



ESG

SUSTAINABILITY
REPORT

2024

Hsin Yung Chien Co., Ltd.

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1-1 About This Report

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 2025. 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.



1-1-1 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), ISO 26000 Guidance on Social Responsibility, the Sustainability Accounting Standards Board (SASB) Standards, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, this report is also 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." This ensures a clear explanation of the Company's actions and achievements in corporate social responsibility, providing transparent disclosure to stakeholders. For relevant cross-reference tables, please refer to the Appendix.



1-1-2 Reporting Period and Frequency

This report is published annually, covering the period from January 1, 2024, to December 31, 2024. It encompasses the company's relevant operational systems and activities, with a focus on the management and performance of all material topics. The reporting period aligns with the Company's financial reporting. The report includes HYC's management approach, material topics, performance indicators, value chain management, environmental and social initiatives. It is simultaneously published on the Company's official website.



Current publication version: Issued in August 2025



1-1-3 Reporting Scope and Boundaries

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



1-1-4 Restatements of Information

There have been no restatements of information in the 2024 HYC ESG Sustainability Report.

1-1-5 External Assurance / Assurance Status

The ESG performance data disclosed in this report are compiled based on the Company's internal inventory results. Some of the data has not yet been independently verified by a third party and is provided for the reference of stakeholders only. The Company will continue to plan for and progressively obtain external assurance to enhance the credibility of its information disclosure.

1-1-6 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



1-2 About the Company (Company Profile)

1-2-1 Company History

Hsin Yung Chien Co., Ltd. (HYC), established in 1964, is the largest manufacturer of rubber conveyor belts in Taiwan. The company has expanded its production to include recyclable thermoplastic carbon fiber composite products and electronic-grade hot-press cushioning pads, while continuously investing in advanced equipment and process innovation. HYC has also obtained certifications for ISO 9001, ISO 14001, ISO 45001, and ISO 50001. In response to global warming, the greenhouse effect, and the growing awareness of environmental protection, HYC has actively invested in the research and development of green product innovations in recent years. These efforts include rubber dams capable of water storage and power generation capabilities, low-carbon conveyor belts, and electronic-grade hot-pressing cushioning pads that replace traditional kraft paper, helping reduce deforestation and water consumption. Additionally, the Company is developing thermoplastic carbon fiber composite materials, which can replace aluminum alloys and offer advantages such as being lightweight, thin, strong, easy to process, and recyclable. These products are expected to become crucial green solutions worldwide in the future. From material research and product design to manufacturing, HYC is committed to sustainability throughout the entire process, providing customers with environmentally friendly products that support a circular economy. The Company strives to contribute to environmental protection and the creation of an eco-friendly world.

1-2-2 Main Products / Services

Various types of rubber conveyor belts, rubber dams, rubber sheets, livestock waterbeds, specialty rubber products, composite materials, and electronic grade hot-pressing cushioning pads.

1-2-3 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 Promotion of 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.



HISTORY



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"; Silleet 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.



Caption | Solar Panels Installed on All Plant rooftops

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.

2019

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



Caption | ISO 45001 Occupational Health and Safety Management Certification



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".



Caption | ISO 50001 Energy Management System Certification

Caption | Renewable Energy Certificate from Solar Power Generation



1-3 Business, Product Innovation, and Scale

1-3-1 KING Division – Rubber Conveyor Belts, Rubber Dams



Professional Heritage, Sustainable Evolution

A Key Partner in Rubber Conveyor Systems and Hydraulic Infrastructure

The KING Division is HYC's earliest and largest core business unit, dedicated to the research, development, and manufacturing of diverse products including rubber conveyor belts, waterbed systems, and rubber dams. These products are engineered using advanced technologies to enhance their performance in areas 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 green hydropower, logistics, transportation, agriculture, manufacturing, mining, power generation, and steel.

The products comply with international standards and have obtained global certifications, including CNS, JIS, ISO, DIN, BS, AS, IS, SABS, ASTM, MSHA, and GBT. These certifications highlight our commitment to quality and safety, ensuring that our products meet international physical and chemical property standards.

The Company has long served both domestic and international industries. It is highly trusted by government engineering agencies and major enterprises. In response to the global rise in sustainability and climate risk awareness, the KING department is actively adopting green materials and smart manufacturing technologies to emphasize product sustainability. The production of environmentally friendly, low-carbon-footprint rubber conveyor belts helps lower energy consumption and material waste, aligning with global environmental protection trends. This comprehensive approach addresses the environmental, social, and governance (ESG) aspects, fulfilling both corporate social and product responsibility.



Caption | Rubber dam and environmental sustainability



E - Environmental Aspect

Extended Lifespan, Reduced Carbon Emissions, Circular Reuse, and Green Materials

The KING department fully incorporates high-durability and low-carbon process design concepts into its products to achieve green benefits throughout the product lifecycle. Rubber conveyor belts, with their outstanding durability—such as heat resistance, abrasion resistance, impact resistance, and tear resistance—not only reduce overall maintenance and replacement costs, but also minimize operational downtime and repair time. This enhances operational efficiency, extends equipment lifespan, and helps lower carbon emissions and resource consumption.

Sustainability has been a key consideration in the development of the Company's rubber conveyor belts. We actively promote the adoption of green materials and the application of circular economy principles. Some products already incorporate recyclable and regenerated 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. In addition, we are implementing carbon footprint assessments and carbon labeling to enhance product transparency and support customer confidence in green procurement.



Caption | Eco-friendly recycled rubber



Caption | Environmentally friendly white smoke exhaust

Aligned with the United Nations Sustainable Development Goals:

SDG 9

Industry, Innovation, and Infrastructure

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



SDG 12

Responsible Consumption and Production

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



SDG 13

Climate Action

13 CLIMATE ACTION



S - Social Aspect

Product Safety, Public Protection, Equipment Upgrades, and Knowledge Transfer

The KING department has been deeply rooted in the industry for many years, consistently prioritizing occupational safety and social responsibility. Its 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, making them an essential line of defense in Taiwan's infrastructure. In addition, the KING department has launched multiple equipment upgrade initiatives to enhance workplace safety for employees. It also promotes an internal "Technical Knowledge Transfer" program to preserve expertise, support the career development of younger technical staff, and foster regional talent continuity and sustainable industrial growth.



Caption | Application of rubber dams in water management systems



Aligned with the United Nations Sustainable Development Goals:

SDG 3

Good Health and Well-being

3 GOOD HEALTH AND WELL-BEING



SDG 6

Clean Water and Sanitation

6 CLEAN WATER AND SANITATION



SDG 8

Decent Work and Economic Growth

8 DECENT WORK AND ECONOMIC GROWTH



SDG 11

Sustainable Cities and Communities

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. To meet international market demands, the division offers flexible customization capabilities, leveraging professional manufacturing processes and tailored designs to provide diverse products that fulfill customer needs. Products are adjustable to comply with regulations in markets such as Europe, the United States, and Japan, enhancing global competitiveness and brand trust. The department continuously collaborates with customers to develop new products and solutions, investing in new equipment and innovative processes. Additionally, it actively participates in infrastructure projects and integrates resources from industry, academia, research, and finance to jointly develop green rubber products, strengthening corporate social connections and technological governance capabilities.



Caption | Application of rubber conveyor belts

 Aligned with the United Nations Sustainable Development Goals:

SDG 8 Decent Work and Economic Growth

SDG 9 Industry, Innovation, and Supply Chain Resilience



Conclusion

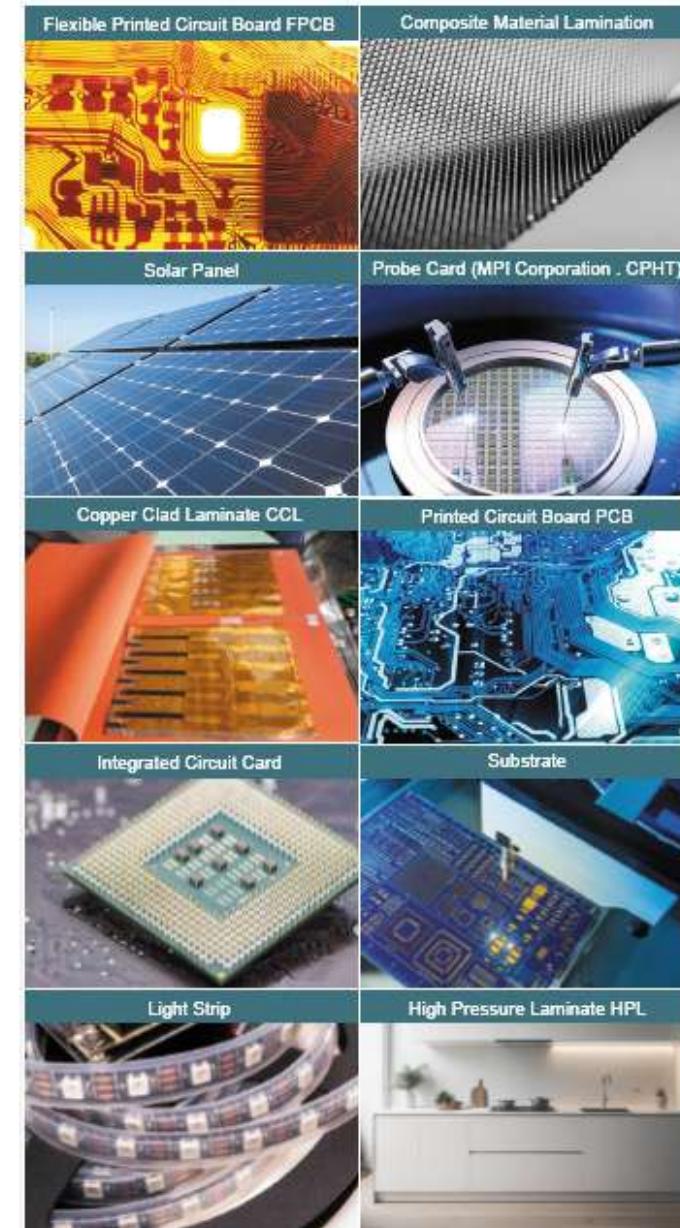
As the starting point and core of HYC, the KING department demonstrates strong resilience in the fields of rubber conveyor and hydraulic applications through its long-term technical expertise, solid manufacturing capabilities, and sustainability mindset. By emphasizing advantages such as high durability, recyclability, safety, and locally made international quality, it not only aligns with multiple United Nations Sustainable Development Goals (SDG 3, 6, 8, 9, 11, 12, and 13) but also reflects the Company's robust operations and responsiveness to global sustainability trends. Looking ahead, the KING department will continue advancing toward low-carbon manufacturing, smart production, and green material innovation, providing the industry and society with key solutions that embody resilience and sustainable value. Through professional manufacturing processes and customized design, it serves global industries and aims to become a strong backbone for the sustainable development of global infrastructure and supply chains.



1-3-2 SILIEET Division – Electronic-grade Hot-press Cushioning Pad



Caption | Hot Press Cushioning Pad Product



Caption | Applicable Industry Categories

Silieet Innovative Material, Sustainable Value

The Silieet department focuses on developing thermal-press cushioning materials based on polymer silicone resins and sheet structures. The products use high-temperature- and high-toughness-reinforced fibers as the core, produced through calendering of polymer composites. They offer multiple advantages, including versatility, high strength, smooth surface, low friction coefficient, flexibility combined with rigidity, excellent dimensional stability, and long service life.

The product operates reliably in temperatures ranges from -70°C to 380°C, and is widely applied in high-temperature lamination processes in industries such as printed circuit boards (PCB), flexible printed circuit boards (FPCB), copper-clad laminates (CCL), and LCD display panels. It can also be used in solar panels, melamine boards, composite material lamination, probe cards, smart cards, light strips, substrates, and other industries.

By integrating RFID lifecycle management and cloud-based tracking mechanisms, the product further enhances usage efficiency, reduces waste and strengthens supply chain management. Its reusability, lightweight design, and compatibility with automated production align with the development trends of Industry 4.0 and sustainable manufacturing.



E - Environmental Aspect

Eco-Innovation, Carbon Reduction, and Resource Conservation

The Silieet department has developed electronic-grade hot-press cushioning materials featuring reusability, paperless design, and high heat resistance. It has successfully replaced significant amounts of kraft paper, aluminum foil, and silicone steel sheets traditionally used in PCB manufacturing processes. It is estimated that more than one million tons of kraft paper usage can be reduced annually, equivalent to preventing the logging of more than 30 million trees and saving over 500 million liters of water needed for paper-making. This effectively reduces carbon emissions while mitigating the impacts of climate change and soil and water conservation. Additionally, the product lifecycle management system incorporates RFID technology to enhance material usage efficiency and improve the accuracy of lifespan monitoring. This helps prevent unnecessary scrapping, reduces material consumption, and simultaneously promote a paperless transformation in manufacturing process and warehouse management.



Aligned with the United Nations Sustainable Development Goals:

SDG 12 Responsible Consumption and Production

SDG 13 Climate Action

SDG 15 Life on Land



Old Solution



Humanity's continuous pursuit of advanced technology has driven the growth of modern civilization—from aerospace and computers to mobile phones and other electronic devices. As technological products are constantly updated and manufactured, the consumables used in the production process, such as kraft paper, require large amounts of wood and water. This leads to ongoing deforestation as trees are cut down to meet the demand.

Old Solution



Excessive deforestation and river pollution caused by human activities have led to ecological disasters, accelerating global warming and triggering more extreme climate events and disruptions to ecosystems. Consequences include landslides, natural disasters, and the extinction of aquatic species in rivers.



S - Social Aspect

Product Safety and Clean Manufacturing

The Silieet department's hot-press cushioning material demonstrates outstanding performance in both process and safety. It features low friction, dimensional stability, anti-static properties, and excellent cleanliness, effectively reducing contamination risks during the production process and improving product yield, while providing multiple layers of protection for operators and end consumers. 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. The integration of RFID and cloud tracking systems not only reduces the labor burden and error rate in manual inventory operations but also improves workplace safety and usage transparency. This establishes a more reliable supply chain management mechanism for the industry, further safeguarding the quality of end-products.



Aligned with the 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





G - Governance Aspect

Local R&D, Quality Assurance, Data Governance

The Silieet department's products are fully developed, manufactured, and serviced in Taiwan, with an annual production capacity of 400,000 square meters, ensuring stable supply and reliable quality. Dedicated application engineers provide real-time technical support, while a cross-disciplinary R&D team delivers rapid customization to meet the lamination process requirements of different industries. The products have won gold and silver medals at the iENA Nuremberg trade fair in Germany, marking a global first and earning wide recognition for quality and technology. By implementing an RFID system, the product enables comprehensive material lifecycle management and automated data collection, enhancing traceability and risk control. This effectively reduces human error and management gaps, helping enterprises demonstrate tangible digital management performance, such as lowering consumable waste rates, improving warehousing efficiency, and reducing carbon emission performance indicators.

Aligned with the United Nations Sustainable Development Goals:

SDG 9 Support Domestic Technology Development And Industrial Diversification



Caption | 2011: Products received the iENA Gold and Silver Award.

Conclusion

The electronic-grade hot-press cushioning products developed by the Silieet department are not only a symbol of material innovation and process advancement but also a true enablement of environmental protection and industrial sustainability. From product design and green manufacturing to intelligent management, Silieet demonstrates comprehensive ESG integration, successfully supporting the PCB and electronics industries in moving towards a paperless, low-carbon, automated, and highly efficient manufacturing future. Looking ahead, the Silieet department will continue to focus on innovative materials, providing comprehensive solutions that balance environmental benefits, social responsibility, and governance performance.



