

2024

ESG Report

Environmental Social Governance



聚隆纖維股份有限公司
Acelon Chemicals & Fiber Corporation

ISO-9001 Oeko-Tex



Acelon Chemicals & Fiber Corp.

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Chapter 1: About This Report

1.01 Message from the Management

For the world, 2024 was a year full of turbulence and challenges. Geopolitical conflicts, changes in U.S. tariff policies, sharp exchange rate fluctuations, and rising raw material costs have brought unprecedented pressure to export-oriented industries. In such an environment, we have continued to uphold the principle of prudent management, steadily advance our core strategies, and remain committed to sustainable development.

Looking back at 2024, we continued to invest in production efficiency optimization and energy-saving/carbon-reduction initiatives. We have completed carbon footprint verification and started implementing energy-saving and carbon-reduction measures based on the results. We have continued to comply with GRS certification to expand recycled products, gradually introduced robotic process automation to reduce employee workload, invested in the development of green-economy raw materials and processes, implemented waste recycling and reuse, and carried out energy efficiency improvement projects to reduce carbon emissions per unit of product, while enhancing production flexibility and product yield.

In terms of operational results, although overall revenue faced pressure from raw material price fluctuations and market competition, the company leveraged its long-accumulated R&D strength and customer relationships to gradually achieve results in its investment in Ju-Tai Environmental Materials Technology Co., and managed to return to profitability in 2024. In 2024, we continued to develop several environmentally friendly products, such as recyclable polyester filament and dope-dyed fibers from various materials, combined with various functional fibers.

Looking ahead to 2025, we will continue to uphold our management philosophy of “creating the greatest value for shareholders and employees,” focusing on the following strategies:

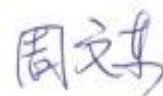
1. **Further advancement in green transformation:** In addition to existing solar facility expansion plans, the company has also built an energy storage system to enhance electricity use efficiency and carbon management capabilities.
2. **Deepening AI and smart manufacturing:** We will expand AI applications in production monitoring and energy dispatching, further advancing plant-wide digitalization, and strengthening operational flexibility and rapid response capabilities.



3. **Optimizing carbon management and ESG governance structure:** The company established the Sustainability Development Committee in 2022 to comprehensively promote departmental collaboration and cross-unit carbon reduction projects, actively driving related ESG initiatives. From 2021 to 2024, carbon emissions have been reduced by 24.93%, moving toward the net-zero target.
4. **Diversified market deployment and risk management:** In the current unstable global trade environment, we continue to monitor market risks and exchange rate fluctuations, strengthen domestic and overseas supply chain management, and plan overseas production bases to reduce the impact of inflation and tariffs.
5. **We understand that “talent is the most critical capital of an enterprise,”** and therefore we have always regarded employees as partners in achieving sustainable value. In 2024, we continued to invest in employee welfare and career development, expanding benefits such as regular health checkups, childcare subsidies, and group insurance programs. We also promoted flexible working hours, competency training, and digital learning platforms to create a safe, warm, and growth-oriented workplace. In addition, we established R&D bonuses and performance incentive systems to encourage cross-departmental collaboration and innovation, enabling every employee to realize self-worth while sharing achievements with the company.

We firmly believe that a company's success is no longer measured solely by financial figures, but by its ability to continuously create long-term, diversified, and resilient value. Seeking breakthroughs amid challenges and keeping our commitments amid change is our responsibility and mission to all shareholders, employees, and society. I sincerely thank all shareholders, customers, and partners for their support, and thank all colleagues for their perseverance and effort in difficult times. In 2025, we will move forward with stronger determination and higher standards, not only stabilizing our foundation but also advancing toward green economy and digital transformation goals, to create a more sustainable future for shareholders and employees.

Chairman



1.02 About the Company

1.02.1 Company Profile

- ✧ The company was founded in July 1988, and in November of the same year purchased the current site of the Puyan Plant for establishment. In December 1992, construction of the Fangyuan Plant was completed and production began. In December 2009, the Douliu Plant was acquired.
- ✧ In June 2011, the company invested in its subsidiary Ju-Tai Environmental Materials Technology Co., Ltd., developing its own “cellulose fiber,” mainly producing Lyocell cellulose filament yarn, PP non-woven fabric, and protective face masks.
- ✧ In December 2013, the company established its subsidiary Ju-Ju-Mao Biotechnology Co., Ltd., focusing on the design and development of ultra-fine functional fiber products.

Company Name		Acelon Chemical & Fiber Corporation
Date of Establishment		July 1988
Date of Listing		April 1998
Stock Code		1466
Business Locations	Headquarters Address	No. 94, Fanjin Road, Yongle Village, Puyan Township, Changhua County, Taiwan
	Puyan Plant Address	Same as above
	Fangyuan Plant Address	No. 45, Gongqu Road, Houliao Village, Fangyuan Township, Changhua County, Taiwan
	Douliu Plant Address	No. 150, Dogong 10th Road, Douliu City, Yunlin County, Taiwan
	Changhua Office	No. 105-4, Zhanglu Road, Changhua City, Changhua County, Taiwan
Industry Category		Textile Industry
Chairman		Mr. Wen-Tung Chou
Main Products and Services		Nylon filament yarn, polyester filament yarn, nylon textured yarn, polyester textured yarn, ultra-fine composite filament yarn, recycled eco-friendly yarn (GRS), dope-dyed fibers (colored yarn).
Paid-in Capital		NT\$ 1,111,573 thousand
Number of Employees		321 people

2. Overview of the Value Chain

- ✧ The company operates in the mid-to-upstream segment of the textile industry, offering a complete range of chemical fiber products. It can produce in small quantities with high variety, meet customized requirements with high production flexibility, and produces its own primary stage filament yarn for use in secondary textured yarn processing, ensuring cost competitiveness.
- ✧ Since 2016, the company has continuously promoted circular economy products by using recycled materials to produce nylon textured yarn and polyester textured yarn, contributing to environmental protection, and has obtained Global Recycled Standard (GRS) certification.

Value Chain Overview

Value Chain	Type	Quantity
Suppliers	Supplier Companies	270
Customers	Customer Companies	299
Other Business Relationships	Invested Subsidiaries	3

1.03 Report Information

1.03.1 Basis of Compilation

This report is prepared with reference to the Global Reporting Initiative (GRI) Standards and the “Guidelines for the Preparation and Submission of Sustainability Reports by Listed Companies” issued by the Taiwan Stock Exchange, with corresponding index tables provided in the appendix.

1.03.2 Reporting Period and Frequency

The reporting period of this report is consistent with the financial statements, covering January 1, 2024 to December 31, 2024. To ensure completeness and comparability, certain sections may include information outside this reporting period, with notes provided in the respective sections.

