclosure	—	—	—	SDG 17	97
4-9-1	Customer Health and Safety	GRI 416-1~2	RT-IG-250a	—	—	SDG 9、12	99
4-9-2	Marketing and Labeling	GRI 417-1~3	—	—	—	SDG 12	99
4-9-3	Quality and Safety Management System	GRI 416-1	RT-IG-250a	—	—	SDG 9、12	99
4-10-1	Supplier management	GRI 2-6、308、414	RT-IG-440a	—	Dependencies and Impact (Value Chain)	SDG 8、12	104
4-10-2	Sustainable Supply Chain Management	GRI 308、414	RT-IG-440a	—	Dependencies and Impact (Value Chain)	SDG 8、12	104
4-10-3	Local Sourcing	GRI 204-1	—	—	—	SDG 8、12	105
4-11-1	Introduction to SASB Standards and Industry Classification	GRI (Complementary)	RT-IG / RT-EE	—	—	SDG 12	105
4-11-2	RT-IG Industrial Machinery and Equipment: Disclosure Topics and Company Performance Comparison	—	RT-IG	—	—	SDG 12	106
4-11-3	RT-EE Electrical and Electronic Equipment: Disclosure Topics and Company Performance Comparison	—	RT-EE	—	—	SDG 12	108
4-11-4	SASB Disclosure Index Summary Table	—	RT-IG / RT-EE	—	—	SDG 12	108
4-11-5	Explanation of the Complementary Relationship between SASB and GRI Disclosures	GRI (Comparison)	SASB	—	—	SDG 12	109

Section Number	Section Name	GRI Reference	SASB Reference	TCFD Reference	TNFD Reference	Corresponding SDG Goals	Page Number
4-12-1	Commitment and Positioning in Aligning with IFRS	GRI 201-2	—	Strategy	—	SDG 13	110
4-12-2	IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information	GRI 201-2	—	Strategy	—	SDG 13	111
4-12-3	Climate-related Disclosure (IFRS S2)	GRI 201-2、305	RT-IG-130a.1	Strategy/Indicators	—	SDG 13	112
4-12-4	Third-party Assurance	GRI 2-5	—	—	—	—	116
4-12-5	IFRS S1/S2 Alignment Roadmap Diagram	GRI 201-2	—	Strategy	—	SDG 13	117
5-1-1	Human Rights Commitment	GRI 2-23、408-1、409-1、411-1	—	—	Indigenous Peoples and Local Communities	SDG 8、10	119
5-1-2	Workforce Structure	GRI 2-7、2-8	—	—	—	SDG 8、10	120
5-1-3	Employee Diversity, Inclusion, and Equality	GRI 405-1、401-1、406-1	—	—	—	SDG 5、8、10	120
5-1-4	Employee Rights and Benefits	GRI 401-2、401-3、405-2	—	—	—	SDG 5、8	126
5-1-5	Collective Bargaining Agreements	GRI 2-30	—	—	—	SDG 8	131
5-1-6	Talent Development, Growth, and Remuneration Policy	GRI 404-1~3	—	—	—	SDG 4、8	131
5-1-7	Employee Compensation Policy and Pay Equity	GRI 405-2	—	—	—	SDG 5、8、10	134
5-2-1	Occupational Safety and Health Policy	GRI 403-1~8	RT-IG-320a.1	—	—	SDG 3、8	135
5-2-2	Occupational Injuries	GRI 403-9~10	RT-IG-320a.1	—	—	SDG 3、8	142
5-3-1	Community Philanthropy and Engagement	GRI 413-1	—	—	Local community engagement	SDG 11、17	143
5-3-2	Social Inclusion and Community Prosperity	GRI 413-1~2	—	—	Local community engagement	SDG 11、17	151
5-3-3	Facility Environment and Employee Well-being (Greening)	GRI 304、403-6	—	—	Nature Positive Action Plan	SDG 3、15	151
6-1-1	Climate Change Risks and Opportunities for the Company and Response Measures	GRI 201-2 (Appendix 2 Reference TCFD)	RT-IG-130a.1	Strategy/Risk Management	—	SDG 13	153
6-1-2	Climate Change-Related Indicators and Targets	GRI 305-5	—	Metrics and Targets	—	SDG 13	157
6-1-3	Internal Carbon Pricing Management	GRI 201-2	—	Strategy/Indicators	—	SDG 13	158