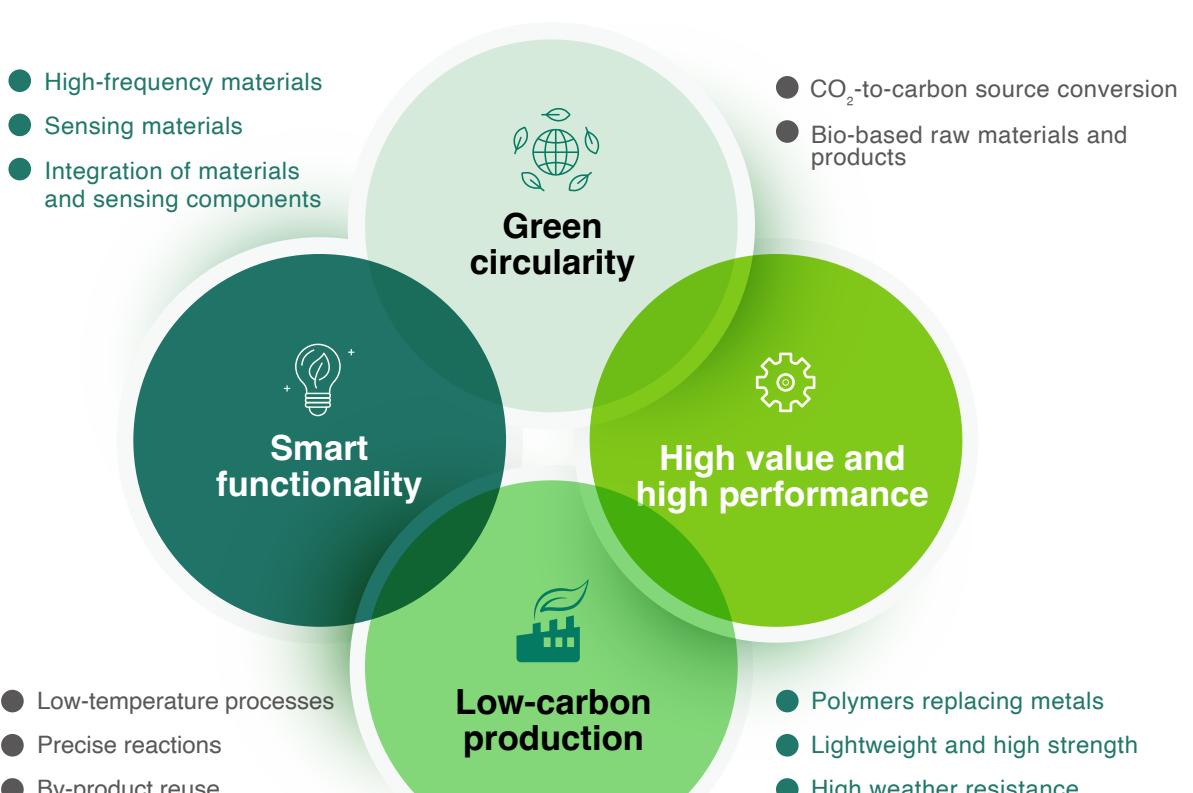
1-3-3 Newsheet Division — Thermoplastic Composite Material

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

The Newsheet department focuses on the research and application of thermoplastic carbon fiber composites, developing eco-friendly new materials characterized by strong plasticity, recyclability, light weight, high strength, durability, and versatility in processing and remanufacturing. The material offers advantages of lightweight design, high strength and toughness, and compatibility with automated processing. It is suitable for diverse industries such as construction templates, luggage, bicycle components, drones, hydrogen tanks, fuel cells, electric vehicle components, and smart machinery, demonstrating broad application potential. The material features high processing flexibility and automation potential, overcoming traditional bottlenecks in composite material manufacturing. It can be precisely cut, molded, and assembled according to demand, while supported by an integrated supply chain of raw materials and tooling that enhances production efficiency and consistency. From material sourcing to end products, Newsheet has fully adopted green design principles, embedding a recyclable circular economy value chain. It is committed to becoming a leading supplier of next-generation high-efficiency eco-friendly and high-performance materials, driving the industry towards sustainable transformation.



Software and hardware integration in new material development





E - Environmental Aspect

Recyclability, Carbon Reduction, and Circular Utilization

Newsheet products are 100% recyclable, fully aligned with the core principles of the circular economy. At the end of their lifecycle, products can be remanufactured into pellet feedstock for use in non-structural applications, proportionally remixed with virgin materials, thereby reducing demand for new resources and minimizing waste. Compared with traditional thermoset carbon fiber composites, thermoplastic carbon fiber composites offer significant environmental advantages: they can be reheated and reshaped repeatedly, reduce the use of organic solvents, and effectively reduce pollution and carbon emissions. These characteristics substantially improve upon the conventional "single-use and discard" products, reducing incineration-related air pollution and environmental burdens.

Aligned with the United Nations Sustainable Development Goals:

SDG 12 Ensure sustainable consumption and production patterns



SDG 15 Life on Land



S - Social Aspect

Recovery and Re-Manufacturing, Circular Industry Chain

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. These recycled pellets can be applied to non-structural uses or remanufactured by blending with new materials, assisting downstream industries in adopting circular material supply mechanisms. This mechanism not only reduces the overall manufacturing industry's resource dependency but also fosters upstream and downstream collaboration, strengthening sustainable industry chain connections. Newsheet products also demonstrate the ability to practice "sustainability starts from design," by expanding the scope of recycling applications, helping end customers enhance ESG performance and brand value.

Aligned with the United Nations Sustainable Development Goals:

SDG 9 Industry, Innovation, and Infrastructure



Caption | HYC thermoplastic carbon fiber product recycling and reuse process



G - Governance Aspect

Local R&D, Recycling System Establishment, International Innovation

The Newsheet department carries out both R&D and production entirely in Taiwan, while actively advancing the parallel deployment of product development and recycling systems. This governance model not only enhances supply chain transparency and controllability but also facilitates the establishment of comprehensive recycling traceability and resource integration systems, achieving closed-loop lifecycle management of materials. Through continuous technological research and business model development, the Newsheet department positioned to become a benchmark in carbon fiber circular materials, strengthening corporate resilience and demonstrating the Company's capacity for local sustainable governance. Notably, due to the introduction of eco-friendly and sustainable design concepts, Newsheet's carbon fiber composite products have been recognized by the international iF Design Award for innovation for two consecutive years, showcasing their global competitiveness and innovation in material design integration and governance practices.

Aligned with United Nations Sustainable Development Goals (SDGs):

SDG 8 Decent Work and Economic Growth

SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

SDG 12 Ensure sustainable consumption and production patterns



Caption | Recognized with the TAIPEI CYCLE d&i awards 2024 for two consecutive years.

Conclusion

With thermoplastic carbon fiber composites as its core technology, the Newsheet department has developed high-value new green materials that combine recyclability, processability, and high strength. These materials can withstand diverse processing and impact loads and also embody the circular economy principle of "regeneration after use," incorporating recyclability and low-carbon thinking from the product design stage. As global carbon neutrality and industrial decarbonization accelerate, HYC has invested in material recycling systems and automated manufacturing platforms, proactively aligning with the emerging manufacturing standards of "Eco-friendly x Efficiency x Digitization." Looking forward, Newsheet will continue to advance green material technologies, drive low-carbon innovation, and promote circular economy practices. Together with upstream and downstream partners, it aims to achieve the sustainable transformation of the industry.



02



BUSINESS PHILOSOPHY AND SUSTAINABILITY STRATEGY

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Hsin Yung Chien Co., Ltd. 2024 | ESG Sustainability Report



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2-1 Business Philosophy and Sustainable Development Strategy

2-1-1 Message from Management

As President, I am deeply aware of the profound impacts of global climate change and environmental challenges. The United Nations has clearly stated that sustainable development is not only a corporate social responsibility but also the core of future competitiveness. Promoting ESG (Environmental, Social, and Governance) has become a crucial indicator for business operations and a key factor in determining whether we can achieve long-term development and continue creating value.

In recent years, the trend of global warming has continued to intensify, with extreme weather events occurring more frequently, posing significant risks to business operations and supply chains. According to the latest United Nations climate report, the world stands at a critical juncture in mitigating the effects of climate change, and immediate corporate action is essential. In response to this global challenge, we have actively aligned the Company with the United Nations Sustainable Development Goals (SDGs), striving to reduce greenhouse gas emissions. We have installed solar panels on the rooftops of all factories, achieving a total installed capacity of 1,900 kWp. In 2024 alone, total power generation reached 1.63 million kWh. The performance of our solar PV system in both capacity and energy generation has proven effective, further enhancing energy efficiency and carbon reduction benefits. At the same time, we are promoting the ISO 50001 Energy Management System to enhance resource efficiency and concretely implement a green and low-carbon business strategy. Furthermore, we continue to invest in the development of advanced technologies, particularly in the recycling of waste rubber materials and the development and application of eco-friendly carbon black, achieving significant results. Through a circular economy model, we transform waste and by-products into valuable resources, further enhancing the overall sustainability of the industrial supply chain while reducing the Company's environmental impact. We aim to set an example within the industry and drive upstream and downstream partners to move toward a sustainable future together.

From a corporate governance perspective, we are promoting the establishment of a comprehensive ESG management framework to strengthen the Board of Directors' and management's focus on environmental and social issues. We have set clear and measurable ESG targets and conduct regular reviews and improvements. 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 terms of social responsibility, we are committed to providing a safe, healthy, and friendly working environment for our employees. We promote talent development and a diverse and inclusive workplace culture, encourage innovation, and support employees in pursuing their career goals. In addition, the Company actively participates in local public welfare initiatives, including emergency assistance for local residents and long-term sponsorship of children, taking concrete actions to give back to society and fulfill our corporate social responsibility. Promoting ESG not only aligns with global trends and stakeholder expectations but also helps us enhance corporate resilience and competitiveness. 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. This is the path to true corporate sustainability and a better future for all.



2-1-2 Business Philosophy and Sustainable Development Strategy

As President, I deeply recognize that the company's development must balance economic growth, environmental sustainability, and social responsibility. Therefore, we have established a clear business philosophy and sustainability strategy, striving to demonstrate corporate leadership amid the global sustainability movement.

First, regarding the business philosophy, HYC's vision is **“Smart Innovation, Green Energy and Carbon Reduction, and Co-creating Value to Become an Outstanding Sustainable Growth Enterprise.”** This vision is supported by four core principles forming the foundation of the Company's corporate culture: **“Continuous Learning and Growth, Ongoing Improvement, Excellent Service, and Sharing of Achievements.”** Specifically, “Smart Innovation” signifies proactive efforts in research and development and technological innovation to continuously enhance product competitiveness and production efficiency. “Green Energy and Carbon Reduction” reflects a commitment to environmental responsibility by promoting renewable energy use, reducing greenhouse gas emissions, and practicing green production models. Lastly, “Co-creating Value” highlights collaboration with shareholders, employees, customers, suppliers, and the wider community to jointly create and share the benefits of sustainable development.

In implementing these business philosophies, the company places strong emphasis on a pragmatic, performance-oriented approach. Clear goal setting and continuous performance tracking are employed to ensure effective execution and realization of strategies. Additionally, there is an active focus on fostering innovative thinking among employees through diverse internal training programs and cross-departmental collaboration, which helps unlock team potential and continuously enhance overall competitiveness.

Secondly, regarding the sustainability strategy, the Company aligns with the United Nations Sustainable Development Goals (SDGs) framework and actively addresses global warming and climate change issues by promoting comprehensive ESG management. On the environmental aspect, clear carbon reduction targets have been established alongside initiatives to promote resource recycling and reuse. These measures not only effectively reduce the Company's environmental impact but also significantly improve resource use efficiency.

On the social front, emphasis is placed on employee safety and health, actively fostering a happy and supportive work environment. Comprehensive education and training programs, along with career development opportunities, are provided to enhance employee satisfaction and cohesion. Additionally, active participation in local public welfare and community development initiatives supports education, environmental protection, and charitable activities, fulfilling commitments to society and practicing corporate social responsibility.

From a governance perspective, the Company has established a comprehensive sustainability governance framework in which the Board of Directors directly oversees ESG matters to ensure the effective implementation of sustainability policies. At the same time, efforts are made to promote transparency through thorough corporate social responsibility reporting and disclosure of relevant information on official websites. This strengthens communication and engagement with stakeholders, further enhancing the Company's sustainability performance.

Through the implementation of the above business philosophy and sustainability strategies, we believe that the Company can not only effectively respond to climate change and global sustainability trends but also continuously create competitive advantages in an intense market environment, achieving long-term, stable growth and development. Looking forward, efforts will continue to deepen and strengthen various sustainability initiatives, working together with all stakeholders to move toward a more sustainable and prosperous future.



Caption | HYC factory-wide solar panel installation with a total installed capacity of 1,900 kWp



2-2 Sustainability Promotion Mechanism

2-2-1 Sustainability Promotion Governance Framework

The Company has established a Sustainable Development Task Force, led by the President's Office, which is responsible for coordinating policies, systems, management guidelines, and concrete implementation plans related to sustainability. The President leads various departments to execute projects across four key areas: corporate governance, employee care, environmental sustainability, and social engagement. The task force maintains ongoing communication and interaction with stakeholders and provides regular reports to the Board of Directors. Annual implementation plans and results are submitted to the Board each year, with the most recent report dated November 7, 2024.

The Sustainable Development Task Force is chaired by the President, who serves as the Chief Sustainability Officer. Under the framework of green and sustainable environmental management, the task force oversees organizational governance and energy-related carbon reduction strategies, formulating the Company's short-, medium-, and long-term low-carbon development roadmap. Monthly meetings are convened to review implementation progress.

The Board of Directors regularly receives reports from the management team, including ESG updates. The management team is responsible for proposing corporate strategies to the Board, which evaluates their potential for success, continuously monitors progress, and urges adjustments when necessary.

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. Through a robust governance structure, the Company is committed to ensuring the effective implementation of sustainability policies and achieving balanced development across economic growth, environmental protection, and social responsibility.

Organizational Chart of the ESG Sustainability Committee



Working Responsibilities of Each Team



Senior Oversight



At the highest level of sustainable governance, the Company's Board of Directors plays a critical role in oversight and leadership. To strengthen this function, a dedicated Sustainable Development Committee has been established, led directly by the General Manager. The committee comprises senior executives and qualified external experts, and is responsible for formulating and reviewing the Company's overall sustainability strategies and objectives. 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

To effectively advance its sustainability strategy, the Company has established a dedicated ESG Task Force, composed of representatives from the production, administration, and other relevant departments. This task force is responsible for formulating annual sustainability action plans and supporting the implementation of ESG initiatives across all units through regular 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. These valuable insights and suggestions serve as a key foundation for refining the Company's sustainability policies and actions, ensuring that our governance approach remains closely aligned with the expectations and needs of stakeholders.

Talent Development

In driving sustainable governance, the Company places strong emphasis on talent cultivation. Through a systematic education and training program, employees at all levels are equipped with a solid understanding of sustainability principles and strengthened capabilities in addressing ESG-related issues. A variety of training formats, including structured courses, lectures, and workshops, ensure that sustainability is embedded in the mindset of our workforce and becomes an integral part of the Company's operational culture.

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.



2-2-2 Operations and Implementation Status

Steering Sustainability To proactively respond to global sustainability trends, the Company established a Sustainable Development Committee, led by the General Manager in the role of Chief Sustainability Officer. The committee comprises senior executives and external advisors, demonstrating top management's firm commitment to sustainability. With a clear vision, the committee aims to promote long-term goals in environmental, social, and governance (ESG) dimensions through a systematic and strategic governance framework. It also plays a key role in integrating sustainability principles into the Company's overall business strategy.



Promotion of Material Sustainability Topics



Caption | Monthly ESG meetings

2024 Communication Between the Sustainable Development Committee and the Board of Directors

Meeting Date	Agenda Item	Resolution
February 22, 2024	Progress report on the Company's greenhouse gas inventory and verification schedule	The Board raised no objections regarding the execution items and progress
May 09, 2024	Progress report on the Company's greenhouse gas inventory and verification schedule	The Board raised no objections regarding the execution items and progress
August 08, 2024	Progress report on the Company's greenhouse gas inventory and verification schedule	The Board raised no objections regarding the execution items and progress
November 07, 2024	<ul style="list-style-type: none"> ① 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. ② 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. ③ 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. ④ Report on 2024 stakeholder engagement activities. ⑤ Progress report on the Company's greenhouse gas inventory and verification schedule. 	The Board raised no objections regarding the execution items and progress

2-3 Board of Directors and Functional Committees (GRI 2-9)

2-3-1 Role and Achievements of the Board in Sustainability Governance

2-3-1-1 Role in Sustainability Management and Oversight

On February 26, 2025, 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 2024. All evaluation results were rated "Excellent."

Assessment Cycle	Assessment Period	Assessment Scope	Assessment Method	Assessment Criteria
Annually	January 1, 2024 to December 31, 2024	Board of Directors, Individual Board Members Remuneration Committee and Audit Committee performance evaluation	Internal self-evaluation by the Board, self-evaluation by individual Board members, performance evaluation questionnaires conducted internally by the Remuneration and Audit Committees	<p>1 Board Self-Evaluation Criteria:</p> <ul style="list-style-type: none"> (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 <p>2 Individual Board Member Self-Evaluation Criteria:</p> <ul style="list-style-type: none"> (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. <p>3 Functional Committee Performance Evaluation Criteria:</p> <ul style="list-style-type: none"> (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. To strengthen the board's responsibilities for sustainability governance the board has authorized the Sustainable Development Committee to oversee the implementation of various ESG initiatives and report the progress to the Board on an annual basis. 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.