The company will publish its sustainability report annually and disclose it on the company website.

Previous report release date: August 2024

Current report release date: August 2025

1.03.3 Report Boundary and Scope

The scope of this report covers Acelon Chemical & Fiber Corporation (hereinafter referred to as “Acelon”), including the Changhua Office, Puyan Plant, Fangyuan Plant, and Douliu Plant, and does not include consolidated subsidiaries.

Basis for Report Data Compilation

Financial Data	The statement of economic value distribution is based on audited individual financial report data. Unless otherwise stated, financial data is presented in NT\$ thousands.
Environmental Data	Greenhouse gas emissions data is based on internal audits following ISO 14064-1:2018; water and waste statistics are based on data reported by each operating site to local authorities.
Other Data	Aggregated data compiled from self-reports by each operating site.

1.03.4 Restatement of Information

No restatement of information.

1.03.5 External Assurance

This report has not been assured by an independent third-party verification body.

1.03.6 Responsible Department for the Sustainability Report

If you have any questions regarding this report, please contact:

Contact Department: Office of the General Manager

Contact Person: Ms. Hsiao

Tel: +886-4-7638869 ext. 5201

Email: mulan@acelon.com.tw

ESG Section of the Company Website: <https://www.acelon-yarn.com/zh-tw/csrs>

Address: No. 105-4, Zhanglu Road, Changhua City, Changhua County, Taiwan

Chapter 2: Sustainable Operations

2.01 Corporate Sustainability Philosophy

Acelon Chemical & Fiber Corporation adheres to the philosophy of integrity, innovation, and environmental stewardship. We recognize that sustainable business growth must integrate environmental protection, social responsibility, and economic development. Our sustainability strategy aims to create long-term value for shareholders, employees, customers, and society by embedding ESG principles into all aspects of corporate governance, operations, and product development.

The Company attaches great importance to the sustainable development goals advocated by the United Nations and is actively implementing them. In 2024, the Company had no major violations of relevant laws and regulations, including no violations of laws and regulations in the social and economic fields, no violations of health and safety regulations for products, no violations of product information and labeling regulations, and no violations of marketing and communication regulations.

Sustainability Goal Management System and Verification

Category	Name	System name	Progress Schedule	Sustainable Vision
Environmental Sustainability	ISO 14001	Environmental management system	Verification completed in 2024	Environmentally friendly
	ISO 50001	Energy management system	Verification completed in 2024	Improve energy efficiency
	ISO 14064-1	Greenhouse gas inventory	Implementation in 2021	Energy conservation and carbon reduction
	ISO 14067	Product carbon footprint	Carbon footprint verification and certification for nine product categories in 2023	Energy conservation and carbon reduction
	GRS	Global recycling standards	Verification completed in 2024 Continuous expansion of recycled products	Environmentally friendly
	Oeko-Tex Standard 100	Oeko-Tex Standard 100	Valid period: July 16, 2024 - July 15, 2025	Environmentally friendly
Social Responsibility	ISO 45001	Occupational health and safety management systems	Verification completed in 2024	Zero workplace accidents
	RPA	Robotic process automation	Introduction in 2021 Workflow streamlined and expanded	Creating a happy workplace

Category	Name	System name	Progress Schedule	Sustainable Vision
	E-learning	E-learning system	Completed in 2024	Creating a happy workplace
	MES	DTY machine networking	Completed in 2024	Creating a happy workplace

Corporate Governance	Sustainability Committee	Set up a sustainability committee	Established in 2022	Improve corporate governance
	Company's external communications and information disclosure are aligned with international standards.	Preparation of company annual reports, financial reports, and shareholder meeting manuals	2 Chinese and English versions to be compiled in 2023	Improve corporate governance

External Initiatives

The Global Recycled Standard (GRS), initiated by the Textile Exchange and championed by major brands, promotes a circular economy based on waste recycling and reuse, fostering environmental friendliness. It is an international, voluntary, and comprehensive product standard that specifies third-party certification requirements for recycled content, chain of custody, social and environmental practices, and chemical restrictions. Its goal is to increase the use of recycled materials in products and reduce or eliminate production hazards. Our company has been GRS-certified since 2016, actively promoting the reuse of recycled materials and continuously expanding its use of recycled materials, leveraging its influence to reduce environmental harm from waste while also avoiding ecological damage. Our company's participation in external initiatives is listed in the table below.

The company's goal is to increase sales year by year, with product promotion as the main focus. For details, please refer to Sections 4.08.05 Marketing Development and 4.08.06 Green Manufacturing.

External initiatives

Our company has obtained the Global Recycled Standard (GRS) certification

2.02 Mechanisms for Promoting Sustainable Development

2.02.1 Promoting Sustainable Development Governance Structure

To implement its ESG vision and mission, our company has established a Sustainability Committee as its internal sustainability governance unit. The Committee consists of the Chairman, three independent directors, and three senior executives (Director, Vice President of Sales, and Vice President of Production). The Sustainability Committee has established its organizational charter, sustainable development code of practice, and sustainable information management regulations, which have been approved by the Board of Directors. These regulations regulate the Committee's powers, responsibilities, and obligations. These committees are primarily responsible for managing, resolving, and overseeing the governance strategies, policy implementation effectiveness, and target achievement rates for major ESG issues related to the company's operations. The committee reports implementation results to the Board of Directors on a semi-annual basis. The Board of Directors must assess the likelihood of success of these strategies, regularly review their progress, and urge the management team to make adjustments when necessary.

The Sustainability Committee, chaired by the Chairman, oversees five executive teams, each focused on corporate governance, partnerships, employee care, environmental sustainability, and social prosperity. Each team is led by a senior executive. Each team is responsible for identifying significant ESG issues related to the company's operations, developing management strategies and objectives, and compiling an annual sustainability report. The CEO regularly reviews the team's performance and goal achievement, reporting semi-annually to the Sustainability Committee.