Section Number	Section Name	GRI Reference	SASB Reference	TCFD Reference	TNFD Reference	Corresponding SDG Goals	Page Number
6-2-1	Greenhouse Gas Management Strategy, Methodology, and Targets	GRI 305-5	RT-IG-130a.1	Metrics and Targets	—	SDG 13	161
6-2-2	Greenhouse Gas Emissions	GRI 305-1~4、305-7	RT-IG-130a.1	Metrics and Targets	—	SDG 13	161
6-3-1	Energy Use Policy	GRI 302-4	RT-IG-130a.1	Metrics and Targets	—	SDG 7、13	163
6-3-2	Energy Consumption Overview	GRI 302-1、302-3	RT-IG-130a.1	Metrics and Targets	—	SDG 7、13	163
6-4-1	Verification Summary and Scope	IISO 14067 (Verification)	—	—	—	SDG 12、13	164
6-4-2	Quantification Result of Product Carbon Footprint	GRI 305 (Product-Level)	—	Strategy	—	SDG 12、13	165
6-4-3	Quantification Method and Data Quality	ISO 14067／14064-3	—	—	—	SDG 12	165
6-4-4	Application and Reduction Direction of Carbon Footprint Management	GRI 305-5	—	Strategy (Low-carbon Products)	—	SDG 12、13	166
6-5-1	Water Stewardship	GRI 303-1、303-2	RT-IG-140a	—	Dependencies and Impact (Water)	SDG 6、12	169
6-5-2	Wastewater Management	GRI 303-2	RT-IG-140a	—	Pollution (Water)	SDG 6	171
6-5-3	Water Usage Overview	GRI 303-3~5	RT-IG-140a	—	Dependencies and Impact (Water)	SDG 6、12	171
6-6-1	Waste Management or Reduction Targets	GRI 306-1、306-2	RT-IG-150a	—	Pollution (Water)	SDG 12	172
6-6-2	Waste Reduction and Circular Economy (Resource Recycling and Reuse)	GRI 306-2	RT-IG-150a	—	Pollution (Water)	SDG 12	172
6-6-3	Waste Generation Overview	GRI 306-3~5	RT-IG-150a	—	Pollution (Water)	SDG 12	173
6-7-1	TCFD Governance	GRI 2-12~2-14	—	Governance	—	SDG 13	176
6-7-2	TCFD Strategy	GRI 201-2	RT-IG-130a.1	Strategy	—	SDG 13	178
6-7-3	TCFD Risk Management	—	—	Risk Management	—	SDG 13	182
6-7-4	TCFD Metrics and Targets	GRI 305-1~5	RT-IG-130a.1	Metrics and Targets	—	SDG 13	185
6-7-5	Low Carbon Green Products and Innovation	GRI 301-2	—	Strategy	—	SDG 9、12	187
6-7-6	TCFD Framework Disclosure Comparison Table	—	—	Four Pillars Disclosure Comparison	—	SDG 13	188

Section Number	Section Name	GRI Reference	SASB Reference	TCFD Reference	TNFD Reference	Corresponding SDG Goals	Page Number
6-8-1	TNFD Governance	—	—	—	Governance	SDG 15	189
6-8-2	TNFD Strategy: LEAP Analysis	—	—	—	Strategy (LEAP)	SDG 14、15	191
6-8-3	TNFD Risk and impact management	—	—	—	Risk and impact management	SDG 15	199
6-8-4	TNFD Metrics and Targets	GRI 304-1 ~ 4	—	—	Metrics and Targets	SDG 15	201
6-8-5	Nature Positive Actions (Greening of Plant Facilities)	GRI 304-1 ~ 3	—	—	Nature Positive Action Plan	SDG 6、14、15	204
6-8-6	TNFD Framework Disclosure Comparison Table	—	—	—	Four Pillars Disclosure Comparison	SDG 15	209

Note:

1. The SASB code is primarily based on the industry standards applicable to the Company, RT-IG (Industrial Machinery and Equipment) and RT-EE (Electrical and Electronic Equipment); for the actual codes used, please refer to Chapter 4-11.
2. The columns for TCFD/TNFD indicate the corresponding framework pillars; for Complete Disclosure in each specific chapter (6-7, 6-8), refer to the framework comparison table in the respective chapter for more details.