2-3-1-2 Board Performance Evaluation

To enhance corporate governance and strengthen the board's functions, the Company has established a Board Performance Evaluation Policy. Annual evaluations are conducted regularly, including self-assessments by the board and its functional committees (Audit Committee, Remuneration Committee), as well as individual assessments of each director. 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 2024 were rated as "Excellent."

2-3-1-3 Continuing Education on Sustainable Development

Board Training

The Company places great importance on continuing education for board members. In 2024, the board collectively completed 54 hours of training, with the average training hours per director meeting the regulatory recommendation. Course topics covered corporate governance, risk management, sustainable development, and ESG investment and financing practices, thereby strengthening the board's decision-making and sustainability governance capabilities. 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

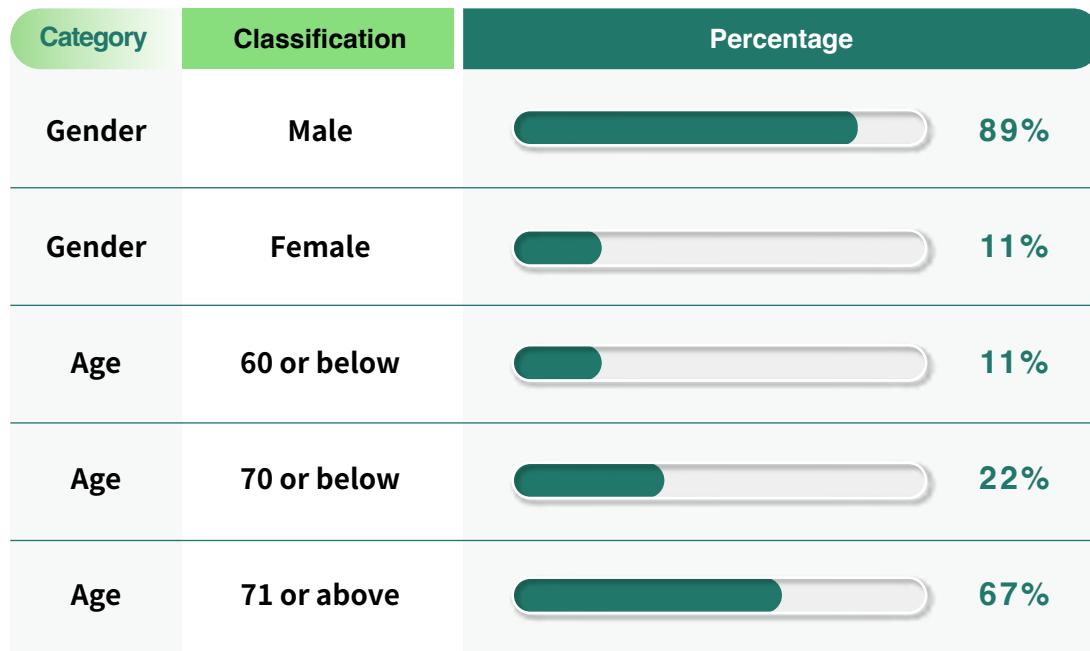
2-3-2 Structure and Operations of the Board of Directors

2-3-2-1 Composition and Diversity

Composition of the Board

The current Board of Directors is composed of 9 members, including 3 independent directors, with 1 female director, accounting for 11% 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:

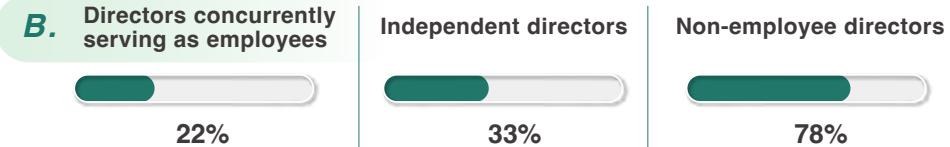
- 1 Operational judgment
- 2 Accounting And Financial Analysis
- 3 Business Management
- 4 Crisis Management
- 5 Industry Knowledge
- 6 International Market Perspective
- 7 Leadership
- 8 Decision-making Ability.

2 Achievement of Board Diversity Goals

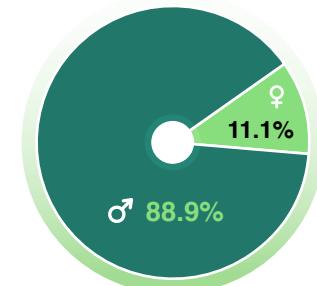
The 20th Board of Directors of the Company consists of 9 members. The implementation status of the board diversity objectives is summarized below:

Management Objective	Status
Increase female board member	Achieved 
Lower average board age	Achieved 

A. One female director was added in this term. The Company aims to gradually increase the proportion of female directors to one-third of the board.

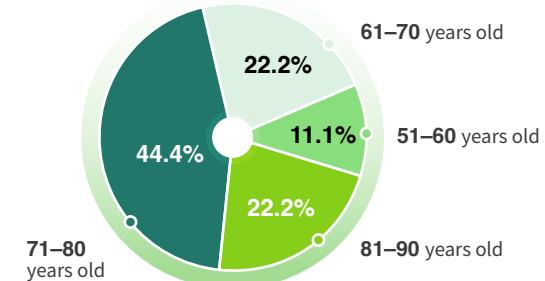


C. Gender distribution



- 8 male directors (88.9%)
- 1 female director (11.1%)

D. Age distribution



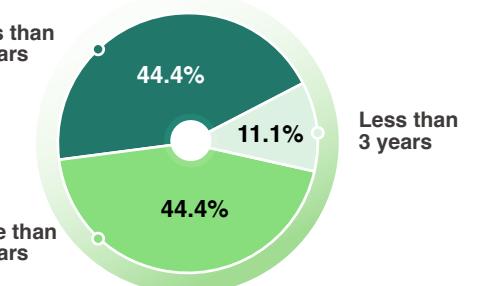
- 51-60 years old: 1 director (11.1%)
- 61-70 years old: 2 directors (22.2%)
- 71-80 years old: 4 directors (44.4%)
- 81-90 years old: 2 directors (22.2%)

- Less than 3 years: 1 director (11.1%)
- Less than 5 years: 4 directors (44.4%)
- More than 9 years: 4 directors (44.4%)



Caption | Diversity of the Board of Directors

E. Tenure



F. Industry experience**G. Professional competencies**

The Company's Board of Directors consists of 9 members, with age distribution ranging from 51 to 90 years old. Among them, 88.9% are male and 11.1% are female. In terms of tenure, 44.4% have served for over 9 years, while 44.4% have served for less than 5 years. Directors concurrently serving as employees account for 22.2%. The Board as a whole possesses a balanced combination of industry expertise, management experience, and generational diversity, ensuring stability, diversity, and governance effectiveness. For further details, please refer to the Company's annual report.

3 Board Independence

The Company's current Board of Directors comprises 9 members. As of the end of 2024, 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. One additional female director was 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.



2-3-2-2 Board Operations

Board Operation Information:

The Company's Board of Directors meets at least once every quarter. In 2024, a total of six board meetings were held, with an average actual attendance rate of 89%.

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. Other board resolutions opposed or reserved by independent directors, with recorded or written statements: None.

In 2024, 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
2024.08.08	Discussion of 2023 individual directors' remuneration (approved by the Remuneration Committee on August 8, 2024).	Attending directors	Discussing their own remuneration; recusal required by law	Did not participate in voting; resolution passed after consultation with remaining directors by Chairperson 

To strengthen corporate governance and enhance the functionality of the Board of Directors, HYC is committed to establishing performance targets that improve board efficiency. The Company reinforces board functions through board performance evaluations, a diverse board composition, and the appointment of a Corporate Governance Officer. To enable directors to fully exercise their responsibilities, the Company has purchased liability insurance for all board members, ensuring that their rights and obligations are appropriately balanced and aligned with the goal of maximizing shareholder interests. Furthermore, to maintain the Board's independence in its supervisory role, any director with a conflict of interest in a particular proposal is required to recuse themselves from both discussion and voting, and may not vote on behalf of other directors.

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.

2-3-2-3 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.

2-3-2-4 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. In line with conflict-of-interest provisions set forth in the Rules of Procedure, if a director, their spouse, a relative within the second degree of kinship, or any company in which the director has a controlling or subordinate relationship has an interest in a board meeting agenda item, the director shall proactively disclose the material aspects of such interest during the meeting. 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 2024 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.

2-3-2-5 Remuneration Policies

1. 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. Employee remuneration may be distributed in the form of shares or cash, and the recipients may include employees of subsidiaries who meet specific criteria. The distribution of employee and director remuneration shall be resolved by the Board of Directors with the attendance of at least two-thirds of board members and approval by a majority of those present. The distribution shall also be reported to the shareholders' meeting.

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. Details on directors' remuneration, the remuneration bands, and distribution standards for 2024 are disclosed in the Company's annual report.



2-3-3 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 convenes semi-annually. All three members are independent directors. 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. The Company regularly evaluates and reviews the performance appraisal mechanisms, salaries, bonuses, and compensation distribution for employees, managerial officers, and directors through the Remuneration Committee. These evaluations are benchmarked against industry standards, and the Committee's recommendations are submitted to the Board for discussion. In 2024, 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 2024, the Audit Committee held five meetings, with a 100% attendance rate.

03



IDENTIFICATION OF MATERIAL TOPICS

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3-1 Stakeholder Engagement

Stakeholder Identification

HYC identifies its stakeholders based on the five key principles outlined in the AA1000 Stakeholder Engagement Standard (AA1000 SES, 2015): Dependency, Responsibility, Tension, Influence, and Diverse Perspectives. These principles guide the determination of groups or organizations that have an impact on, or are impacted by, the Company's operations. Through this identification process, the Company has recognized the following stakeholder groups as directly relevant: employees, customers, suppliers/contractors, investors/financial institutions, government agencies, social organizations, and local communities.

To understand and respond to stakeholders' concerns, the Company has established various communication channels and actively engages with stakeholders. These channels allow stakeholders to express their opinions at any time, enabling the Company to identify key sustainability issues and provide timely responses. 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 7, 2024, outlining the Company's engagement with each stakeholder group.

Stakeholder	Key Material Topics	Communication Channels	Communication Outcomes
Employees	<ul style="list-style-type: none"> 1 Compensation & benefits 2 Talent development 3 Employee performance evaluation 4 Business performance 5 Labor relations 	<ul style="list-style-type: none"> 1. Monthly meetings 2. Quarterly labor-management meetings 3. Annual employee health checkups 4. Monthly medical consultation services 5. Employee family day 6. Biannual team-building workshops 7. Nonscheduled employee seminars and professional training sessions 8. Confidential grievance channel <p> 💬 Contact: Ms. Feng-Yi Lin, Administration Dept. ✉ Email: ddt@hyc-king.com </p>	<ul style="list-style-type: none"> 1 Total annual training hours: 381.5 hours 2 Total annual training participants: 532 3 Four labor-management meetings held annually 4 Monthly onsite medical consultations and follow-ups on health check results
Customers	<ul style="list-style-type: none"> 1 Product quality 2 Customer relationship management 3 Product development /R&D 	<ul style="list-style-type: none"> 1. Annual customer satisfaction survey 2. Nonscheduled video conferences 3. Nonscheduled customer visits 4. Nonscheduled onsite inspections by customers <p> 💬 Contact: Marketing Dept. ✉ Email: hyc@hyc-king.com </p>	<ul style="list-style-type: none"> 1 2024 average customer satisfaction score: 89/100 2 Official website 3 Regular and ad hoc client visits or customer onsite inspections 4 Clients can access order scheduling system
Suppliers/ Contractors	<ul style="list-style-type: none"> 1 Product quality 2 Supplier management 3 Compliance with EHS regulations 	<ul style="list-style-type: none"> 1. Annual procurement contracts 2. Annual supplier evaluation 3. Real-time access to ordering platform for key suppliers 4. Contractor service agreements <p> 💬 Contact: President Office Special Assistant Mei-Hui Hu. ✉ Email: michelle@hyc-king.com </p>	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> ① Sustainable development strategy ② Business performance ③ Corporate governance ④ Dividend policy 	<p>1. Annual shareholders' meeting</p> <p>2. Investor conferences</p> <p>3. Market Observation Post System (MOPS) disclosures</p> <p>4. Investor section on the Company website</p> <p>💬 Investor Relations Contact: President Office Special Assistant Mei-Hui Hu.</p> <p>✉ Email: michelle@hyc-king.com</p>	<p>1 Annual shareholders' meeting held</p> <p>2 At least one investor conference annually</p> <p>3 Bilingual material disclosures</p> <p>4 Quarterly and annual financial statements released</p> <p>5 Real-time updates on MOPS in accordance with regulations</p> <p>6 Ad-hoc responses to investor inquiries via calls, emails, or external mailboxes</p>
Government Agencies	<ul style="list-style-type: none"> ① Occupational safety and health ② Environmental management ③ Securities regulatory authorities 	<p>1. Participation in regulatory seminars</p> <p>2. Certification for environmental, safety, and quality systems</p> <p>3. Establishment of waste, emissions, and hazardous materials control procedures per regulations</p> <p>4. Disclosures on MOPS</p> <p>💬 EHS Contact: Mr. Ching-Chuan Chen.</p> <p>✉ Email: ccchen@hyc-king.com</p>	<p>1 Participation in EHS awareness sessions held by regulators</p> <p>2 Participation in public hearings or consultation sessions</p> <p>3 Regular MOPS disclosures in compliance with regulations</p>
Community Groups / Local Residents	<ul style="list-style-type: none"> ① Corporate image ② Community care ③ Social responsibility 	<p>1. Responding to neighborhood feedback</p> <p>2. Participation in charity events</p> <p>3. Industry-academia collaboration</p> <p>💬 Contact: Manager Feng-Yi Lin, Administration Dept.</p> <p>✉ Email: ddt@hyc-king.com</p>	<p>1 Timely resolution of local concerns</p> <p>2 Long-term sponsorship of tuition and fees for 8 underprivileged students</p> <p>3 Long-term sponsorship of uniforms and equipment for Shin Feng Elementary School baseball team in Nantou</p> <p>4 Long-term support for Taiwan Fund for Children and Families' winter charity fair</p> <p>5 Internships provided for 3 students from Hsiuping University of Science and Technology and Nan Kai University of Technology (mechanical departments)</p>

3-2 Process to Determine Material topics

Materiality Assessment

The Company follows the four Accountability Principles outlined in AA1000—Materiality, Inclusivity, Responsiveness, and Impact—and adheres to the guidelines of GRI 3: Material Topics 2024 to further assess the significance of the impacts of material topics across economic, environmental, and human rights dimensions. The assessment is carried out through the following steps:

Understanding the Organizational Context

HYC 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 and the sustainability topics emphasized by global investment rating agencies for the industry. Based on this analysis, the Company has identified a total of 19 sustainability issues, categorized into 8 governance-related topics, 6 social topics, and 5 environmental topics.

Identifying Impacts and Assessing Significance

Based on the list of sustainability issues identified in the previous step, HYC further evaluates the actual and potential positive and negative impacts associated with each issue. Actual or potential positive impacts may arise when the Company has relevant management policies in place and implements them effectively, resulting in strong or notable performance. These impacts represent the positive contributions to sustainable development in economic, environmental, and social dimensions.

Actual or potential negative impacts may occur when the Company fails to manage or inadequately manages a particular sustainability issue. In such cases, the Company's overall operations may have adverse effects on the external economic, environmental, or social systems.

Prioritizing Impacts

HYC prioritized impacts through surveys and internal meetings, during which the likelihood and severity of both positive and negative impacts were discussed and analyzed. This process helped identify the significance of each issue to the Company's operations.