Sustainable Development Committee Organizational Structure

- **Board of Directors**
- **Sustainable Development Committee**
- **Committee Chairman** (Chairman of the Board)
- **Committee Vice-Chairman** (Independent Director)
- **Chief Executive Officer** (Chief Administrative Officer, VP of Business, VP of Production)

5 key areas of promotion

- **Corporate Governance**
- **Partnership Relations**
- **Employee Care**
- **Sustainable Environment**
- **Social Co-prosperity**

Group	Responsibilities	Key areas of focus	Responsible units
Corporate Governance (Directed by General Manager Lin)	With sustainable operations as the primary focus, we will drive and implement corporate governance.	Corporate governance, internal auditing Regulatory compliance, risk management	Chairman's Office, Finance Department, Audit Office, Legal Affairs Team, Information Department
Partnerships (Directed by Deputy General Manager Lai)	We will leverage our corporate influence to collaborate with upstream and downstream manufacturers to promote sustainable practices, continuously improving product quality and meeting customer expectations.	Customer relations, supply chain management, marketing, R&D and innovation	Business Department, Marketing Department, R&D Department, Materials Department
Employee Care (Directed by General Manager Lin)	With the goal of achieving win-win outcomes for both management and employees and fostering shared growth, we will promote employee benefits and foster a safe and healthy workplace environment.	Employee benefits, career planning, occupational safety, human rights management	HR Department, Safety and Health Department
Sustainable Environment (Directed by Deputy General Manager Zhou)	Formulate relevant environmental protection policies, address the risks and opportunities of climate change, and plan and implement various response measures.	Environmental protection, energy conservation and carbon reduction, water resource management, waste management	Production Department, Engineering Department, Management Section
Social Prosperity (Directed by General Manager Lin)	Utilize corporate resources to care for local communities and promote social prosperity, fulfilling our corporate social responsibility.	Local care, social welfare, industry-university collaboration	HR Department, Management Section

2.02.2 Sustainability Development Committee operational Status

In addition to routine ESG strategy implementation reports, when significant ESG events occur, such as major complaints or serious negative impacts, the Sustainability Committee must submit the relevant department's investigation findings and response measures to the Board for discussion. In 2024, the Sustainability Committee held three meetings, with an average attendance rate of 100%. The meeting times and content are detailed in the table below.

The Sustainability Committee has submitted relevant proposals for the year 2024 to the Board of Directors:

Meeting Date	Discussion Subject	Resolution Result	Company Opinion
May 10, 2024 Fifth Session of the First Session	1. Plan for the Company's 2023 Sustainability Report. 2. Report on the Company's proposed 2024 sustainability development initiatives. 3. Amendment to the Company's "Sustainability Code of Practice."	All members present agreed to approve the resolution.	Proceed according to meeting resolution
August 9, 2024 First Session of the Second Session	1. Preparation of the Company's 2023 Sustainability Report.	All members present agreed to approve the resolution.	Proceed according to meeting resolution
November 8, 2024 Second Session of the Second Session	1. Establishment of the Company's "Sustainability Information Management Regulations." 2. The Company's 2024 Sustainability Implementation Report.	All members present agreed to approve the resolution.	Proceed according to meeting resolution

Our company ESG Performance Summary

Year/Month	Project
2015/01	The "Product Carbon Footprint Verification Statement" has been verified by BSI Taiwan Branch and has obtained a reasonable assurance level for five major product categories.
2015/12	Our company signed its first collective agreement with the company union.
2016/02	Our company received GRS certification for its Global Recycled Textile System.
2021/12	Our company received the 18th National Innovation Award for its "Natural Cellulose Fiber with Recycled Cellulose."
2022/08	Our company's 2011 Sustainability Report was verified by BSI (British Standards Institution).
2022/12	Our company has passed the SGS ISO 14067 product carbon footprint verification.
2023/04	Our company has also passed the SGS ISO 14001 environmental management system certification.
2023/04	Our company has also passed the SGS ISO 45001 occupational health and safety management system certification.
2023/04	Our company has received the Ministry of Economic Affairs' Science and Technology Research and Development Project's Industrial Upgrading Innovation Platform Mentoring Program (Thematic R&D Program) Industrial Low-Carbon Transformation Promotion Program - Textile Industry Subsidy for its "Integrated Carbon Reduction Strategy Demonstration Project for Traders, Suppliers, and Manufacturers."

Year/Month	Project
2023/12	Our company's "Natural Cellulose Fiber with Recycled Cellulose" received the 2023 National Innovation Award.
2023/12	Our company's "Natural Cellulose Fiber with Recycled Cellulose" was patented by the Intellectual Property Office of the Ministry of Economic Affairs.
2023/12	Our company's "Smart Thermostatic Fiber" received the 20th National Innovation Award.
2024/12	Received the Bronze Award in the 2024 17th TCSA Taiwan Corporate Sustainability Award - Sustainability Report - Traditional Manufacturing - Category 2.
2024/12	Our company received the 2024 National Innovation Excellence Award for "Natural Cellulose Fiber with Recycled Cellulose."

2.03 Board of Directors and Functional Committees

2.03.1 The Role and Achievements of the Board of Directors in Sustainable Governance

2.03.1.1 Role and Supervision of Sustainable Governance

1. Board Oversight of Sustainability Projects

The Board of Directors is responsible for guiding long-term business strategies and overseeing the company's operations. Each year, the Sustainability Committee formulates sustainability strategies based on key issues and the company's business vision, reports to the Board, and, upon approval, issues relevant policies.

The Sustainability Committee of our company regularly conducts annual assessments of major issues. This questionnaire is distributed to senior management, investigating the impact of various ESG issues on the economy, environment, and population. The committee analyzes the major issues identified for the year and reports them to the Board of Directors. The Sustainability Committee's subgroups are responsible for developing sustainability project policies, risk assessments, and response strategies. Each subgroup holds quarterly meetings to review risk changes and management status, and reports on the implementation of sustainability projects. The Chairperson of the Sustainability Committee then summarizes this information and reports it to the Board of Directors.

2. Sustainability Report Management

Each year, the Sustainability Committee's various teams collect relevant content and data. Each team's CEO reviews the data, and the General Manager's Office compiles the information. This information is submitted annually to the Board of Directors for review and approval before publication.

2.03.1.2 Performance Evaluation of Sustainability Management Supervision

To strengthen corporate governance and improve the operational effectiveness of the Board of Directors, Acelon Chemical & Fiber Corporation has established the "Board Performance Evaluation Guidelines." The company conducts annual evaluations of the Board of Directors and its functional

committees, covering the following aspects: participation in company operations, enhancement of decision-making quality, composition and structure of the Board, selection and continuing education of directors, and internal control.

Each director conducts a self-evaluation of the performance of the Board (including functional committees) using a questionnaire. Upon collection of all responses, the Board Secretariat refers to directors' attendance and relevant data to conduct the evaluation, and submits the results to the Board. In 2024, the performance evaluation results for the Board of Directors and its functional committees (including the Audit Committee, Remuneration Committee, and Sustainability Development Committee) were all rated as "Excellent." The self-assessment results indicate positive evaluations of the efficiency and effectiveness of the Board's operations, demonstrating the company's achievement in strengthening board performance and meeting corporate governance standards.

Performance evaluation covers three main aspects:

1. Professional Competence and Decision-Making Effectiveness:

The Board has four independent directors, with diverse professional backgrounds in taxation, law, accounting, and the textile industry.