Appendix 3 International Sustainability Disclosure Framework Comparison Index Table

In addition to being prepared in accordance with the GRI Standards, this report also incorporates the TCFD Recommendations on Climate-related Financial Disclosures, TNFD Nature-Related Financial Disclosures, SASB Sustainability Accounting Standards, and IFRS S1/S2 Sustainability Disclosure Standards. To facilitate review by various stakeholders, the comparison index is compiled as follows:

1. Overview of Integrated Disclosure Locations for the four Major Frameworks

International Framework	Full Name of the Framework	Corresponding Disclosure Section in This Report	Level of Disclosure	Page Number
TCFD	Task Force on Climate-related Financial Disclosures	6-7 (Dedicated Chapter); 6-1 Climate Change, 6-2 Greenhouse Gas Management	Complete Disclosure of the Four Pillars	176\153\161
TNFD	Taskforce on Nature-related Financial Disclosures	6-8 (Dedicated Chapter); 6-5 Water Stewardship, 6-6 Waste Management	Complete Disclosure of the Four Pillars (First Introduction)	189\166\172
SASB	Sustainability Accounting Standards Board	4-11 (Special Chapter); 1-4 ESG Sustainability Performance	SASB Standards Comparison for RT-IG and RT-EE Industries	105\05
IFRS S1/S2	IFRS Sustainability Disclosure Standards	4-12 (Special Chapter); 6-7 TCFD	Voluntary Advance Deployment Trial Preparation	109\176
GRI	GRI Standards	Appendix 1 GRI Content Index	Main Reporting Basis	213

2. TCFD Four Pillars Disclosure Comparison

TCFD Pillars	Suggested Disclosure Item	Section of This Report	Page Number
Governance	The Board of Directors' oversight of Climate-related risks and opportunities	6-7-1、6-1-1、2-3	176、153、39
Governance	Describe the role of management in assessing and managing Climate-related risks and opportunities.	6-7-1、2-2	176、38
Strategy	Short, medium, and long-term Climate-related risks and opportunities	6-7-2	178
Strategy	Impact of Climate-related risks and opportunities on business, strategy, and financial planning.	6-7-2、4-12-3	176、112
Strategy	The organization's strategic resilience (including scenarios below 2°C).	6-7-2、6-7-3	176、182
Risk Management	Identification and Assessment Process for Climate-Related Risks	6-7-2、6-7-3	176、182
Risk Management	Describe the organization's Management Process for Climate-related risks.	6-7-3、4-5	182、88
Risk Management	How is it integrated into the overall Risk Management System?	6-7-3、4-5-2	182、88
Metrics and Targets	Indicators for assessing Climate-related risks and opportunities.	6-7-4、1-4	185、29
Metrics and Targets	Scope I, II Greenhouse Gas Emissions	6-7-4、6-2-2、1-4	185、161、29
Metrics and Targets	Describe the goals and performance in managing Climate-related risks and opportunities.	6-7-4、6-1-2	185、157