Positive Impact Assessment Results

When conducting issue prioritization, the Company gives precedence to issues with a high level of impact, even if their likelihood of occurrence is relatively low (e.g., issues with an impact score greater than 4.5), and includes them as key management items. At the same time, the Company considers both “likelihood of occurrence” and “level of impact” as evaluation criteria. Issues with scores of 4 or above in both indicators are regarded as highly material and are prioritized in the annual management plan and improvement actions.

a. Positive Impact Assessment - Corporate Governance

No.	Sustainability Topic	Likelihood of Occurrence	Impact Level	Average Score
1	Corporate Governance	3.5	3.8	3.65
2	Ethical Corporate Management	3.8	3.55	3.68
3	Compliance with Laws and Regulations	3.6	3.8	3.70
4	Business Performance	3.89	3.46	3.68
5	Climate-related Risks & Opportunities	3.7	3.7	3.70
6	Operational Risk Management	3.9	3.8	3.85
7	Information Security and Privacy	4.12	3.51	3.82
8	Product Innovation & R&D	4.3	4.5	4.40
9	Product Quality & Safety	3.6	3.5	3.55
10	Sustainable Supply Chain Management	3.4	3.8	3.60

b. Positive Impact Assessment Results - Environmental Aspects

No.	Sustainability Topic	Likelihood of Occurrence	Impact Level	Average Score
1	Sustainable Climate Strategy	4.32	3.72	4.02
2	Energy Management (Conservation)	4.25	4.38	4.32
3	Greenhouse Gas Management & Carbon Reduction	4.21	3.97	4.09
4	Water Stewardship	3.82	3.66	3.74
5	Waste Management	3.73	3.95	3.84
6	Environmental Impact & Ecological Conservation	3.62	3.85	3.74
7	Circular Economy	4.33	4.64	4.49

c. Positive Impact Assessment Results - Social Aspects

No.	Sustainability Topic	Likelihood of Occurrence	Impact Level	Average Score
1	Customer Relationship Management	3.65	3.82	3.74
2	Employment	4.22	3.55	3.89
3	Workplace Health and Safety	3.46	3.57	3.52
4	Compensation, Benefits, and Employee Care	3.67	4.02	3.85
5	Talent Development	4.06	4.02	4.04
6	Human Rights Protection and Inclusion	3.66	3.8	3.73
7	Social Engagement and Public Welfare	3.75	3.94	3.85

Negative Impact Assessment Results

When conducting issue prioritization, the Company gives precedence to issues with a high level of impact, even if their likelihood of occurrence is relatively low (e.g., issues with an impact score greater than 4.5), and includes them as key management items. At the same time, the Company considers both “likelihood of occurrence” and “level of impact” as evaluation criteria. Issues with scores of 4 or above in both indicators are regarded as highly material and are prioritized in the annual management plan and improvement actions.

a. Negative Impact Assessment - Corporate Governance

No.	Sustainability Topic	Likelihood of Occurrence	Impact Level	Average Score
1	Corporate Governance	3.66	3.87	3.77
2	Ethical Corporate Management	2.55	4.66	3.61
3	Compliance with Laws and Regulations	3.35	3.67	3.51
4	Business Performance	3.22	3.88	3.55
5	Climate-related Risks & Opportunities	3.65	3.86	3.76
6	Operational Risk Management	3.47	3.56	3.52
7	Information Security and Privacy	3.33	3.77	3.55
8	Product Innovation & R&D	3.45	4.25	3.85
9	Product Quality & Safety	3.65	4.36	4.01
10	Sustainable Supply Chain Management	3.88	3.54	3.71

b. Negative Impact Assessment Results - Environmental Aspects

No.	Sustainability Topic	Likelihood of Occurrence	Impact Level	Average Score
1	Sustainable Climate Strategy	3.22	3.87	3.55
2	Energy Management	4.21	4.32	4.27
3	Greenhouse Gas Management & Carbon Reduction	4.26	4.45	4.36
4	Water Stewardship	3.36	3.76	3.56
5	Waste Management	3.45	3.44	3.45
6	Environmental Impact & Ecological Conservation	3.33	3.65	3.49
7	Circular Economy	2.43	3.15	2.79

c. Negative Impact Assessment Results - Social Aspects

No.	Sustainability Topic	Likelihood of Occurrence	Impact Level	Average Score
1	Customer Relationship Management	2.36	2.8	2.58
2	Employment	3.31	3.67	3.49
3	Workplace Health and Safety	3.88	4.22	4.05
4	Compensation, Benefits, and Employee Care	3.02	4.01	3.515
5	Talent Development	3.26	3.92	3.59
6	Human Rights Protection	3.11	4.66	3.885
7	Social Engagement and Public Welfare	2.25	3.31	2.78

Identification of Material Topics

Based on the analytical methodology, HYC consolidated the significance of sustainability impacts and stakeholder concerns to identify ten material topics. These include ethical corporate governance, product innovation and R&D, product quality and safety, and supply chain management under the governance aspect; greenhouse gas management and carbon reduction, energy management, and circular economy under the environmental aspect; and workplace health and safety, talent development, and human rights protection under the social aspect. HYC will formulate corresponding policies and objectives for each material topic and develop responsive action plans to guide practical implementation.

3-3 List of Material Topics

List of Material Topics

Based on the analytical process, the Sustainability Team consolidated the significance of sustainability impacts and the level of stakeholder concern to identify ten material topics, which include:

- 1 Ethical Governance
- 2 Product Innovation & R&D
- 3 Product Quality & Safety
- 4 Supply Chain Management
- 5 Energy Management
- 6 Greenhouse Gas Management & Carbon Reduction
- 7 Circular Economy
- 8 Workplace Health and Safety
- 9 Talent Development
- 10 Human Rights Protection

Compared to the previous year, HYC added "Supply Chain Management" and "Human Rights Protection" as new material topics in 2024, while retaining all previously identified topics without removal. In addition to increased attention from external stakeholders, these two issues have also gained heightened focus from industry and labor unions. The results of the impact assessment reflect both domestic and international concern, leading to an adjustment from eight to ten material topics.

3-4 Management Approach for Material Topics

3-4-1 Policies and Commitments, Actions Taken, Performance Goals, Indicators, and Implementation Status

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
Ethical Governance	Corporate governance level, all employees, suppliers, and partners	Establish transparent decision-making and accountability mechanisms, enhance stakeholder trust, reduce legal risks and commercial disputes, improve operational efficiency and brand reputation	Risk of fraud if internal audit and inspection systems are not continuously strengthened; potential violations due to insufficient employee understanding of integrity policies	<ul style="list-style-type: none">- Establish "Ethical Corporate Management Best Practice Principles," "Anti-Corruption Policy," and conduct annual training- Set up internal whistleblowing and external legal hotline- Implement supplier integrity contracts and audit systems- Indicators: Employee training completion rate, number of major integrity violations (target: 0 cases)	GRI 205、206	SDG 16
Product Innovation & R&D	R&D units, production departments, strategic partners, customers	Enhance product added value and competitiveness Drive industry upgrades and technological advancement	High R&D investment may not yield short-term returns Unsustainable R&D may cause additional environmental burden	<ul style="list-style-type: none">- Establish R&D centers and project management processes- Adopt TRIZ or design thinking- Incorporate carbon footprint and circular design considerations in R&D- Indicators: R&D expenditure ratio, number of new products, sustainability project ratio	GRI 201、203	SDG 9

Topic Name	Scope Definition (Boundary)	Positive Impact	Negative Impact	Management Policies and Indicators	Corresponding GRI Standards	Corresponding SDGs
Product Quality & Safety	Quality control, production line, after-sales service, customers	Improve customer satisfaction and repurchase rate Avoid product liability risks and reduce repair/recall costs	Product defects or safety incidents may damage brand and lead to lawsuits Strict quality control increases costs	<ul style="list-style-type: none"> Implement ISO 9001 Conduct product safety testing and tracking mechanisms Conduct customer satisfaction surveys Indicators: Return rate, customer complaint satisfaction, number of safety incidents 	GRI 416	SDG 3, 12
Supply Chain Management	Procurement units, suppliers, contractors	Improve overall supply efficiency and cost optimization Promote sustainable procurement and strengthen corporate image	Supplier violations may damage brand reputation Unstable supply chains may cause production interruptions	<ul style="list-style-type: none"> Supplier sustainability assessments and audits Sign codes of conduct and integrity contracts Build supplier database and risk management systems Indicators: Audit pass rate, number of supply interruptions 	GRI 204, 308, 414	SDG 8, 12
Energy Management	Plant facilities, process equipment, energy suppliers	Reduce energy costs and carbon emissions Improve energy efficiency and system resilience	High initial investment Requires long-term monitoring and behavioral changes	<ul style="list-style-type: none"> Implement ISO 50001 Replace with high-efficiency equipment Build electricity monitoring systems Indicators: Energy consumption per unit output, energy conservation costs 	GRI 302	SDG 7, 13
Greenhouse Gas Management & Carbon Reduction	Manufacturing plants, transportation systems, supply chain partners	Reduce carbon intensity to comply with regulations and global carbon reduction trends Enhance sustainability branding and attract international customers	High initial costs and resource demands for carbon inventory and reduction; inaccurate data risks greenwashing accusations	<ul style="list-style-type: none"> Conduct Scope 1-3 carbon inventories and third-party verification Implement carbon reduction technologies such as green power procurement and process optimization Set medium- and long-term reduction targets with annual tracking Indicators: Total and intensity of carbon emissions, green electricity usage ratio, annual carbon reduction volume 	GRI 305	SDG 13

Topic Name	Scope Definition (Boundary)	Positive Impact	Negative Impact	Management Policies and Indicators	Corresponding GRI Standards	Corresponding SDGs
Circular Economy	Product design, production, supply chain, customers	Extend product life and increase resource reuse Reduce waste generation and disposal costs	High barriers to implementing circular design; requires cross-department and customer coordination Unstable recycled product quality may reduce customer trust	<ul style="list-style-type: none"> Use modular and detachable design Promote waste recycling and reuse processes and use of recycled materials Cooperate downstream to establish recycling mechanisms Indicators: Recycled material usage rate, waste recycling rate, proportion of reusable packaging 	GRI 301、306	SDG 13
Workplace Health and Safety	All employees, production units, safety and medical teams	Reduce occupational accidents and operational disruptions Strengthen employee well-being and corporate social responsibility image	Insufficient safety training or lax systems may cause accidents Long working hours and high stress affect physical and mental health	<ul style="list-style-type: none"> Implement ISO 45001 occupational safety and health management system Conduct regular safety drills and hazard identification training Provide health check-ups and psychological counseling services Indicators: Number of occupational accidents and lost workdays, training participation rate, health check completion rate 	GRI 403	SDG 3, 8
Talent Development	Management, supervisors, all employees	Enhance employee professional skills and career satisfaction Strengthen corporate competitiveness and talent retention	Training plans may mismatch practical needs causing wasted resources Loss of trained talent leads to investment loss	<ul style="list-style-type: none"> Design career training courses based on competency maps Promote cross-department rotation and project opportunities Regularly evaluate training effectiveness and collect feedback Indicators: Average training hours per person, training satisfaction, internal promotion rate 	GRI 404	SDG 4, 8
Human Rights Protection	All employees, dispatched labor, suppliers, contractors	Ensure labor rights and equal treatment; strengthen corporate responsibility image Reduce violations and labor disputes; maintain stable workforce	Failure to protect human rights risks fines and international brand boycotts Difficult to monitor vulnerable labor rights in supply chains	<ul style="list-style-type: none"> Establish Human Rights Policy incorporated into employee handbook and contracts Conduct regular human rights risk assessments and supplier audits Set up grievance mechanisms and anonymous reporting channels Indicators: Human rights training completion rate, number of major violations, audit coverage rate 	GRI 408、409、412	SDG 8, 10, 16

3-4-2 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
Ethical Governance	Potential for fraud and compliance violations	Conduct ethical management training, internal audits, and establish whistleblower system	No major violations reported; 100% employee training completion rate
Product Innovation & R&D	High resource input; potential environmental burden	Evaluate R&D project carbon emissions; incorporate sustainable design principles	Over 50% of recent projects adopted green design concepts
Product Quality & Safety	Product defects leading to recalls or complaints	Establish product testing SOPs and QC process; implement rapid recall mechanisms	Declining complaint rate; return rate < 0.2%
Supply Chain Management	Supplier violations of environmental or human rights standards	Implement sustainable audits; sign integrity agreements with suppliers	92% supplier audit pass rate; no major violations
Energy Management	High initial investment; low employee energy-saving awareness	Introduce energy management systems; run energy-saving campaigns	5% annual energy intensity reduction; strong electricity-saving performance
Greenhouse Gas Management & Carbon Reduction	Inaccurate data reporting; risk of greenwashing	Use third-party verification; enhance Scope 3 data collection from supply chain	100% GHG verification rate; high achievement of carbon reduction goals
Circular Economy	Inconsistent quality of recycled materials; low customer acceptance	Test materials before reuse; communicate specifications with customers	Steady rise in recycled material usage; high customer satisfaction
Workplace Health and Safety	Workplace accidents; mental health concerns	Conduct annual safety drills; provide psychological counseling and health checkups	No major incidents; 98% health check completion rate
Talent Development	Risk of talent loss; mismatch between training and job requirements	Develop competency/training maps; implement feedback and follow-up systems	Increasing average training hours; improved promotion rate
Human Rights Protection	Discrimination or exploitation; human rights blind spots in supply chain	Conduct human rights risk assessments; provide anonymous reporting; include human rights in audits	No major violations reported; 99% employee training coverage

3-4-3 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Procurement Contact Window 	Proposals and complaints are handled centrally by the procurement department
Customers	<ul style="list-style-type: none"> Business Contact Point Satisfaction surveys 	Proposals and customer complaints are centrally handled by the sales department
General Public	<ul style="list-style-type: none"> Company website email 	Suggestions and feedback are centrally handled by the administration department
Investors and Institutions	<ul style="list-style-type: none"> Investor conferences or investor relations email 	Suggestions and feedback are centrally handled by the special assistant to the President Office

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 responsible 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 Sustainability Office 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

2024 HYC Financial Performance

Total Assets	NT\$3,726,149 thousand
Liability Percentage	17%
Equity Percentage	83%

Direct Economic Value Generated

Operating Revenue	NT\$1,466,396 thousand
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The Company's net operating revenue for 2024 was NT\$1,466,396 thousand, representing a 6% decrease compared to NT\$1,558,156 thousand in 2023. Operating profit for 2024 was NT\$444,086 thousand, down 15% from NT\$525,319 thousand in 2023.

The 6% year-over-year revenue decline in 2024 was primarily due to weakened market demand. Both gross profit margin and operating profit margin also declined, mainly as a result of changes in product mix and increased costs from depreciation and property tax for the new plant, which began to be recognized at the end of 2023. Additionally, the Red Sea crisis triggered by Middle East tensions led to higher ocean freight costs compared to the previous year, further impacting operating profit margins.

Item	Year	FY2024	FY2023	Increase (Decrease)
Net Operating Revenue		1,466,396	1,558,156	(6%)
Operating Costs		(877,128)	(898,864)	(2%)
Gross Profit		589,268	659,292	(11%)
Operating Expenses		(145,182)	(133,973)	8%
Operating Profit		444,086	525,319	(15%)
Non-operating Income (Expense)		52,750	58,002	(9%)
Profit Before Tax		496,836	583,321	(15%)
Income Tax Benefit (Expense)		(98,609)	(114,136)	(14%)
Net Income After Tax		398,227	469,185	(15%)
EPS After Tax		5.11	6.02	(15%)

Unit: NT\$ thousand

Economic Value Distributed

Operating Costs	NT\$877,128 thousand
Employee Compensation & Benefits	NT\$100,134 thousand
Payments to Capital Providers (Cash Dividends)	NT\$389,960 thousand
Payments to Government (Taxes)	NT\$114,099 thousand
Community Investment	NT\$1,729 thousand

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

Item	FY2024	FY2023
Financial Structure (%)	Debt-to-Asset Ratio	17 19
Solvency (%)	Current Ratio	707 649
	Quick Ratio	643 593
Profitability (%)	Return on Assets (ROA)	11 13
	Return on Equity (ROE)	13 15
	Net Profit Margin	27 30
	Earnings Per Share (EPS) after Tax (NT\$)	NT\$ 5.11 NT\$ 6.02

4-1-3 Financial Subsidies

In 2024, the Company received a total of NT\$6 million in project-based subsidies from the government, primarily used for low-carbon product research and innovation, as well as sustainability-related initiatives.

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. The Company handles all tax matters in compliance with legal regulations and legislative intent.

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 Office 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.

4-2-4 Government Agencies

In 2024, HYC actively 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

HYC's independent directors possess expertise in accounting and taxation, and the Board of Directors reviews the effectiveness of the Company's tax governance every six months. In addition, the Company discloses 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 2024, HYC's pre-tax net income and income tax payments are as follows.

Operating Revenue	Net Profit Before Tax	Income Tax Expense	Effective Tax Rate	Income Tax Paid in the Period	Current Tax
1,466,396	496,836	98,609	20%	107,838	20%

Unit: NT\$ thousand



4-3 Ethical Corporate Management

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

a. Roles and Responsibilities of the Board of Directors

The Company's Board of Directors holds the ultimate supervisory responsibility for the implementation of ethical corporate management policies and practices.



Caption | Board of Directors meeting situation



Through the following mechanisms, the Board ensures their effective execution and continuous improvement:

Formulation and Approval of Policies

The Board of Directors approves the Ethical Corporate Management Best Practice Principles and related prevention measures, establishing the Company's principles of integrity, transparency, and responsible operations.