2. Supervision of Internal Controls:

To effectively fulfill the functions of the Board, the company has established the Audit Committee, Remuneration Committee, and Sustainability Development Committee.

The performance evaluation and remuneration system standards and structure for directors and managerial officers are set by the Remuneration Committee. After reviewing individual performance and contributions to the company, the committee determines the appropriateness of compensation and submits its recommendations to the Board for approval.

The Audit Committee, composed entirely of independent directors, assists the Board in enhancing corporate governance performance. Its responsibilities include establishing or amending internal control systems, handling procedures for major financial transactions such as asset acquisitions or disposals and derivative trading, and evaluating the effectiveness of internal control systems.

To implement corporate social responsibility and sustainable operations, the company established the Sustainability Development Committee in May 2022 to assist the Board in formulating the company's sustainability development direction and goals, as well as developing related management guidelines and specific implementation plans.

3. Commitment to Sustainable Operations:

The Sustainability Development Committee, jointly led by the Chairperson and managerial officers, promotes sustainability actions and regularly reports implementation progress to the Board to ensure strategy execution and continuous oversight. In addition, ESG audit indicators are incorporated into managerial performance evaluations to reinforce the achievement of ESG objectives.

2.03.1.3 Continuing Education on Sustainable Development

To enhance the professional expertise and capabilities of directors, and in accordance with legal requirements, the Company arranges at least two director training sessions each year. In 2024, the Company engaged professional lecturers through Deloitte & Touche to conduct two courses:

- On **2024/06/21**, “Business Considerations and Legal Risk Analysis in Corporate Decision-Making”
- On **2024/08/09**, “The Key to Corporate Sustainability – External Innovation”

A total of 11 directors participated in these training sessions in 2024. In addition, some directors pursued external training independently. The total number of training hours for the year reached **87 hours**.

Through these training programs, the Board of Directors continually enriches its knowledge base, enabling members to respond promptly and effectively to external environmental challenges, thereby ensuring the effective implementation of corporate governance systems.

Details of director training can be found in pages 32–34 of Acelon’s Annual Shareholders’ Meeting Report.

Director Participation in Sustainability-Related Training

Type	Date	Course/Seminar Title	Hours
In-person	2024/08/09	The Key to Corporate Sustainability – External Innovation	3



2.03.2 Board Structure and Operations

2.03.2.1 Members and Diversity

To ensure diversity among members of the Board of Directors, and to enable comprehensive review and discussion of issues related to industry, economy, environment, and society, the selection of board members takes into account candidates with different professional backgrounds, forward-looking perspectives, leadership capabilities, knowledge of industry trends, and gender diversity.

Currently, the Board comprises 11 directors (including 3 corporate directors and 4 independent directors), of which 3 are female directors (27% of total members) with an average age of 48, and male directors account for 73% with an average age of 62. The average age of all board members is 58.

Among them, 3 directors (27%) also hold employee status within the company. The average tenure of independent directors is 3.4 years, and no independent director has served more than three consecutive terms. Board member elections or re-elections are conducted periodically to appoint suitable candidates.

The Company's Board of Directors consists of members with professional backgrounds, specialized skills, and industry experience. In accordance with the Company Act and the Company's Articles of Incorporation, suitable candidates are elected at the Shareholders' Meeting for a three-year term. To maintain diversity and the capability to address industry, economic, environmental, and social topics, the selection process prioritizes candidates with diverse professional expertise, forward-looking insights, leadership abilities, and knowledge of industry trends. Leveraging each director's expertise and extensive industry experience, the Board diligently fulfills its supervisory responsibilities, strengthens corporate governance and operational systems, protects shareholder rights, and implements the Company's business development and major decisions with prudence and self-discipline.

Board Member Composition

Item	Category	Percentage
Gender	Male	73%
Gender	Female	27%
Age	30–55 years	64%
Age	56 years and above	36%

Implementation of diversity of board members at Acelon																		
Core items of diversity	Nationality	Gender	Concurrent position as employee of the Company		Age			Service Term of Independent Directors			Industry experience				Professional competence			
Name of Director								Less than 3 years	3 to 9 years	Over 9 years	Environment safety	Textile fiber	Financial investment	Machinery industry	Sales and marketing	Industry Knowledge.	Finance	Operations management
Wen-Tung Chou	ROC	Male	✓				✓					✓		✓	✓		✓	
Ming-Yi Lai	ROC	Male	✓				✓					✓		✓	✓		✓	
Yu-Long Shih	ROC	Male					✓							✓			✓	
Yi-Sheng Lin	ROC	Male					✓						✓		✓			
Ya-Hui Shih	ROC	Female					✓							✓			✓	
Wen-Po Yang	ROC	Male						✓				✓					✓	
Ping-Yi Chou	ROC	Female		✓										✓			✓	
Shui-Chin Chen	ROC	Male					✓				✓			✓			✓	
Wan-Chung Chen	ROC	Male							✓				✓			✓		✓
Ai-Hui Ke	ROC	Female					✓							✓		✓		✓
Cheng-Pei Kuo	ROC	Male						✓						✓			✓	

2.03.2.2 Operations

The primary responsibilities of the Board of Directors include reviewing major business and financial decisions, formulating important regulations, appointing and dismissing managerial officers, and setting ESG sustainability development goals and implementation approaches. The Board meets at least once per quarter on average to regularly review progress and make rolling adjustments as needed. The Board operates in accordance with relevant laws, the Articles of Incorporation, and the Board's Rules of Procedure, with relevant executives invited to report and external auditors invited to participate in communication and exchange.

Each responsible unit within the Company communicates and coordinates regularly with relevant stakeholders according to their business scope, gathering opinions and suggestions from stakeholders. This information is then relayed to the responsible internal units and management for discussion, serving as a reference for the Company's sustainable development strategy and corporate social responsibility policies. Internal business review meetings are held quarterly, and an annual strategy meeting is hosted by the Chairman to review and update the Company's medium- and long-term goals, set response strategies, and determine annual business performance targets.

In 2024, the Company convened five regular Board meetings and one extraordinary Board meeting, with an overall attendance rate of 94%. In compliance with materiality principles established by competent authorities, important resolutions are promptly disclosed in both Chinese and English on the Market Observation Post System (MOPS) for investor reference.

2.03.2.3 Nomination and Selection

As the highest governance body of the Company, the Board of Directors of Acelon Fiber Co., Ltd. formulates and adheres to relevant laws, regulations, and rules as empowered by the Shareholders' Meeting, and is responsible for formulating, supervising, and approving the Company's overall sustainability strategy and major resolutions.

The nomination and election of directors are conducted in accordance with relevant laws and the Company's Articles of Incorporation, adopting a candidate nomination system and following statutory procedures for public announcement and nomination. The qualifications and selection of independent directors comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Each term lasts three years.