2. TCFD Four Pillars Disclosure Comparison

TCFD Pillars	Suggested Disclosure Item	Section of This Report	Page Number
Governance	The Board of Directors' oversight of nature-related DIRO.	6-8-1	189
Governance	Describe the role of management in assessing and managing nature-related DIRO.	6-8-1	189
Strategy	Short, medium, and long-term nature-related DIRO	6-8-2	191
Strategy	The impact of nature-related DIRO on business activities, value chain strategy, and financial planning.	6-8-2	191
Strategy	The resilience of strategies under different scenarios.	6-8-2\6-8-3	191\199
Strategy	Describe the assets and activity locations in the organization's direct operations, as well as their links to priority natural areas.	6-8-2	191
Risk and impact management	Describe the process for identifying, assessing, and ranking nature-related DIRO in direct operations.	6-8-3	199
Risk and impact management	The process for identifying nature-related DIRO in the upstream and downstream value chain.	6-8-3\6-8-2	199\191
Risk and impact management	Describe the process for managing nature-related DIRO.	6-8-3	199
Risk and impact management	Integration into the overall Risk Management System situation.	6-8-3\4-5	199\88
Metrics and Targets	Indicators for assessing and managing nature-related risks and opportunities.	6-8-4\1-4	201\29
Metrics and Targets	Indicators for assessing and managing nature dependencies and impacts.	6-8-4	201
Metrics and Targets	Describe the objectives for managing nature-related DIRO and the progress Achieved.	6-8-4\6-8-5	201\204

4. SASB Disclosure Indicators Comparison

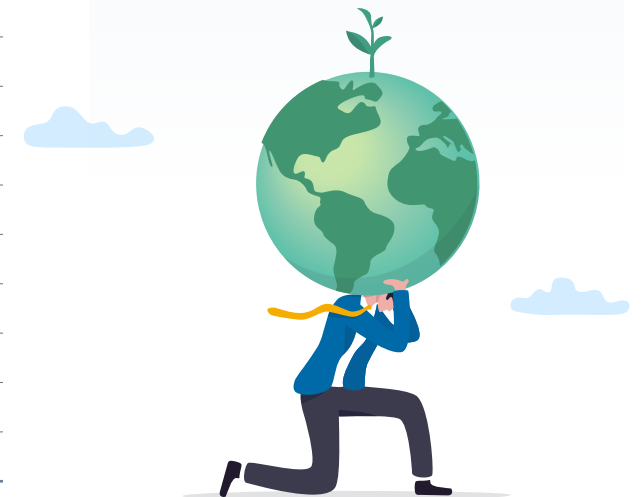
SASB Code	Disclosure Topics	Disclosure Status	Section of This Report	Page Number
RT-IG-130a.1	Energy Management	Complete Disclosure	4-11-2\1-4\6-3	106\29\163
RT-IG-320a.1	Employee Health & Safety	Partially disclosed (NMFR)	4-11-2\1-4\5-2-2	106\29\142
RT-IG-410a	Fuel Economy & Emissions in Use-Phase	Not Applicable (Already Explained)	4-11-2(iii)	106
(Product Design)	Product Design and Materials Efficiency	Complete Disclosure	4-11-2\6-6	106\172
(Key Material)	Management of Critical Materials in the Supply Chain.	Complete Disclosure	4-11-2\4-10	106\104
(RT-EE)	Product hazardous substance compliance with laws and regulations management.	Complete Disclosure	4-11-3\4-9-3	108\99
(RT-EE)	Supply Chain ESG Due Diligence	Complete Disclosure	4-11-3\4-10	108\104

5. Comparison of IFRS S1/S2 Provisions

SASB Code	Disclosure Topics	Disclosure Topics	Page Number
S1 General Requirements	Reporting Scope, Materiality Assessment Method, and The linkage with financial statements.	4-12-2	111
S1 Industry Base Metrics	Refer to SASB to identify industry-specific disclosure indicators.	4-12-2(iii), 4-11	111\105
S2 Governance	Governance Processes, Controls, and Procedures for Climate-related risks	4-12-3(i), 6-7-1	112\176
S2 Strategy	Identification and impact of climate-related risks and opportunities	4-12-3(ii), 6-7-2	112\176
S2 Strategy (Financial Impact)	Quantification of Current and Expected Financial Impact Disclosure	4-12-3(iii), 6-7-2(vi)	112\178
S2 Strategy (Resilience)	Climate Resilience Assessment	4-12-3(iv), 6-7-3	112\178
S2 Risk Management	Identification, Assessment, Ranking, and Monitoring Process for Climate Change	4-12-3(v), 6-7-3, 4-5	112\178\88
S2.29(a)	Greenhouse Gas Emissions (Scope I, II, III)	4-12-3(vi), 6-7-4, 6-2-2, 1-4	112\185\161\29
S2.29(b)	Industry Base Metrics, Energy Mix	4-12-3(vi), 6-3, 1-4	112\163\29
S2.29(c)	Climate-related capital deployment	4-12-3(vi), 6-7-3	112\182
S2.29(d)	internal carbon pricing mechanism	4-12-3(vi), 6-1-3, 6-7-3	112\158\182
S2.29(e)	Link between Compensation and Climate Performance	4-12-3(i), 6-7-1	112\176
S2 Goal	Setting and Progress Achieved on Climate-Related Targets	4-12-3(vi), 6-7-4	112\185