In response to emerging regulations, international trends, and operational risks, the Board of Directors regularly reviews and updates relevant policies.

Annual Report and Supervision

At least once a year, the Board receives a report from the responsible unit or relevant executives on the promotion and implementation of Ethical Corporate Management. The report covers risk assessment, effectiveness of education and training programs, handling of whistleblowing cases, and improvement measures.

In the event of major violations or high-risk incidents, a meeting is immediately convened to review response measures and instruct corrective actions.

Resource and Personnel Support

The Board ensures that the Company allocates sufficient manpower and resources to promote ethical corporate management, including education and training programs, audits, and whistleblowing mechanisms.

Stakeholder Engagement

Supervise communication between management, employees, suppliers, and other stakeholders to ensure that ethical corporate management policies are widely promoted and adhered to.

Performance Review and Improvement

Regularly review ethical corporate management-related goals and performance indicators, and require management to propose improvement plans to continuously enhance corporate governance and the Company's culture of integrity.

b. Ethical Corporate Management

The Company has formulated the Ethical Corporate Management Best Practice Principles and relevant regulations with reference to the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies.” Upholding principles of integrity, transparency, and responsible management, the Company establishes policies and mechanisms to prevent unethical behavior, thereby strengthening corporate culture and governance.

The Board of Directors approves and regularly reviews the Ethical Corporate Management Best Practice Principles, which explicitly prohibits bribery, illegal political contributions, improper donations or sponsorships, unreasonable gifts, and transfers of benefits. Implementation is ensured through operational procedures, guidelines for conduct, training programs, and a whistleblowing system.

To ensure that employees, suppliers, and other stakeholders understand the ethical corporate management policy, the Company requires employees and suppliers to sign commitment statements and promotes awareness through emails, meetings, and training sessions.



Caption | Insider Trading Prevention and Ethical Corporate Management Promotion

Role	Required Signed Documents	Signing Rate
Employees	Employee Confidentiality Agreement, Intellectual Property Ownership Agreement, Employee Confidentiality and Non-Compete Agreement	100%
Supplier	Supplier Corporate Social Responsibility Statement	92%

c. Independent Communication Channels

The Company has established independent communication channels, including phone lines, an email address (hyc@hyc-king.com), and physical suggestion boxes. Employees, suppliers, or other stakeholders who suspect any violation of the Company's ethical corporate management policies may 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, and the whistleblower is to be protected from any improper treatment.



d. Standard Handling Procedure for Complaints and Whistleblowing Cases

- 01 **Reception**
Upon receiving a complaint or report, the dedicated unit verifies the completeness of the information and formally registers the case.
- 02 **Investigation**
An independent investigation team will be formed to conduct a thorough investigation, including evidence collection and interviews with relevant personnel.
- 03 **Action**
If the investigation confirms that the reported party violated laws or the Company's ethical corporate management policies and regulations, appropriate disciplinary measures will be taken based on the severity of the case, such as termination of employment contracts or business contracts.
- 04 **Improvement**
Corrective actions will be developed and implemented to address the root cause of the incident and prevent recurrence.
- 05 **Reporting**
The investigation results and handling status are regularly reported to the complainant or inquirer, and a report is presented to the Board of Directors.

e. Measures to Prevent Insider Trading

According to the "Procedures for the Prevention of Insider Trading," insiders (including directors and managers) are prohibited from trading the Company's shares during the blackout periods: 30 days before the annual financial report announcement and 15 days prior to each quarterly financial report announcement. The Company conducts annual trading on insider trading regulations for directors, managers, and employees. New personnel are required to complete the training within three months of employment.

4-3-2 Ethical Governance

The Company has established a corruption risk assessment mechanism, conducting annual evaluations based on business nature, counterparties, internal systems, and financial transactions. In 2024, all operational sites completed the assessment, identifying the finance and procurement units as higher-risk areas, prompting enhanced internal controls and targeted training programs.

a. Effectiveness of Education and Training in 2024

In July, the Company conducted awareness promotion on insider trading prevention and ethical corporate management, attended by 72 participants, followed by a questionnaire assessment.

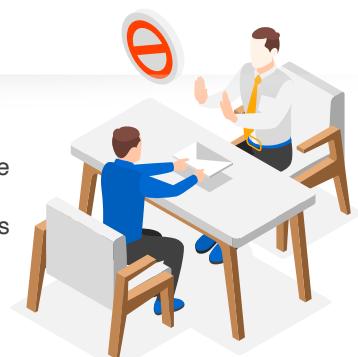
In December, a monthly meeting for all employees was held to promote regulatory compliance and ethical corporate management, attended by 64 participants, with a quiz-based reward activity.

b. Whistleblowing and Information Transparency

- Provide clear and accessible whistleblowing channels, ensuring confidentiality of the whistleblower's identity and information.
- The whistleblowing procedure explicitly prohibits any improper treatment of the whistleblower.
- The Philosophy, Policies, and Code of Conduct for Ethical Corporate Management and its implementation status are disclosed on the Company's official website, in the annual report, and on the Market Observation Post System (MOPS).

c. Annual Performance

- In 2024, no anti-corruption incidents occurred.
- The Board of Directors reviews the report on the promotion of ethical corporate management at least once per year.
- The Company continues to strengthen the culture of integrity through various meetings and education and training programs.



4-3-3 Anti-Competitive Behavior

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

In 2024, HYC focused on maintaining a fair and competitive market environment, strictly complying with 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 countermeasures. The following outlines the grievance mechanisms corresponding to each material issue:

4-4-1 Occupational Safety and Health

Grievance Channel	Employees: Occupational injury emergency contact hotline Non-employees: Occupational injury emergency contact hotline
Grievance Handling Procedure	Upon receiving a grievance related to a workplace injury, the safety personnel immediately document the details and ensure the complainant's safety. Relevant departments are promptly notified to initiate an investigation, collect evidence, and gather pertinent information. Based on the investigation findings, corrective measures are formulated and timely feedback is provided to the complainant. The implementation of the corrective measures is ensured, with regular follow-ups and thorough documentation of the entire handling process for future verification.
Remedial Measures	Upon verifying the grievance case, if the complainant or related personnel has sustained harm, medical personnel will be notified immediately to provide necessary medical assistance. The Company ensures legal compliance in granting leave and wage compensation.
Grievance Hotline and Reporting 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 management department or call the employee consultation hotline.
Grievance Handling Procedure	To ensure that all employees have thoroughly read and understood the Written Statement on the Prohibition of Workplace Bullying issued by Hsin Yung Chien Co., Ltd., each employee is required to personally sign the statement. All employees have a responsibility to help ensure a bullying-free work environment. Any person who witnesses or hears of bullying incidents should immediately report to the Company's management department or call the employee consultation hotline at 049-2263888#131 for Manager Feng-Yi Lin of the Administration Department. Upon receiving a report, the Company will conduct a confidential investigation. If the bullying is substantiated, the perpetrator will be subject to disciplinary action. The Company will also assist the bullied employee in seeking compensation for damages caused by the perpetrator. If the bullying is of a serious nature, it may constitute grounds for immediate termination of employment without prior notice under Article 12, Paragraph 4 of the Labor Standards Act.
Remedial Measures	(1) Seek advice and support from colleagues. (2) Communicate rationally with the bully and express your feelings. (3) Reflect on any personal shortcomings and ask colleagues for honest feedback on your behavior and work performance to identify problems. (4) Record the bully's behavior via audio or any available means as evidence. (5) File a complaint with the Company's management department.
Grievance Hotline and Reporting Email	ddt@hyc-king.com 049-2263888#131 Manager Feng-Yi Lin

4-4-3 Sexual Harassment

Grievance Channel

All employees of the Company are responsible for helping maintain a workplace free from sexual harassment. If an individual feels violated, or witnesses or hears of such incidents, they should immediately report it to the Company's management department.

Grievance Handling Procedure

The Company will conduct a thorough and prompt investigation into any such complaints and will take confidentiality measures regarding the complainant, the content of the complaint, and the outcome to the extent possible. If the sexual harassment is substantiated (including false accusations), the Company will take appropriate action, including disciplinary measures against the perpetrator and, if necessary, dismissal.

Remedial Measures

To enhance employee awareness and understanding of such incidents, the Company will regularly organize related lectures and training courses. Attendance is mandatory for all employees. Unexcused absences will be treated as absenteeism. To ensure that all employees have thoroughly read and understood the contents of the Written Statement on Workplace Sexual Harassment Prevention Measures, Complaint, and Disciplinary Regulations issued by Hsin Yung Chien Co., Ltd. (HYC), each employee is required to personally sign the statement.

Grievance Hotline and Reporting Email

Mr. Hsu Chia-Cheng, 049-2263888#138

4-4-4 Grievance and Suggestion Channels and Procedures

To establish a culture of integrity and transparency and to promote sound business operations, HYC has formulated the "Whistleblower Case Handling Procedures." The Company encourages employees and stakeholders 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. To ensure fairness and transparency in the investigation process, the Company has established an independent investigation unit.

✉️ Grievance and Reporting Email

ddt@hyc-king.com

📞 Grievance and Reporting Hotline

049-2263888 #131

Manager Feng-Yi Lin

In 2024, HYC 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.



Caption | Physical suggestion box

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. In addition, the Company has set up several functional committees and crisis response teams dedicated to executing various risk control tasks.

In 2024, HYC's Board of Directors approved the Risk Management Policy and Procedures, which clearly define the responsible units for each risk factor. Each unit follows the established risk management procedures, encompassing risk identification, assessment, control, monitoring, and information communication. This framework enables the Company to comprehensively grasp risk scopes and implement appropriate countermeasures, ensuring effective risk management.

For major crises that involve cross-departmental or cross-site impacts, HYC designates the President or an appointed representative to lead and coordinate 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: <ol style="list-style-type: none">1 Analyzing the likelihood and potential impact of risk events to assess their effect on company operations.2 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: <ol style="list-style-type: none">1 External Audit In 2024, 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.2 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 2024 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:

a.

Strengthened collaboration with key suppliers by establishing a two-way communication mechanism to enhance supply chain resilience.

b.

Introduced energy-efficient equipment and optimized energy usage strategies to reduce operational costs and exposure to risk.

c.

Conducted dynamic market demand analysis to allow flexible adjustments to production and sales plans.

4-5-3 Compliance with Laws and Regulations

In 2024, the Company experienced a total of 2 regulatory violations. (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.) Among these, 2 cases involved monetary sanctions:

No.	Location	Violated Regulation	Violation Description	Type of Sanction	Sanction Details	Corrective Measures
1	HYC Plant II	Occupational Safety and Health Act, Article 24	Fixed crane operators had not received the required training or passed skill certification recognized by the competent authority	Monetary Fine	NT\$100,000 fine	All operators have now obtained certified qualifications
2	HYC Plant I	Occupational Safety and Health Act, Article 6, Paragraph 1	Equipment safety protections did not meet legal standards	Monetary Fine	NT\$100,000 fine	Additional safety barriers were installed to meet legal requirements

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

4-6-1 Corporate Information Security Management Policy

To ensure smooth business operations and to prevent unauthorized access, use, control, leakage, destruction, tampering, deletion, or other compromises to information or information and communication systems, the Company has established the Infocomm Security Risk Management Committee and formulated the following policy to be observed by all employees:

- a.** In response to evolving information security threats, all employees shall participate in relevant information security training programs to enhance the company's overall cybersecurity awareness.
- b.** Protect the confidentiality and integrity of the company's sensitive information and information systems, and prevent unauthorized access and tampering.
- c.** Establish and publish various information security management procedures and guidelines, and review them regularly to make adjustments in line with actual conditions.
- d.** Conduct regular internal audits to ensure that all operations are effectively implemented.



Figure | Infocomm Security Risk Management Committee PDCA Cycle

4-6-2 Corporate Information Security Organization

To enhance information security, the Company established the Infocomm Security Risk Management Committee in 2023. This committee is responsible for implementing the information security management system and strengthening 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. Additionally, it establishes the functions and clearly delineates the responsibilities of a dedicated IT department.



Caption | Proceedings of the Information Security Management Promotion Committee Meeting

4-6-3 Specific Corporate Management Programs

To enhance information security, the Company established the Infocomm Security Risk Management Committee in 2023. This committee is responsible for implementing the information security management system and strengthening 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. Additionally, it establishes the functions and clearly delineates the responsibilities of a dedicated IT department.

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



Caption | Footage of information security education training in 2024

4-6-4 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.

4-6-5 Specific Outcomes of Information Security Protection

The Company experienced no information security incidents in 2024.

The results of the Company's 2024 social engineering drills are as follows:

A total of fifty participants were tested. The number of individuals and percentages for each action are detailed below:

Response Category	People	Percentage
No Response at All	28	56% of total
Only Opened the Email	13	Lure Success Rate: 26%
Clicked on the Link	3	Lure Success Rate 6%
Entered Information	2	Lure Success Rate: 4%
Opened the Attachment	4	Lure Success Rate: 8%

Overall Lure Success Rate by Action

(Based on the total headcount)

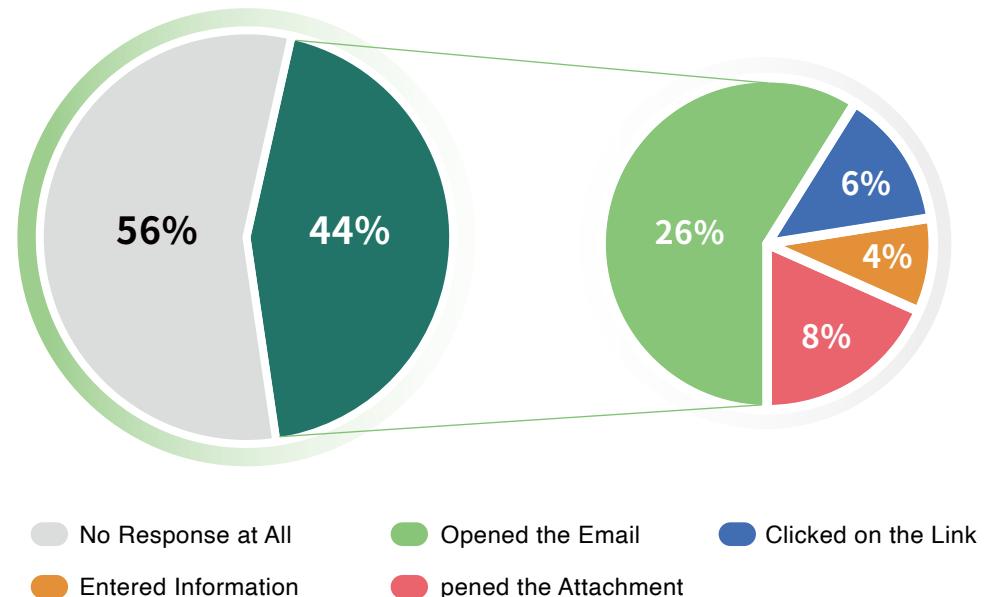


Chart | Overall Lure Success Rate by Action

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. Moving forward, the Company will continue to strengthen cybersecurity systems and protective measures across all departments to boost overall information security.

4-7 Customer Privacy Protection

In 2024, the Company received no complaints related to information security concerns, including those from regulatory authorities or third parties.

To protect personal data and customer privacy, the Company continuously strengthens system security measures and employee training to prevent similar incidents.

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.

The Company is committed to safeguarding customer privacy and data security and will continue to improve information security management processes to ensure that any information security incidents are resolved promptly and effectively.



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



Caption | Outstanding Managers Association Event of Central Taiwan

4-8 Participation in Associations and Organizations

4-8-1 Industry Association Involvement

HYC maintains political neutrality and does not participate in political election campaigns or make any political donations in the Company's name. However, employees are encouraged to fulfill their civic duties. In 2024, HYC made no expenditures related to political donations. 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.

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 Friends of the Police Association	Advisor
Taiwan Ocean Energy Development Association	Member
Nantou Junior Chamber	Member

In 2024, the Company joined 20 industry associations and organizations.

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:

4-8-2 Learning and Development



Skill Enhancement

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



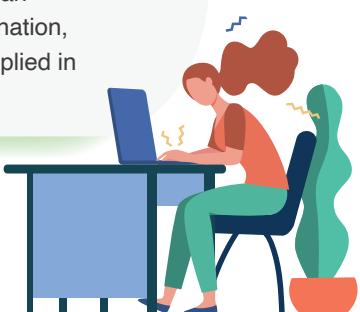
Broadened Perspectives

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

Expanding Networks

Associations and unions provide opportunities to connect with professionals from various industries across local and national levels, fostering career development and cross-industry collaboration.