For the 13th Board of Directors, candidates were nominated by the Board and shareholders meeting the statutory shareholding ratio, and elected at the Annual General Meeting on June 21, 2024. At the first extraordinary meeting of the 13th Board, all directors unanimously elected Mr. Wen-Tung Chou as Chairman and appointed him as President of the Company, leveraging his extensive experience

and leadership capabilities.

Material Topic: Corporate Governance Management Policy	
1. Policy :	Comply with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and relevant laws and regulations.
2. Responsibility :	The Board of Directors serves as the highest governance unit, responsible for formulating and implementing the corporate governance system.
3. Management :	Led by the Chairman, directing relevant departments to jointly promote corporate governance matters, including: (1) Formulating and implementing corporate governance systems, ensuring operational effectiveness and efficiency, reliability of financial reporting, and compliance with relevant laws and regulations through a robust internal control system. (2) Establishing a code of conduct for employees, requiring them to sign self-discipline statements. (3) Providing training sessions to enhance employees' awareness of legal compliance.
4. Goals Commitments :	Continuously strengthen corporate systems, enhance internal controls, and improve corporate governance performance.
5. Grievance Mechanisms :	(1) Investor communication channel: Investor Email: cmh@acelon.com.tw (2) Establishment of "Employee Complaint Guidelines" providing channels for reporting internal misconduct. Company Email: service@acelon.com.tw
6. Performance Evaluation Method and Results:	Internal audit staff review corporate governance matters related to the Board, Audit Committee, Remuneration Committee, and internal control systems, assessing deficiencies, improvement measures, and underlying causes to refine and revise the internal control system.

2.03.2.4 Avoidance of Conflicts of Interest

The Company's Board of Directors currently comprises eleven members (including four independent directors), with more than half not concurrently serving as employees or managerial officers. All Board members are able to apply their respective expertise and fulfill their responsibilities by focusing on understanding and supervising Company affairs. Where any agenda item involves a director or senior management personnel's own interest, they are required to proactively disclose any potential conflicts of interest with the Company and must abstain from discussion and voting on the matter. They are also prohibited from acting as proxies to exercise voting rights on behalf of other directors.

To prevent conflicts of interest at the highest governance level, the Company's Legal Department and the Board Secretariat assist the Board and management in formulating and supervising the implementation of integrity management policies and codes of conduct, and report at least annually to the Board on compliance. They also assist in auditing and assessing whether preventive measures for integrity management are effectively implemented. Since its establishment, Acelon's Board has never had any violations of conflict-of-interest regulations. Directors, managerial officers, and employees are all obligated to act in the best interest of Acelon Fiber Co., Ltd. to avoid any conflicts of interest.

Information related to conflicts of interest—such as directorships held by directors or management in other companies, cross-shareholdings with suppliers or other stakeholders, controlling shareholders, transactions with stakeholder groups, and outstanding balances—is disclosed in the Company's 2024 Annual Shareholders' Meeting Report, pages 5–12.

2.03.2.5 Remuneration Policy

1. Structure and Determination Process for Board Remuneration

In accordance with Article 14, Item 14 of the Company's Articles of Incorporation: "Director remuneration shall be handled in accordance with Article 196 of the Company Act. The Board of Directors is authorized to determine the remuneration based on the degree of participation in the Company's operations, the value of their contributions, and by reference to industry standards. The Chairman's remuneration shall be calculated based on the same standard as that of the President. Other directors' remuneration shall not exceed the highest salary grade in the Company's employee salary table."

Independent directors receive fixed remuneration, while other directors may receive an additional fixed monthly payment. The "Board Performance Evaluation Measures" serve as the basis for evaluating each director. In addition to considering the Company's overall operating performance (financial indicators: operating profit, profit before tax, and net profit after tax), future industry risks and development trends are also taken into account. Director performance metrics include attendance rates for Board and functional committee meetings, participation rates in director training programs, contributions to corporate strategy, risk assessments of future operations, guidance on Company operations and practices, adherence to integrity, and absence of any actions that could cause reputational damage. Reasonable remuneration is determined based on each director's contribution to the Company's performance, reviewed by the Remuneration Committee, and approved by the Board in compliance with legal requirements. The remuneration payment system is reviewed periodically based on actual operating conditions and relevant laws to balance sustainable operations with risk

control. For details of 2024 director remuneration, director remuneration bands, and distribution standards, please refer to the Company's 2024 Annual Report, pages 17–19.

The salaries of managerial officers are determined by the Remuneration and Nomination Committee, which takes a professional and objective position by referencing standard industry practices and considering individual performance evaluations, time committed, responsibilities, performance in other positions, achievement of the Company's short- and long-term goals, financial condition, and the relationship between personal performance, corporate performance, and future risks.

Recommendations are submitted to the Board for decision-making reference. For details on 2024 executive compensation and remuneration bands, please refer to the Company's 2024 Annual Report, pages 20–21.

2. Remuneration Ratios

The Company's employee remuneration structure consists of base salary, performance bonuses, employee stock options, other long-term incentives, and year-end bonuses.

For 2024, the median salary, average salary, and year-on-year changes for non-supervisory employees were as follows:

Non-Supervisory Employees	2024	2023	Change (%)
Headcount (persons)	291	298	-2.35%
Median Salary (NT\$ '000)	606	550	10.18%
Average Salary (NT\$ '000)	611	570	7.19%

Detailed information on the salaries of non-supervisory employees has been disclosed on the Market Observation Post System (MOPS) under Summary Reports → Corporate Governance → Employee Benefits and Salary Statistics → Full-time Non-Supervisory Employee Salary Information.

(<https://mops.twse.com.tw/mops/#/web/t100sb15>)

2.03.3 Structure and Operations of Functional Committees

1. Remuneration Committee

The Company's Remuneration Committee is composed of three independent directors, with a gender ratio of 2:1 (male to female). It is responsible for assisting the Board of Directors in formulating policies, systems, standards, and structures for performance evaluation and remuneration of directors and managerial officers. Through this committee, the Company regularly evaluates and reviews performance assessments, salaries, bonuses, and remuneration distribution methods for employees, managerial officers, and directors, and compares them with industry standards. Recommendations

are then submitted to the Board for discussion. In 2024, the Remuneration Committee convened two meetings, with an attendance rate of 100% for all members.