Data Consistency Statement

This report integrates dedicated sections for the four major international frameworks: TCFD, TNFD, SASB, and IFRS S1/S2. The quantitative performance indicators cited in each framework-specific chapter, including greenhouse gas emissions, energy consumption, water resources, waste, occupational safety, human resources, and corporate governance, are all based on the data provided in the "1-4 ESG Sustainability Performance — 2023-2025 ESG Key Performance Indicators" section of this report, ensuring data consistency and comparability throughout the report.



Appendix 4 Terminology and Abbreviation Table

This table compiles the international sustainability frameworks, management standards, and specialized term abbreviations used in the report for readers' reference.

Abbreviation	Abbreviation	Chinese comparison
TCFD	Task Force on Climate-related Financial Disclosures	Climate-related Financial Disclosure (Taskforce)
TNFD	Taskforce on Nature-related Financial Disclosures	Nature-Related Financial Disclosure (Taskforce)
SASB	Sustainability Accounting Standards Board	Sustainability Accounting Standards Board (Standards)
IFRS S1 / S2	International Financial Reporting Standards S1 / S2	International Financial Reporting Standards — Sustainability Disclosure (S1 General Requirements / S2 Climate)
GRI	Global Reporting Initiative	Global Reporting Initiative (Standards)
SDGs	Sustainable Development Goals	United Nations Sustainable Development Goals
ESG	Environmental, Social, and Governance	Environmental, Social, and Governance
LEAP	Locate, Evaluate, Assess, Prepare	TNFD Analysis Method: Locate, Evaluate, Assess, Prepare
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure	Natural capital dependency and impact evaluation tools
LTIFR	Lost Time Injury Frequency Rate	Lost Time Injury Frequency Rate (LTIFR)
CBAM	Carbon Border Adjustment Mechanism	(EU) Carbon Border Adjustment Mechanism (CBAM)
EUDR	EU Deforestation Regulation	EU Deforestation Regulation
SBTi	Science Based Targets initiative	Science-Based Targets initiative
C2C	Cradle to Cradle	Cradle to Cradle (Product Circularity Certification)
GHG	Greenhouse Gas	Greenhouse Gas
ERM	Enterprise Risk Management	Enterprise Risk Management
CO _{2e}	Carbon Dioxide Equivalent	Carbon dioxide equivalent
GJ	Gigajoule	Billion joules (energy unit)
ISO 9001	Quality Management System	Quality Management System
ISO 14001	Environmental Management System	Environmental Management System
ISO 45001	Occupational Health and Safety Management System	Occupational Safety and Health Management System
ISO 50001	Energy Management System	Energy Management System
ISO 14064	Greenhouse Gas Quantification and Verification	Greenhouse Gas Inventory and Verification
ISO 14067	Carbon Footprint of Products	Product Carbon Footprint
AA1000 SES	AA1000 Stakeholder Engagement Standard	AA1000 Stakeholder Engagement Standard
Scope I/II/III	Scope 1 / 2 / 3	Greenhouse Gas Emissions (Scope 1, 2, 3)

* This table serves as an auxiliary tool to assist readers in understanding the content of the report; for detailed disclosure content of each framework, please refer to the corresponding disclosure sections of the report.

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