Sense of Belonging and Support

Groups offer emotional support and connection, both in the workplace and in daily life.

Building Friendships

Long-term collaboration and shared goals in association activities help cultivate deep friendships and strong bonds.

Sharing Workplace and Development Resources

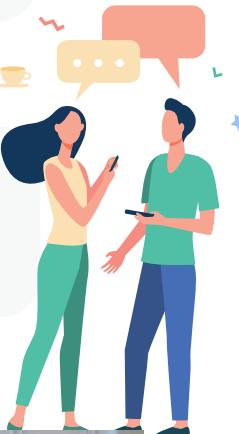
Associations often offer valuable resources such as legal consultation, professional support, and educational training.

Advocating for Rights and Interests

Unions can help advocate for improved access to national and social resources.

Enhancing Corporate Reputation

Active participation in organizational activities demonstrates initiative and diverse capabilities, contributing positively to the Company's reputation.



Caption | Inauguration Ceremony of the President of Nantou Business and Management Association



Caption | Monthly Meeting of the Nantou Business and Management Association



Caption | Corporate Visit of the Nantou Business and Management Association



Caption | 40th Anniversary Celebration of the Taichung Business Managers Association



4-9 Product and Service Management

4-9-1 Customer Health and Safety

Product Health and Safety

The Company is committed to ensuring that all products and services meet the highest health and safety standards. In 2024, 100% of the major product lines underwent health and safety impact assessments, covering every stage from design and development to end use. These assessments aim to identify and mitigate potential risks to protect customer health and safety.

Regular testing including RoHS, SVHC/REACH, and TSCA is conducted to ensure that products do not pose adverse effects on human health, and the flame-resistant conveyor belt product is the only one in the nation to have received the Certified Chinese National Standards (CNS) Mark.

4-9-2 Marketing and Labeling

Product and Service Labeling: No Violations Reported

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

In 2024, there were no instances of non-compliance with regulations related to product and service information or labeling, and no violations of marketing or communication-related laws.

4-9-3 Quality and Safety Management System

Upholding the core values of "Quality First, Customer-Oriented, and Continuous Innovation," the Company is dedicated to delivering safe, reliable, and competitive products and services. To strengthen the sustainability of our offerings and build market trust, we have established a comprehensive quality management system and continuously listen to customer feedback as a basis for product optimization and R&D innovation.

Product Quality Control Mechanism

The quality control process is as follows:

a. Design and Development Stage

Incorporation of Design for Quality (DfQ) and Design Review (DR) processes

b. Supply Chain and Manufacturing

- Strict supplier quality certification and incoming material inspection
- Full or sample inspections during the production process in accordance with SOPs

c. Finished Product Testing and Acceptance

Comprehensive testing prior to shipment (End-of-Line Test)

d. Customer Service and Tracking

Track complaint types, resolution times, and customer satisfaction

e. Continuous Improvement

Feedback from customer complaints is routed to R&D and Quality Control departments for Root Cause Analysis (RCA) and Corrective and Preventive Actions (CAPA)

Corresponding GRI Standard

GRI 416 (Customer Health and Safety), GRI 417 (Marketing and Labeling), GRI 2-29 (Stakeholder Feedback),
GRI 203 (Infrastructure and Innovation Management)



Corresponding SDG Goal

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



Caption | Sulfur variation tester



Caption | Automatic sulfur variation tester



Caption | Universal tensile testing machine



Caption | Environmental (ozone) testing machine



Caption | Abrasion testing machine

Corresponding GRI and SDG Indicators

Disclosure Aspect	Corresponding GRI Standard	Corresponding SDG Goal
Product Quality and Customer Safety	GRI 416: Customer Health and Safety	SDG 3: Good Health and Well-being SDG 12: Responsible Consumption and Production  
Product Labeling and Information Transparency	GRI 417: Marketing and Labeling	SDG 12 
Customer Satisfaction Surveys and Feedback	GRI 2-29: Stakeholder Engagement	SDG 9: Industry Innovation 
Product Innovation and R&D Management	GRI 201, 203 (Extended Disclosure)	SDG 9 

Sustainable Innovation and Customer Satisfaction Management

We are actively committed to product innovation and R&D, integrating sustainable design principles such as energy saving, carbon reduction, and circular economy throughout the product life cycle. Through cross-departmental collaboration, we incorporate new materials, emerging technologies, and optimized user experiences. Each year, we collect customer satisfaction data through surveys, interviews, and third-party assessments. This feedback serves as the basis for product improvement and service enhancement and is incorporated into ESG KPIs for internal performance evaluation.

Corresponding GRI Standard	GRI 416、417、2-29、203			
Corresponding SDG Goal	SDG 3、SDG 9、SDG 12			

Quality Management System and International Certification

The Company has fully implemented the ISO 9001 Quality Management System and established a comprehensive quality control process covering incoming materials, manufacturing, shipping, and after-sales services. Annual third-party audits and internal inspections are conducted to ensure continuous improvement and compliance with international standards.

For major customer complaints and quality issues, the Company has established a CAPA (Corrective and Preventive Action) process. A dedicated team conducts RCA (Root Cause Analysis) and formulates improvement measures while tracking their effectiveness. The CAPA process is as follows.

CAPA Quality Issue Handling Process

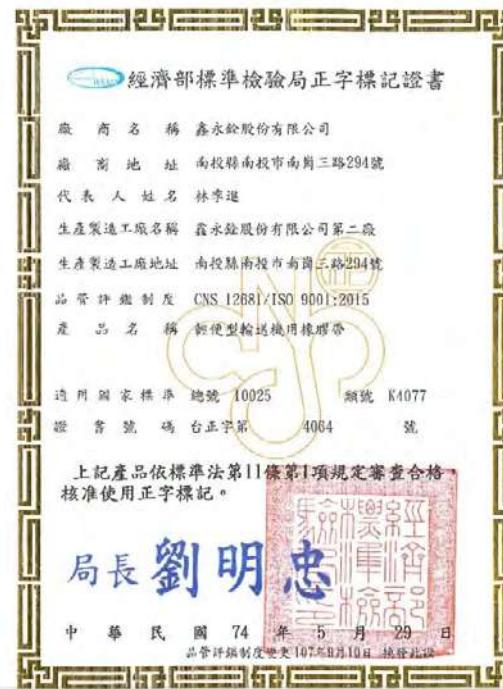
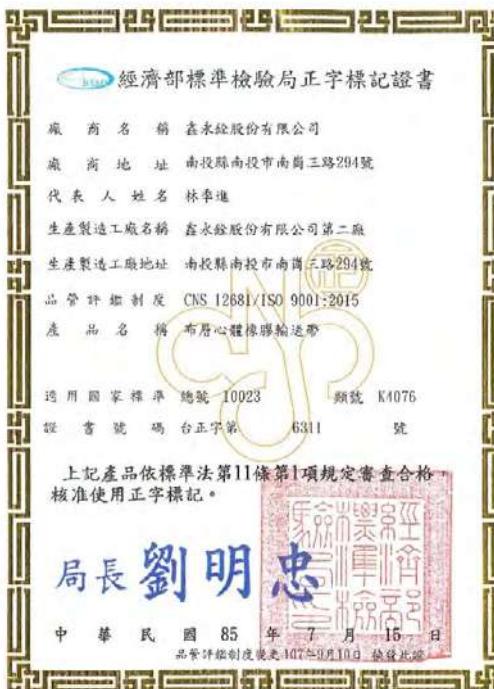
- Issue Reporting** Abnormalities are reported via the production site, production control, or customer service systems
- Root Cause Analysis** The responsible department holds a meeting to conduct RCA (e.g., fishbone diagram, 5 Whys)
- Action Planning** Formulate short-term corrective actions and long-term preventive solutions
- Review and Validation** Quality assurance or supervisory units confirm the effectiveness of the actions
- Effectiveness Tracking** Follow-up is conducted within 3 weeks to 3 months to verify recurrence prevention

Performance Data and Results

Through the implementation of the aforementioned quality and innovation mechanisms, the Company achieved the following outcomes:

- The average annual customer satisfaction score exceeded **92** out of 100
- Customer complaint cases decreased by **18%** compared to the previous year, with the return rate remaining below **0.2%**
- The average product shipment yield reached **99.7%**, and the abnormality rate in the production process continued to decline
- Initial responses to customer complaints were completed within an average of **2.5** days

Product Certified with the CNS Mark and ISO 9001 Quality Management System Certificate



EU REACH Restricted Substances Certificate



U.S. Toxic Substances Control Act (TSCA) Certificate



EU Restriction of Hazardous Substances (RoHS) Certificate



4-10 Supply Chain Management

4-10-1 Supplier management

HYC's procured raw materials and components primarily include natural rubber, synthetic rubber, carbon black, chemical fiber fabric, binders, and other categories. Production consumables include consumable materials related to process equipment wear and tear. In 2024, HYC 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 Sustainability Commitment Statement.

HYC regards supplier management as a key action to implement sustainable operations and requires suppliers to strictly comply with the HYC Supplier Code of Conduct. Based on material procurement needs, the Procurement Center is responsible for coordinating the evaluation of new suppliers and establishes an investigation team to conduct document reviews or on-site assessments of candidate suppliers according to material attributes. Members of the investigation team include representatives from the global materials department, supplier quality management center, R&D units, and other relevant departments. They conduct comprehensive reviews of candidate suppliers' operational performance and sustainability performance. Operational performance covers aspects including quality management, R&D investment, and manufacturing processes; sustainability performance includes energy use, product carbon footprint, greenhouse gas reduction, occupational safety and health, and social engagement.

4-10-3 Local Sourcing

In 2024, HYC actively adopted a local procurement strategy to reduce carbon emissions and support the development of local suppliers.

Among the 36 suppliers in 2024, 23 were local suppliers, accounting for two-thirds of the total. The total procurement value reached **NT\$780 million**, demonstrating HYC's commitment to optimizing its local procurement strategy while contributing to local sustainable development.

4-10-2 Sustainable Supply Chain Management

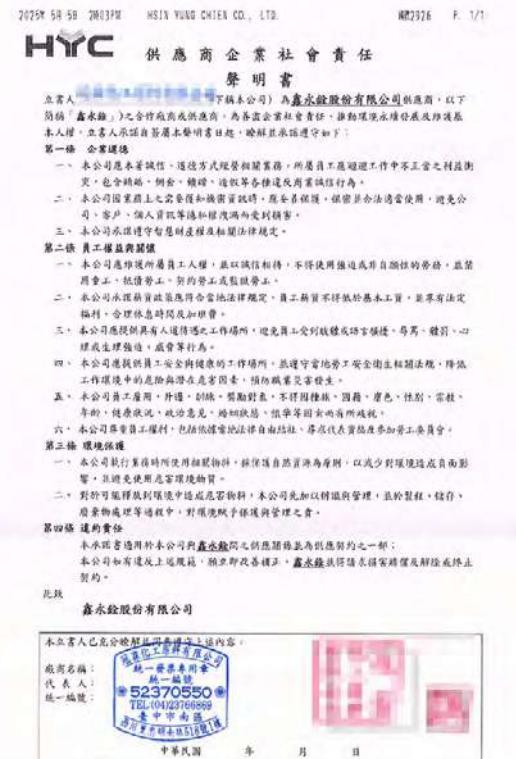
HYC has established a Supplier Code of Conduct that requires suppliers to sign the Supplier Corporate Social Responsibility Statement. By doing so, suppliers commit to prohibiting child labor and forced labor, ensuring occupational safety and health, preventing bribery, and upholding fair trade. They are also expected to respect workers' rights to collective bargaining.

a. Supplier Quality Support

In 2024, there were 10 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, 23 are local suppliers, accounting for two-thirds of the total. More than 80% of the total procurement value was sourced from local suppliers.



Caption | Supplier Corporate Social Responsibility Statement



05



SOCIAL ASPECTS

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Hsin Yung Chien Co., Ltd. 2024 | ESG Sustainability Report

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5-1 Human Resources Development

5-1-1 Human Rights Commitment

Human Rights Commitment

HYC 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, HYC 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, HYC has adopted the HYC Human Rights Commitment, which is reviewed annually to assess both policy content and implementation outcomes. HYC 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.

HYC Human Rights Commitment Website: www.hyc-king.com

HYC plans to conduct a human rights due diligence in 2024, with the initial scope focusing on the Company's internal operations.

Scope of Application

The HYC Human Rights Commitment applies to all employees of the Company and its subsidiaries, and, to the extent reasonably practicable, extends to customers, suppliers, contractors, and the local communities in which the Company operates. HYC regularly identifies high-risk operating sites for forced labor, child labor, and potential violations of the rights of Indigenous peoples. These risks are primarily concentrated in manufacturing facilities and upstream suppliers in countries with weaker enforcement of labor regulations. Through irregular audits, the Company ensures that neither its manufacturing sites nor its upstream suppliers engage in forced labor, child labor, or violations of indigenous rights, and actively safeguards these rights. In 2024, 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, HYC conducts annual training programs related to human rights. These programs also extend to business partners to reduce the likelihood of human rights incidents. In 2024, a total of 103 participants attended the courses, accumulating 309 training hours. Additionally, HYC integrates its human rights policy into supplier management procedures. The policy is also included in documentation required for new employee onboarding to ensure effective implementation.



Caption | Human rights education training course

Communication Channels

To ensure the comprehensive implementation of its human rights commitment, HYC has established several internal mechanisms, including the "Employee Feedback and Grievance Handling Guidelines," the "HYC Anti-Workplace Bullying Statement," and the "HYC Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Regulations." These frameworks clearly define the grievance procedures and response mechanisms, including mitigation and remediation measures for potential human rights incidents involving employees. No human rights violations were reported in 2024.



5-1-2 Workforce Structure

Year	Gender	Employment Type					Total Employees
		Regular Employees	Temporary Employees (Contracted)	Non-Guaranteed Hours Employees	Full-Time Employees	Part-Time Employees	
2024	Female	0	0	0	26	0	26
	Male	0	0	0	82	0	82
	Total	0	0	0	108	0	108

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

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

a. 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, emergency alarms, security measures (AEDs), 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.

b. 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.

- 1 Recruitment is conducted without discrimination based on gender diversity.
- 2 Equal treatment is ensured during employment, supported by management's human rights declaration.
- 3 A safe and healthy working environment is provided.
- 4 Illegal discrimination is strictly prohibited to ensure equal employment opportunities.
- 5 Child labor is prohibited.
- 6 Forced labor is prohibited.
- 7 Assistance is provided to help employees maintain mental and physical health and work-life balance.
- 8 Employees are supported in exercising their labor rights according to the law.
- 9 Employees' gender diversity choices are respected.
- 10 Gender privacy and inclusivity are respected.

No incidents of employee conflict or discrimination have occurred within the Company

HYC 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. As of the end of 2024, HYC employed a total of 108 full-time staff.

Employee Numbers by Employment Type and Gender

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

Employee Numbers by Employment Type and Region

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

Non-Employee Structure

The Company has no non-employee workers.

HYC respects minority groups and diverse needs. In 2024, the Company employed 1 Indigenous employee, accounting for 1% of the total workforce, and 1 employee with disabilities, also accounting for 1% of all employees. The Company encourages employees to embrace multiculturalism. In recruiting personnel, HYC emphasizes diversity and responds to the aging population trend by encouraging re-employed women and retirees to join. The Company also provides professional skills training and flexible working hours.

Employee Numbers by Job Level and Gender

Year	Job Level	Female		Male		Total	
		People	Percentage	People	Percentage	People	Percentage
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

Year	Job Level	Employee Age			Total
		30 or below	31-50	51 or above	
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 among Senior (or Managerial) Management Employees

FY2024	People
Number of Non-Local Employees	35
Number of Local Employees	71
Ratio	75%

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

FY2024	People
Number of Senior Managers	10
Number of Local Senior Managers	7
Ratio	70%

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

Due to HYC's policy to reduce employee overtime hours, the Company increased its workforce size in 2023, which led to higher employee turnover. In 2024, the total number of employees continued to grow steadily, maintaining the upward trend observed in 2023.

Number of New Full-Time Employees in Taiwan Region

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

New Hire Rate							
2024	15%	49%	41%	13%	26%	2%	41%
2023	34%	45%	42%	14%	27%	1%	42%
2022	4%	27%	21%	11%	11%	0%	22%

Number of Full-Time Employee Departures in Taiwan Region

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

Turnover Rate							
2024年	23%	39%	35%	10%	22%	3%	35%
2023年	27%	49%	43%	13%	28%	2%	43%
2022年	4%	35%	41%	12%	14%	1%	30%

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



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. HYC provides competitive market-based compensation and benefits, comprehensive training and career development programs, fair and transparent performance evaluations and promotion mechanisms, as well as smooth labor-management communication channels. At the same time, through clear human rights policies, rigorous occupational safety measures, and diverse employee activities, HYC ensures employees can achieve a healthy work-life balance throughout their careers and find fulfillment in both professional growth and personal life.