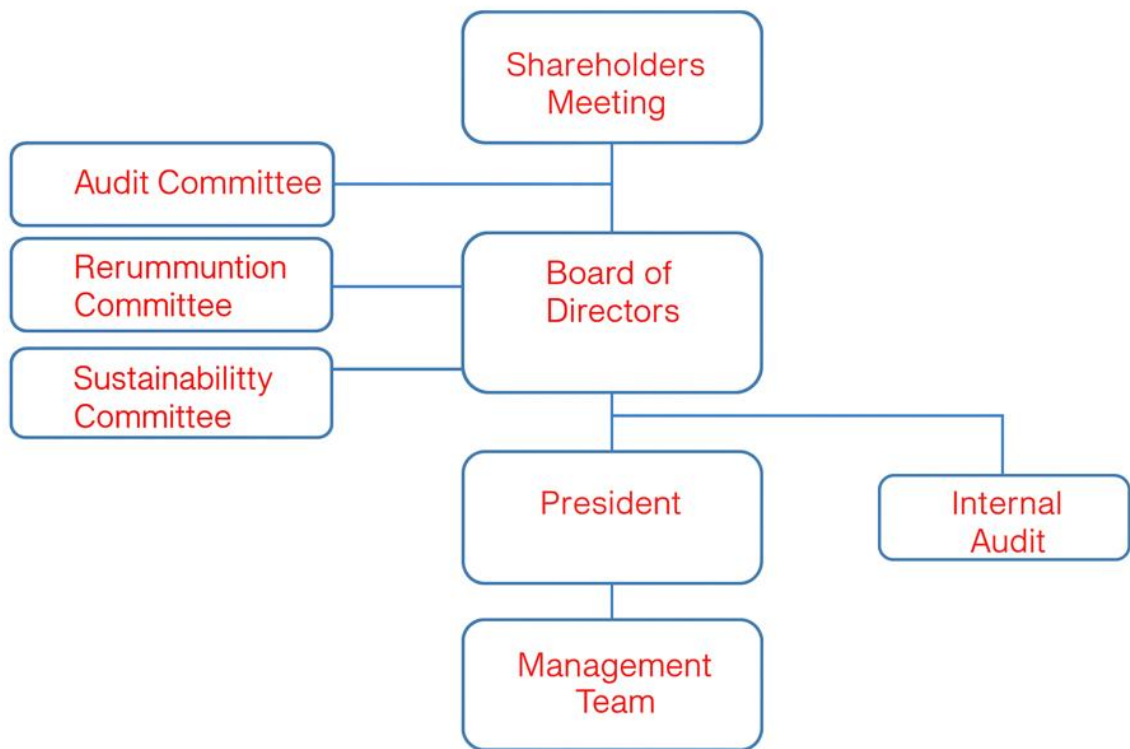
2. Audit Committee

The Company's Audit Committee consists of four independent directors, with a gender ratio of 3:1 (male to female). Its purpose is to assist the Board in enhancing corporate governance performance. Its duties include: establishing or amending internal control systems; procedures for acquiring or disposing of assets; handling significant financial transactions involving derivative instruments; evaluating the effectiveness of the internal control system; overseeing the truthful representation of financial statements; monitoring the effective implementation of internal controls; ensuring compliance with laws and regulations; assessing the Company's management of existing or potential risks; and appointing, dismissing, and evaluating the independence and performance of certified public accountants. The Audit Committee meets at least once every quarter. In 2024, it convened five meetings, with an attendance rate of 100% for all members.

3. Sustainability Development Committee

To fulfill its corporate social responsibility and commitment to sustainable operations, the Company established the Sustainability Development Committee in May 2022. Its purpose is to assist the Board in executing and formulating the Company's sustainability direction and objectives, as well as developing related management policies and specific implementation plans. In 2024, the Sustainability Development Committee held three meetings, with an attendance rate of 100% for all members.

In recent years, the Company has continuously improved transparency in corporate governance and increased social engagement, openly receiving feedback and suggestions from various stakeholders, and steadily moving forward. The goals of social co-prosperity, sustainable operations, and fulfilling corporate social responsibility remain the Company's long-term commitments. Through a sound and efficient corporate governance system, the Company aims to enhance operational performance and safeguard shareholder rights. Each functional committee effectively fulfills its respective responsibilities to further strengthen corporate governance and improve the quality of Board decision-making.



Chapter 3. Stakeholders and Material Topics

3.01 Stakeholder Engagement

The Company's Sustainability Development Task Force identifies stakeholders and material topics, using surveys to understand stakeholders' concerns. The selection of stakeholders and material topics is approved by senior management to ensure that the Company's sustainability direction and reporting align with stakeholder expectations.

In reference to the AA1000 Stakeholder Engagement Standard (AA1000 SES 2015), the Company evaluates stakeholders based on five key principles: Dependency, Responsibility, Tension, Influence, and Diverse Perspectives. This approach identifies groups or organizations that have an impact on, or are impacted by, the Company.

In 2020, a total of 130 valid survey responses were collected, identifying seven major categories of stakeholders. The stakeholders directly relevant to the Company are shown in the accompanying chart.



To understand and respond to stakeholders' concerns, the Company maintains various communication channels to enable continuous dialogue. This allows stakeholders to express their opinions at any time, ensuring their sustainability-related concerns are addressed.

3.02 Process for Determining Material Topics

The Company follows the AA1000 Accountability Principles of Materiality, Inclusivity, Responsiveness, and Impact, and adheres to GRI 3: Material Topics 2021. The Company further evaluates the significance of economic, environmental, and human rights impacts through the following steps:

Step 1: Understanding the Organizational Context

The Company considers key operational elements, critical resources, supply chain and value chain components, as well as international sustainability trends and industry focus areas identified by global investment rating agencies. This process consolidated 20 sustainability topics, as shown in the table below.

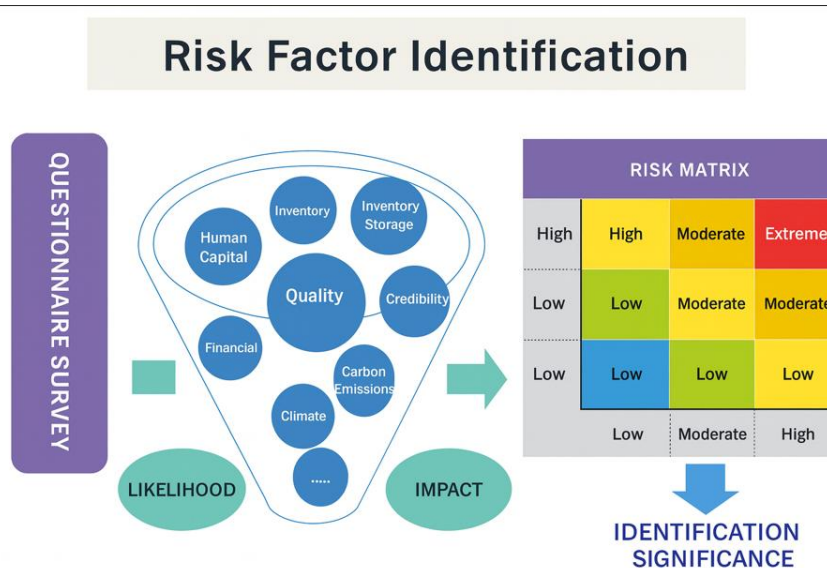


Item	Risk Category Code	Risk Category	Risk Factor Issue
1	G	Internal Control Risk	Misappropriation and fraud, integrity management
2	G	Financial Risk	Economic risks (e.g., interest rate changes, exchange rate fluctuations, inflation)
3	G	Financial Risk	Financing risks (e.g., credit and solvency)
4	E	Operational Risk	Potential natural or man-made disasters (e.g., typhoons, fires, extreme climate)
5	G	Operational Risk	Research and development
6	G	Operational Risk	Litigation or non-litigation events
7	G	Operational Risk	Market competition (e.g., business model changes due to competition impacting the company)
8	G	Operational Risk	Supply chain management (e.g., quality, price, delivery, and social responsibility issues impacting the company)
9	S	Operational Risk	Talent recruitment and development (e.g., succession planning, recruitment, and
10	G	Operational Risk	Inventory safety management
11	G	Compliance Risk	Legal compliance (e.g., non-compliance with environmental, corporate, or securities laws impacting the company)
12	G	Information Security Risk	E.g., computer virus, hacking, equipment damage
13	S	Sustainability Risk	Social prosperity (e.g., charity, community relations, social engagement)
14	S	Sustainability Risk	Occupational health and safety risk
15	E	Sustainability Risk	Carbon neutrality
16	S	Sustainability Risk	Geopolitical risks (international or regional political deterioration)
17	E	Sustainability Risk	Energy policy (e.g., green energy, power stability, power shortage)
18	S	Sustainability Risk	Changes in labor conditions (e.g., declining birth rate, aging population, labor law
19	G	Quality Risk	Customer complaints, yield rate, peer quality competition
20	G	Intellectual Property Risk	Patents, trademarks, copyrights, trade secrets

Step 2: Identifying and Assessing Impact Significance

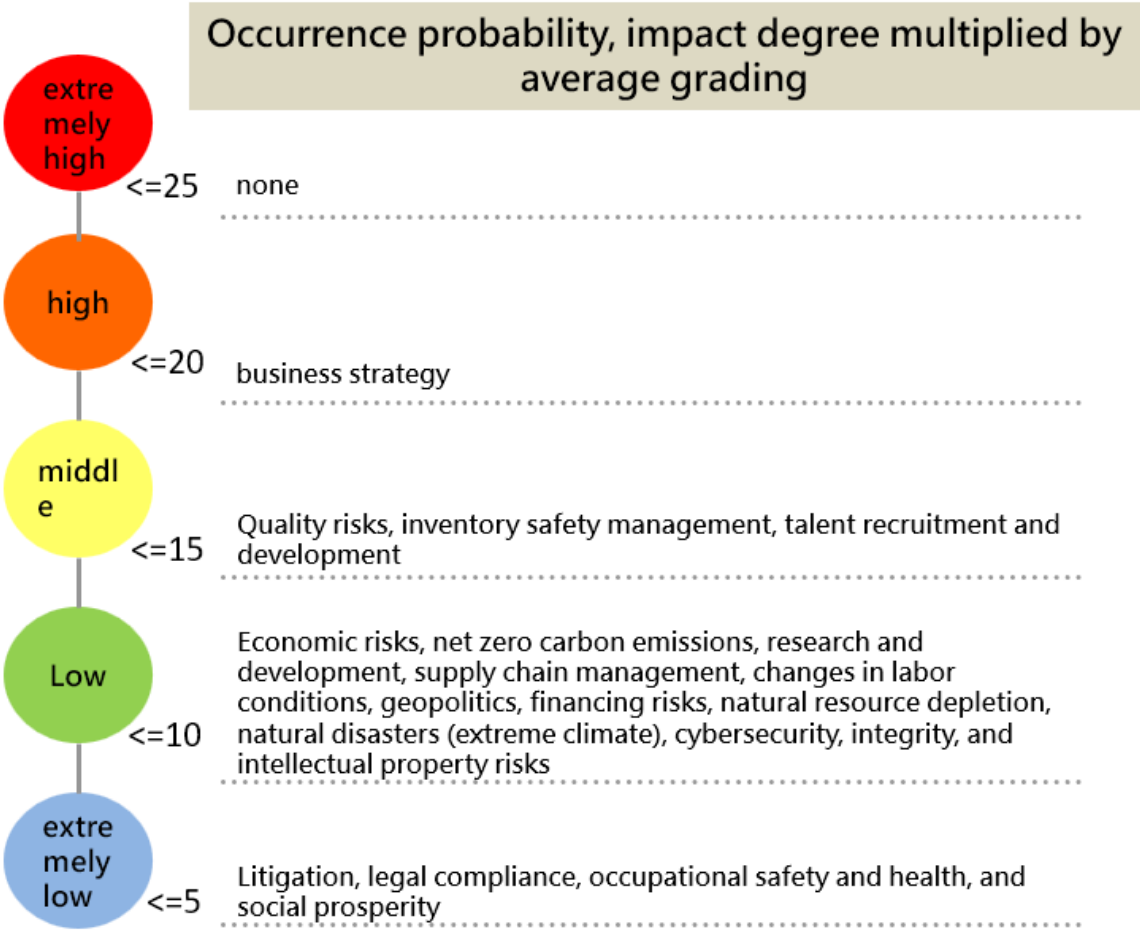
Based on the list of sustainability topics identified, the Company evaluates both positive and negative actual or potential impacts:

1. Positive impacts occur when related policies are effectively implemented, resulting in favorable economic, environmental, or social outcomes.
2. Negative impacts occur when relevant policies are absent or poorly implemented, leading to adverse effects on external economic, environmental, or social systems.