Statutory Benefits

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



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
- Labor Pension 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 Project Bonus
4. Newcomer Training Bonus
5. Production Staff Bonus
6. Proposal Improvement Bonus
7. Gender-Equal Pay with
8. 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
6. Employee Travel 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

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
7. Consultations and Lectures Health Promotion Activities - Exercise Classes, Weight Loss Programs, etc.

Friendly Environment

1. Employee Cafeteria
2. Freshly Brewed Coffee
3. Provided in the Office
4. Free Car and Motorcycle Parking for Employees
5. Designated Parking Spaces for Women and Children 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. Meal Allowance





Caption | Employee family day ecotourism trip



Caption | The President and General Manager occasionally gift fruit boxes to all employees



Caption | Five-star restrooms throughout the facility

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.



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. HYC offers 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.

Parental Leave Return and Retention Status

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

d. Benefits and Services

(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.



Caption | Family education activities

(3) Other Friendly Workplace Measures

- ① Organize several Employee Family Day events each year and provide subsidies for employee travel. 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.
- 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 | 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

HYC 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. Operating as a traditional industry, HYC started as a small to medium-sized enterprise and, through decades of effort, identified market niches and pursued continuous learning and growth. It has since evolved into a high-value, highly profitable "tech star among traditional industries" in Taiwan. As a model worthy of emulation by other Taiwanese SMEs, this success has also been successfully replicated in its new business units.



Career Development

Employee Promotion Pathway: Innovative process management is key to enhancing the company's competitiveness. To meet the demands of a rapidly changing market, HYC focuses on building a learning-oriented organization, motivating employees, and encouraging fast learning. As part of this strategy, job rotation is implemented for indirect department employees to promote diverse skill development across different roles. For production department employees, a structured internal promotion pathway is in place: from entry-level Trainee Process Associate Engineer -> Process Associate Engineer -> Process Engineer -> Chief Engineer. Employees must pass multiple assessments and undergo rigorous training, with production quality being a key evaluation criterion. Employees are also encouraged to learn to operate various types of machinery to establish a multi-skilled workforce, enhancing operational flexibility.

The Company actively supports continuing education and provides tuition subsidies for employees pursuing a master's degree or higher.



Job Rotation Mechanism

To cultivate employees with cross-functional capabilities, HYC 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 not only enhances organizational flexibility and competitiveness but also encourages innovation. The job rotation mechanism helps employees develop diverse perspectives, enabling them to solve problems more creatively and contribute greater value in a rapidly changing market environment.



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:



Caption | Technical Knowledge Transfer



Caption | Daily Key Matters Briefing, Communication, and Feedback Meetings

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.

HYC provides employees with the training required for career growth. In 2024, 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. HYC 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.

As the Company has introduced digitalization and intelligent systems in recent years, upholding a people-centered approach, HYC assists employees originally working on production lines in developing multiple skills and competencies through internal training programs or by subsidizing external training. In 2024, 24 production line employees were successfully transferred to other departments, with the transfer being recognized and approved by the respective department supervisors.



Caption | Nantou Family Education Center – “Nurturing My Family with Love” Series of Activities



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.

Average Employee Training Hours (Hours)

Year	Gender	Manager	Non-Manager	Total
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
2022	Female	31.3	22.1	53.4
	Male	27.2	22.2	49.4
	Total	58.5	44.3	102.8

Note1: Managerial positions refer to manager level and above.

Note2: Average training hours = Total training hours for the category ÷ Total number of employees in that category



Caption | The Company organizes an annual team-building and consensus camp



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. The compensation system includes base salary, performance bonuses, and employee benefits, designed to motivate performance and retain talent.

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%

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. For 2024, the Company has set health and safety goals, including the successful completion of ISO 45001 certification 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.

a. Implementation of Occupational Safety and Health Management System

To ensure workplace safety for employees, HYC has implemented an Occupational Safety and Health Management System. In 2022, the company obtained certifications for ISO 45001 and TOSHMS (Taiwan Occupational Safety and Health Management System). These certifications apply to all personnel working within HYC's factory premises.



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.

Name	FY2024		
	Personnel-related Factors	Maintenance and Repairs	Equipment Improvements
Total On-site Occupational Safety Inspection Deficiencies	25 cases	24 cases	34 cases

In 2024, a total of 83 deficiencies were identified through audits and self-management, all of which have been fully addressed and resolved.

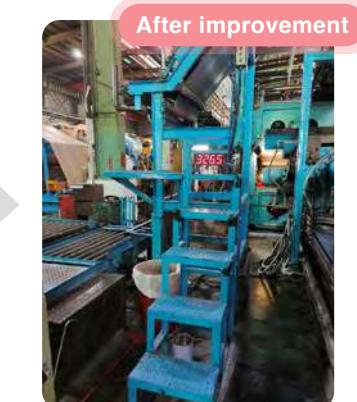


Caption | Before improvement: protective barrier used steel cables with inadequate strength

Caption | After improvement: replaced with rigid protective barrier



Caption | Before improvement: insufficient width of operational staircase



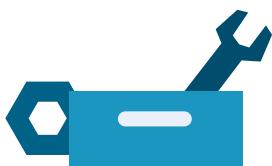
Caption | After improvement: rebuilt staircase to widen operational staircase width



Caption | Before improvement: no protective barrier installed in heat medium tank area



Caption | After improvement: protective barrier installed



Hsin Yung Chien Co., Ltd.

Occupational safety and health audit inspection record form - October 2024

No.	Audit Inspection Date	Audit Inspection Unit/Personnel	Location of Audit Deficiency	Responsible Department Supervisor	Description of Audit Deficiency	Description of Improvement Measures	Before Improvement Photo	After Improvement Photo	Date of Improvement Completion	Personnel Confirming Completion of Improvement
1	October 4	Occupational Safety & Health Office/Ching-Chuan Chen	Plant I	Section Chief/Shao-Chin Huang	Air compressor air storage tank lacks a valid inspection certification	Purchased a new air compressor air storage tank with valid inspection certification			October 15	Occupational Safety & Health Office/Ching-Chuan Chen
2	October 15	Occupational Safety & Health Office/Ching-Chuan Chen	Plant II	Section Chief/Chih-Sheng Chou	Deformed protective cover above the roadside sewage collection tank	Reconstructed the protective cover using thicker steel plates			October 23	Occupational Safety & Health Office/Ching-Chuan Chen
3	October 17	Occupational Safety & Health Office/Ching-Chuan Chen	Plant II	Section Chief/Chih-Sheng Chou	The protective guard of the rolling machine was removed and not reinstated, posing a potential safety hazard	The protective guard was reinstated			October 17	Occupational Safety & Health Office/Ching-Chuan Chen
4	October 24	Occupational Safety & Health Office/Ching-Chuan Chen	Plant II	Section Chief/Chih-Sheng Chou	The partition panel inside the power box was removed and not reinstated	The panel was reinstated			October 24	Occupational Safety & Health Office/Ching-Chuan Chen

General Manager:

Department Supervisor:

Prepared by:

Caption | Occupational safety and health audit inspection record form

The occupational safety and health management system has become an integral part of HYC's corporate value system, embodying the management philosophy of "Professionalism, Collaboration, Innovation, and Excellence." HYC 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 HYC. These personnel are hired by external companies to complete specific tasks for HYC and receive compensation upon completion of the tasks.

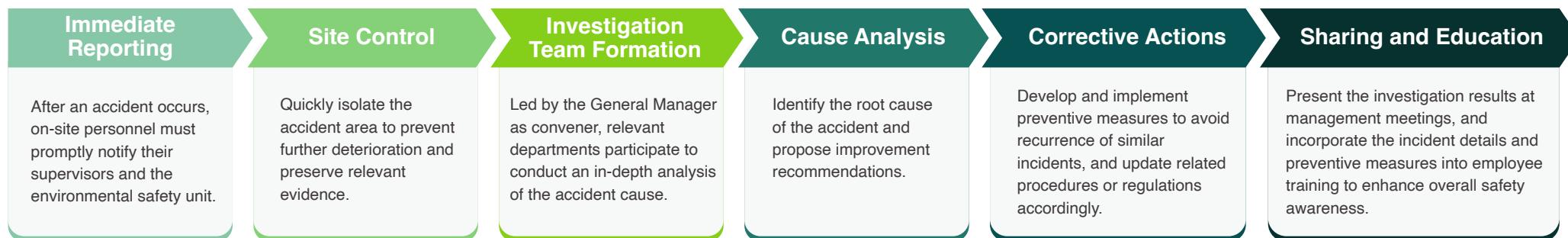
To ensure the safety and health of other workers not classified as employees and contractors, HYC provides necessary safety and health training as well as medical assistance, and permits these personnel to use the Company's shared facilities. For specialized and high-risk operations, the Company commissions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



c. Hazard Identification, Risk Assessment, and Incident Investigation

HYC places great emphasis on the safety and health of all 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. At each operational site, the management representative is responsible for reviewing and approving hazard identification and risk assessment processes, which are carried out by the safety and health unit together with respective department supervisors.

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. Mid- to senior-level managers are assigned to supervise and link performance evaluations with these efforts, with regular reporting during Occupational Safety and Health Committee meetings. For medium- and low-risk items, periodic reviews are conducted, and employees are encouraged to propose improvements collaboratively to develop risk mitigation measures. Additionally, to further improve 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. HYC complies with relevant occupational safety and health regulations and informs all employees that if they encounter an immediate danger during work, they must promptly report it and may also evacuate to a safe location on their own. In 2024, the Company recorded no incidents of employees being disciplined for reporting safety concerns or for evacuating to safe locations due to safety concerns.

d. Health Promotion Program

Upon hiring new employees, HYC provides pre-employment health screenings and conducts annual employee health checkups exceeding regulatory requirements with 56 items, including ECGs and ultrasounds. 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 dedicated parking spaces for women and children.

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. New employee training includes 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

FY2024

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



Caption | Professional medical support provided by nurses and doctors



Caption | Workplace health promotion certification



Caption | Morning exercise for all employees



Caption | Annual 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. These personnel regularly convene meetings to discuss and develop safety and health management policies, training programs, health management initiatives, occupational disease prevention and health promotion measures, equipment self-inspections and OSH audits, hazard prevention measures for machinery and raw materials, and occupational incident investigation reports, among other 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	FY2024
1	New Employee Orientation Training (including migrant workers)	34 sessions, 42 participants
2	Occupational Safety Awareness Training	4 sessions
3	Safety and Health License Refresher Training (e.g., forklift and overhead crane operators)	8 items, 13 participants
4	Safety and Health License Acquisition	<ul style="list-style-type: none"> Forklift Operator License (3 individuals) 3-Ton Crane Operator (9 individuals) Organic Solvent Operations Supervisor (1 individual) Energy Manager (1 individual)
5	Fire Drill	194 participants across the first and second half of the year



Caption | Occupational Safety and Health Training



Caption | Annual Company-Wide Fire Drill

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

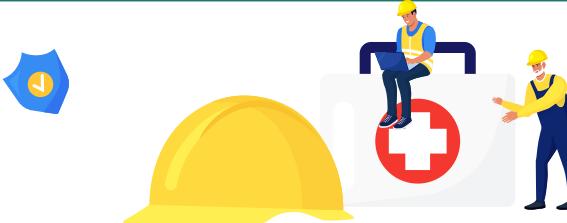
HYC also complies with legal requirements by implementing necessary management measures for non-company workers to ensure that contractors have a safe and healthy working environment within company premises. Measures include incorporating safety regulations into contracts, providing hazard communication 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.

5-2-2 Occupational Injuries

Occupational Injuries and Occupational Diseases

HYC regularly compiles occupational incident statistics across all factory sites. In 2024, the total working hours amounted to 236,645 hours. During this period, no occupational injuries resulting in death occurred. Only 1 occupational injury incident was reported, caused by an employee's finger being caught and crushed by a rubber guide wheel, resulting in a crush injury to the middle finger. The injury was diagnosed as a laceration to the right middle finger. The Company has assisted the employee with subsequent medical treatment and implemented safety improvements in the work area to enhance operational safety. The incident was promptly reviewed, and corresponding training was conducted immediately thereafter.

Name	FY2024
Hazard Communication and Safety Training for Contractors Before Entering the Facility	14 sessions, 58 participants



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

Year	Total Work 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			
2024	236,645	0	0	1	0	0	4.2

Note 1: Recordable occupational injury rate = (Number of occupational injuries ÷ Total work hours) × 1,000,000 work hours

Note 2: Serious occupational injury rate = (Number of serious occupational injuries ÷ Total work hours) × 1,000,000 work hours

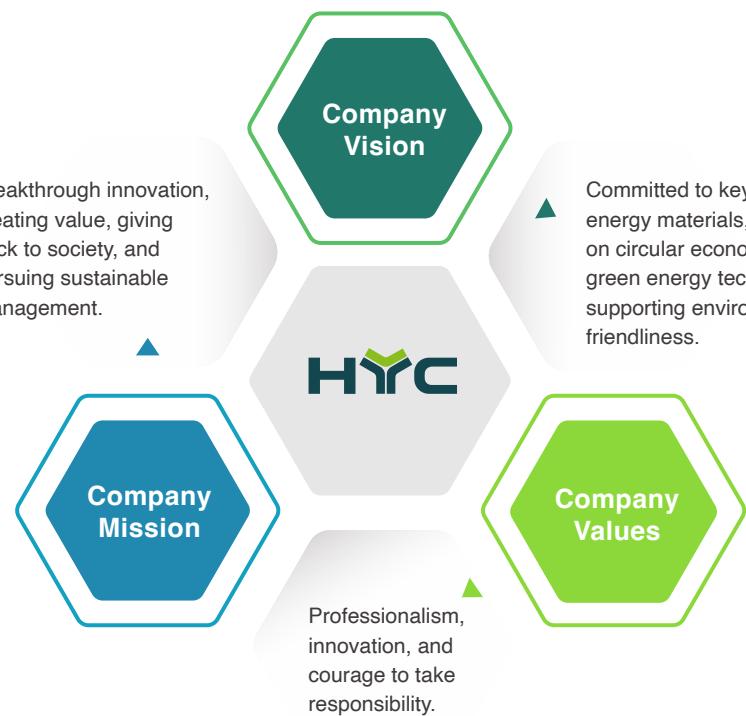
Note 3: The Company has not recorded total work hours for non-employee workers. No occupational injury incidents involving non-employee workers occurred in 2024. The Company plans to establish a contractor management system in the future to record the number of contractors, work hours, and occupational injury cases 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

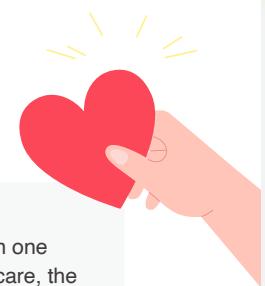
Industry-Academia Collaboration Programs, Student Industry Visits, and Internships. **As President Lin's philosophy states: A successful entrepreneur is not measured by how much money they make, but by how many people they can take care of.**



a. 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.** Granting family care leave to employees needing to care for family members.
- F.** Managing leave types and days in accordance with Ministry of Health and Welfare and Labor Standards Act regulations.



b. External Engagement

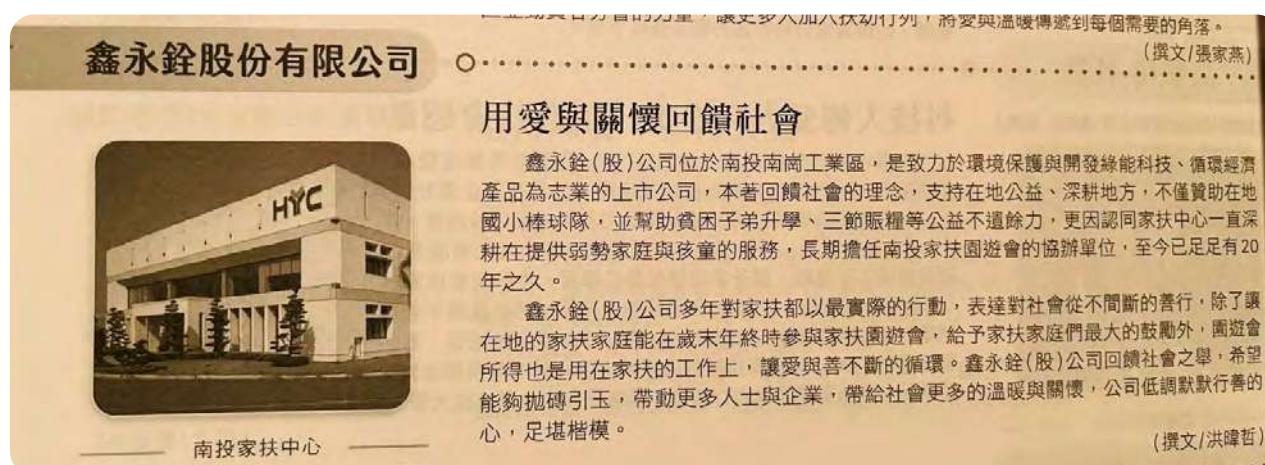
When profit is no longer the sole indicator of a successful business, the management department shapes corporate culture based on the Company's management philosophy, builds its corporate image through social welfare initiatives and employee benefits, communicates the brand's value proposition, and enhances corporate competitiveness while promoting sustainable development. Upholding the vision of creating a better society, HYC actively participates in charity and social welfare initiatives, continuously pooling internal and external resources to fulfill its corporate social responsibility. Through programs such as "industry-academia collaboration," "education support," and "community giving," the Company actively engages in public welfare activities, caring for local communities and giving back to society. As a result, social contribution has been integrated as one of the core functions of the management department.

National Model for Child Welfare award

The Company has long-term involvement and sponsorship of the Taiwan Fund for Children and Families' "Warm Winter Charity Fair," providing financial support to help many struggling families through difficult times. This continuous commitment has lasted for 22 years without interruption and has been honored with the "National Model for Child Welfare" award.



Caption | Been honored with National Model for Child Welfare award



Caption | Press coverage

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

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.

The Company upholds the philosophy that "businesses should give back to society" and has long been committed to advancing industry–academia collaboration. Since 2007, the President has personally served as a lecturer for the master's program at Chaoyang University of Technology, engaging with students through practical business insights to help them better understand industry needs and global developments. In addition, the Company has implemented concrete measures such as offering internships, organizing industry visits, and delivering guest lectures to strengthen the link between academia and practice. The Head of Administration has also been regularly invited to share industry experience at institutions including National Chung Hsing University, National Yunlin University of Science and Technology, Chaoyang, Chienkuo, Dayeh, Nan Kai, and Hsiuping universities of science and technology. Through keynote speeches, competitions, and company visits, these engagements have promoted closer integration of academic learning and industry practices, enhanced the Company's corporate reputation, and supported students in aligning with industry trends. This enables graduates to apply their knowledge more effectively in increasingly complex production processes, thereby creating a win-win model for both enterprises and academic institutions.



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.

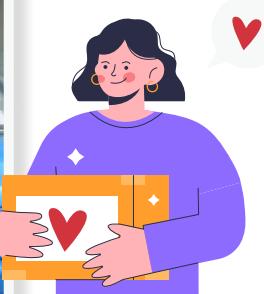


Caption | Regularly held sponsored students' discussion meetings and Scholarship Awards



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

In 2021, due to the pandemic causing an economic shutdown, many businesses halted operations, and people suddenly lost their income sources. Embracing a culture of compassion and public service, the Company not only cared for its employees but also extended support to local residents of Nantou City, Caotun Township, and Mingjian Township who faced severe hardship during the pandemic. The Company allocated a special fund of NT\$30 million from its profits for emergency relief. Applications were reviewed under the principle of "providing urgent relief without long-term dependency." With assistance from the county government, candidates were jointly assessed, and those meeting 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 Management and Finance Departments, personally distributed the relief funds to 85 villages. This effort aimed to help communities recover from the pandemic and build resilience.



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

Long-term 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 | Awarding Scholarships to Encourage Players



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 2022 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

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

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 Rural Areas

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

5-03-2 Social Inclusion and Community Prosperity

HYC 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, HYC aligns its corporate strategy and business operations with two key SDGs that are most relevant to its business: SDG 4 Quality Education and SDG 3 Good Health and Well-being. By doing so, the Company supports national sustainable development and is committed to fulfilling its corporate social responsibility.

HYC is committed to achieving mutual prosperity with the local 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. At the same time, the Company discloses data on water consumption, industrial waste, and greenhouse gas emissions on its official website to inform stakeholders of its management strategies, reduction targets, progress, and carbon reduction performance.





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

1 Climate Governance and Oversight Structure

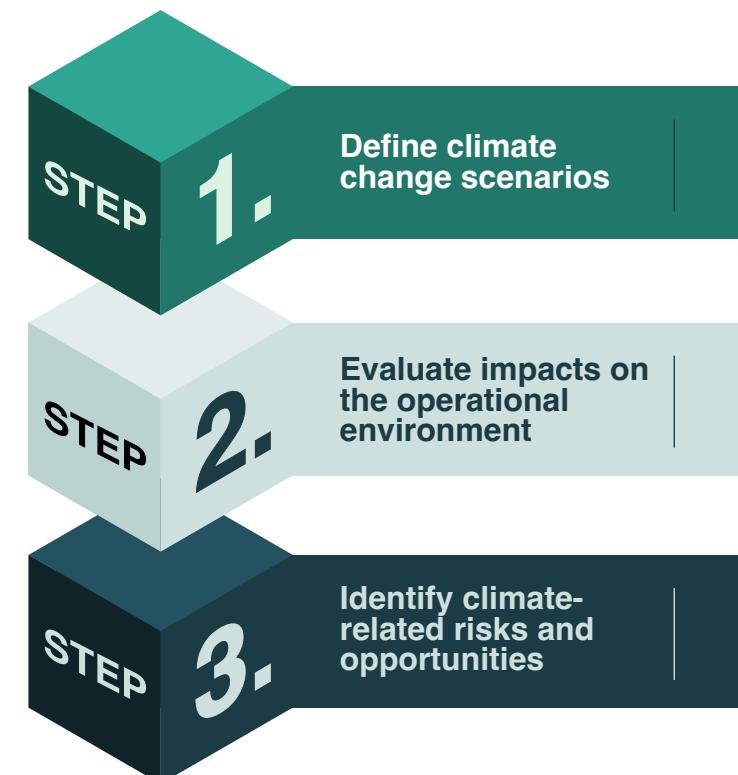
HYC has established a Sustainable Development and Climate Change Response Committee responsible for formulating sustainability strategies and promoting ESG-related initiatives. The Committee conducts regular assessments of climate-related risks and opportunities in accordance with the TCFD framework. 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, HYC analyzes its climate-related risks and opportunities. The Company also engages external experts to conduct 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 climate risks, 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 response strategies and target indicators, which serve as concrete actions in climate risk management.



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: 2024–2027; 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	① Participation in renewable energy projects and implementation of energy-saving measures ② Development of recyclable green materials to enhance resource reuse	Short-term

Note: Definitions of time thresholds: Short-term: 2024–2027; Medium-term: 2027–2031; Long-term: 2032–2051

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 HYC and its supply chain fail to establish clear carbon reduction targets, formulate short-, medium-, and long-term plans, or effectively reduce GHG emissions, it may result in non-compliance with governmental GHG 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, HYC will need to invest more resources in related management efforts, leading to higher operating and procurement costs. 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 higher raw material costs for HYC. 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, HYC 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



Opportunity001 | 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 the overall physical properties 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 HYC's products.

2 Expanding Market Share:

By offering more durable products, HYC 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, HYC 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, cold, and weather 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 Risk

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



6-2 Greenhouse Gas Management

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

HYC is committed to 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 baseline for its emission reduction efforts. At the same time, investments have been made to improve energy efficiency, introduce renewable energy, and optimize production processes. The goal is to gradually reduce greenhouse gas emissions, aiming to cut Scope 1 and Scope 2 emissions by 2% compared to the baseline 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, HYC 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 2024, HYC's direct Scope 1 greenhouse gas emissions amounted to 3,108.7 metric tons of CO₂e, while Scope 2 (market-based) indirect emissions from energy consumption were 4,772.17 metric tons of CO₂e.

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
Category 1 + 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
Category 1 + 2 Total		7,380.872

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

Year	Scope I	Scope II	Total	Revenue (Million NT\$)	Emission Intensity
2024	3,108.702	4,272.170	7,380.872	1,466	5.03
2023	3,223.831	5,112.825	8,336.656	1,558	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 3: Emission intensity unit is tons of CO₂ / million NT\$ revenue.

Note 4: 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

HYC continuously strives to improve energy use efficiency by upgrading equipment and implementing various energy-saving measures. These efforts have successfully increased production output while conserving energy, thereby enhancing overall production efficiency. The Company obtained ISO 50001 Energy Management System certification in February 2025 and plans to further expand the scope of ISO 50001 implementation. Through energy-saving programs, HYC is committed to reducing electricity consumption in production and improving product manufacturing efficiency.



Additionally, the Company has 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 2024, HYC 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 Certificate

6-3-2 Energy Consumption Overview

In 2024, HYC's overall energy consumption decreased by 7.84% compared to 2023. To respond to market demands for low carbon and low energy consumption, the Company actively introduced the latest energy-saving equipment. As a result, the energy intensity per thousand tons of product significantly decreased by 9.66% compared to the previous year, achieving expanded production while effectively controlling environmental impact.

Energy Items	2024	2023
Natural Gas (cubic meters)	1,163,449.00	1,206,690.00
Gasoline (liters)	6,040.00	6,463.83
Electricity - Non-Renewable Energy (kWh)	8,639,444.00	10,187,776.00
Electricity - Renewable Energy (kWh) Self-Generated and Self-Consumed	218,050.00	0

Energy project units are converted to GJ (Gigajoule), which equals one billion joules.

Energy Items (Unit: GJ)	2024	2023
Natural Gas (cubic meters)	43,047.61	44,631.95
Gasoline (liters)	193.28	206.84
Electricity - Non-Renewable Energy (kWh)	31,102.00	36,676.00
Electricity - Renewable Energy (kWh) Self-Generated and Self-Consumed	784.98	
Total Energy Consumption	75,127.87	81,514.79
Revenue	1,466,395,626	1,558,155,945
Energy Intensity	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 Water Resource Management and Reduction Targets



6-4-1 Water Stewardship

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. HYC utilized the WRI water risk assessment tool to analyze the water resource situation in Taiwan, which currently indicates a low-risk status.

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 ensures that its wastewater discharge meets environmental protection standards. Both production wastewater and domestic sewage are regularly sampled and analyzed for water quality. After confirming compliance with the inflow limits of the Ministry of Economic Affairs' Nangang (including Zhushan) Industrial Park sewage treatment plant, the wastewater is discharged into the park's sewer system and treated by the plant's system, ensuring no significant environmental impact. 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. Office water use is primarily for personnel activities.

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.



c. Set targets

Aim to reduce water consumption by **2%** annually.

b. Monitor water consumption

Track monthly water usage to determine the regular average consumption levels.

d. Conduct employee training

Raise employee awareness about water conservation and educate staff on how to save water, helping the Company better achieve its water-saving goals.

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.



(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.

Caption | Automatic Sensor Faucets

Caption | Automatic Sensor Urinals

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.

6-4-2 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. The discharged water quality complies with the influent limits set by the Nangang Wastewater Treatment Plant. The Company also regularly commissions third-party professional agencies to sample and analyze effluent quality, ensuring it meets standards before being discharged into the industrial park's sewer system. Each plant has obtained the necessary wastewater discharge connection certificates issued by the Nangang (and Zhushan) Industrial Park under the Ministry of Economic Affairs.



安美謙德環保股份有限公司
環境部許可證字號：環境部國環檢證字第056號

版：2.2
文件編號：L-0156-11
執行日期：113.10.01
電話：(04)2350-7780
傳真：(04)2350-6328

檢驗報告

報告編號 AR-24-MY-016136-01

報告日期 2024/12/11

聯絡人 林洛米

專案編號 GE113WA04710

客戶名稱 鑫永銓(股)公司

採樣單位 安美謙德環保股份有限公司(許可證

檢測目的 定檢申報

字號：環境部國環檢證字第056號)

採樣地址 南投市南崗三路292號

收樣時間 2024/11/22 16:14

受檢單位 鑫永銓(股)公司第三廠

業別：



樣品編號：983-2024-11001924

採樣方法：-

樣品描述：原廢水

客戶樣品編號：

採樣地點 南投市南崗三路292號 原廢水

採樣時間 2024/11/22 14:36

樣品特性 液體

	結果	單位	定量極限	檢測極限	最大限值
MY04V pH值, 外 方法：NIEA W424.53A	7.6				
MY04S 水溫, 外 方法：NIEA W217.51A	32.8	°C			
MY02N 悬浮固體 方法：NIEA W210.58A	20.8	mg/L	1		
MY04T 化學需氧量 方法：NIEA W517.55B	279	mg/L	5.4		
MY047 生化需氧量 方法：NIEA W510.55B	150	mg/L	1.0		

樣品編號：983-2024-11001925

採樣方法：NIEA W109.53B

樣品描述：放流水

客戶樣品編號：

採樣地點 南投市南崗三路292號 放流水

採樣時間 2024/11/22 14:11

樣品特性 液體

	結果	單位	定量極限	檢測極限	最大限值
MY04V pH值, 外 方法：NIEA W424.53A	7.6				
MY04S 水溫, 外 方法：NIEA W217.51A	23.2	°C			
MY02N 悬浮固體 方法：NIEA W210.58A	<1	mg/L	1		
MY047 生化需氧量 方法：NIEA W510.55B	3.4	mg/L	1.0		
MY048 化學需氧量 方法：NIEA W515.55A	17.3	mg/L	2.0		

行號代碼
GEWA24110136

報告專用章
安美謙德環保股份有限公司
負責人：邱子樞
檢驗室主任：廖鈞輝

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Caption | Certificate of compliance for wastewater discharge

6-4-3 Water Usage Overview

In 2024, the total water withdrawal of HYC was 10,999 cubic meters, representing a 20.6% decrease compared to 2022. Moving forward, the Company will continue to reduce water usage by 5% and consider introducing water recycling measures to mitigate the impact of water shortages on operations.

a. Total Water Withdrawal

Withdrawal Source	2024	2023	2022
Tapwater	10,999	10,344	13,858
Total Water Withdrawal	10,999	10,344	13,858

Note1: Unit: thousand cubic meters.

b. Total Water Discharge

Withdrawal Source	2024	2023	2022
Tapwater	8,799	8,275	11,086
Total Water Withdrawal	8,799	8,275	11,086

Note 1: Unit: thousand cubic meters.

Note 2: Total Water Consumption = Total Water Withdrawal –

Total Water Discharge. In 2024, the total water consumption was 2,200 thousand cubic meters.

6-5 Waste Management

6-5-1 Waste Management or Reduction Targets

HYC 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's waste primarily originates from office activities and production processes. Waste from office activities does not pose significant environmental, social, or health impacts. Since its establishment, the Company has never experienced any serious incidents involving the leakage of waste or other hazardous substances.

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.



Caption | ISO 14001 Environmental Management System Certificate



6-5-2 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.

6-5-3 Waste Generation Overview

Waste Categories



Non-Recyclable Waste

Includes general industrial waste, mixed rubber waste, etc.



1



Recyclable Waste

Includes waste rubber, waste paper, scrap iron, aluminum cans, and food waste.



2

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	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 processing flowchart

Waste rubber processing flowchart



Waste Generation Overview

In 2024, HYC's total waste volume was **514.88** tons, a decrease of **48.06** tons compared to 2023, representing an **8.5%** reduction. This meets the annual reduction target of **5%**. 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.

Waste rubber generated from conveyor belt production:

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. General business waste is collected twice a week, with online reporting conducted in accordance with waste disposal regulations.

Domestic waste and general business waste from the plant:

In accordance with waste disposal regulations, HYC entrusts domestic waste and general business waste to qualified waste removal and treatment agencies approved by the Ministry of Environment for proper handling.



Domestic waste and general business waste from the plant:

Handled by a legally established third-party waste disposal contractor. The contractor is required to provide copies of waste removal permits, names and license numbers of technicians in the contract to ensure that disposal complies with the Ministry of Environment's regulations and is conducted legally. Household and general business waste are treated using incineration methods.



Item	Category	2024	2023	2022
Quantity	Non-hazardous industrial waste - (waste rubber) - Recycled	462.16	507.21	566.41
Quantity	Non-hazardous industrial waste - (household and general business waste) - Incineration treatment	52.72	55.73	67.08
Quantity	Total quantity	514.88	562.94	633.49

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.





07



APPENDIX

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Hsin Yung Chien Co., Ltd. 2024 | ESG Sustainability Report

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ESG SUSTAINABILITY REPORT

HSIN YUNG CHIEN CO., LTD.