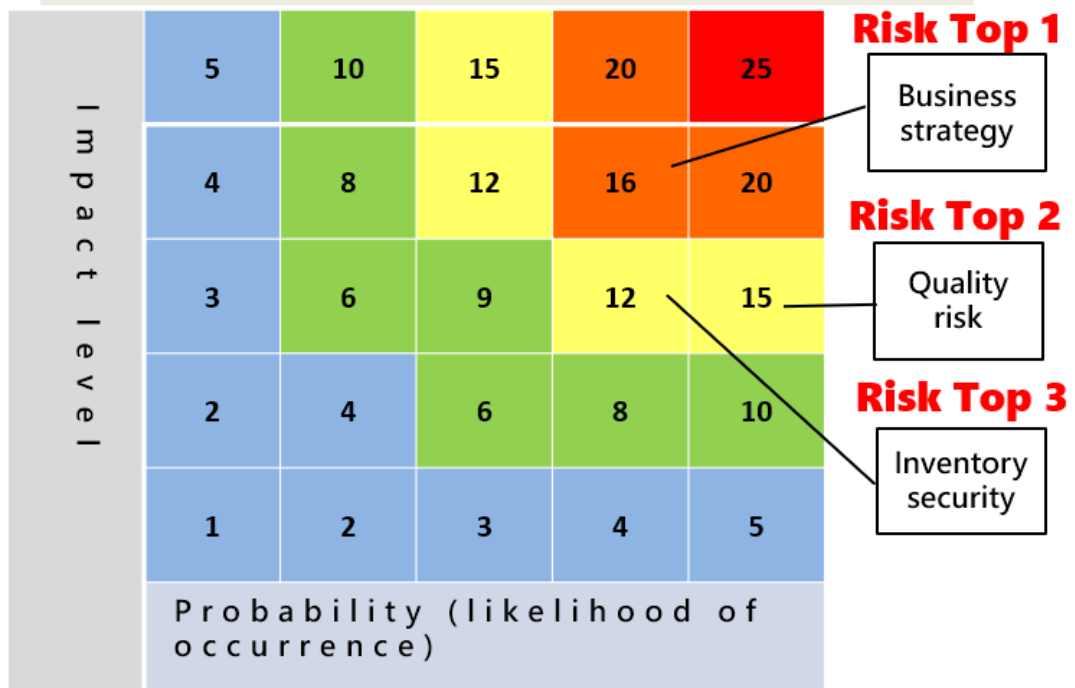


Step 3: Prioritizing Impacts and Determining Material Topics

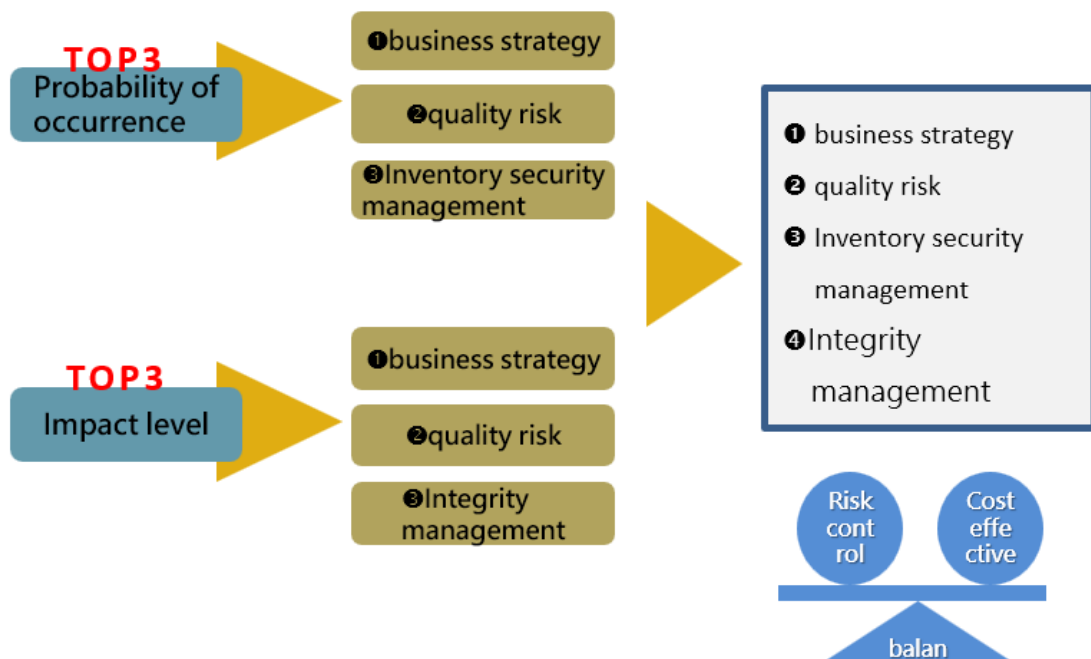
In 2024, surveys were distributed to 20 senior executives. The likelihood and severity of both positive and negative impacts were statistically analyzed, and averages were calculated to rank each topic by importance. This process identified five material topics: Business Strategy, Quality Risk, Inventory Security Management, Ethical Business Practices, and Talent Recruitment & Development. The Company sets corresponding policies, goals, and action plans for each.



The top three risks overall



Comprehensive assessment of the top three risk factors



3.03 List and Management of Material Topics

Based on the analytical process, the Sustainability Team consolidated the significance of the impact of sustainability issues and the level of stakeholder attention to summarize five major themes.

Compared with the previous year, the 2024 major themes include two new major themes and five deleted major themes, with the probability of occurrence and impact being low or below.

Each responsible unit in the company, based on its business scope, regularly communicates and coordinates with relevant stakeholders, incorporating their opinions and suggestions. This information is then fed back to the responsible internal units and management for discussion, serving as a basis for sustainable business strategy development and the formulation of the company's corporate social responsibility policy. Monthly internal management review meetings and an annual strategy meeting, chaired by the Chairman, are held to review the company's mid- and long-term goals and response strategies annually, setting annual operating performance targets.

All material issues are fully disclosed in this report to meet the expectations of stakeholders. We will continue to review these material issues and consider stakeholder feedback to ensure the transparency, rationality, and balance of the report content.

The company formulates corresponding policies and management actions based on the impact of each major theme. Dedicated units are responsible for tracking the effectiveness of policy and strategy implementation, setting indicators and targets, and regularly reviewing the achievement rate of targets. The following describes the management measures for each major theme:

Material Topics List:

2024 Major Topics	Previous Year Major Topics	Changes / Policy Explanation
Business Strategy	Operational Sustainability	See Section 4.02 for explanation
Quality Risk	Product Quality Management	See Section 4.010 for explanation
Inventory Safety Management	None	Newly added major topic, see Section 4.011 for explanation
Integrity Management	None	Newly added major topic, see Section 4.03 for explanation
Talent Recruitment & Growth	Remuneration / Labor Relations	See Section 5.01 for explanation
—	Market Development	See Section 4.08.5 for explanation, no longer a major topic
—	Green Energy	See Section 4.08.6 for explanation, no longer a major topic
—	R&D Capability	See Section 4.08.7 for explanation, no longer a major topic
—	Operating Performance	See Section 4.01 for explanation, no longer a major topic
—	Occupational Safety & Health	See Section 5.02 for explanation, no longer a major topic

Chapter 4 Governance

4.01 Economic Performance

1. Direct Economic Value Generated and Distributed

With the gradual stabilization of the global economy in 2024, easing inflationary pressures, and the recovery of supply chains, demand for the chemical fiber industry has rebounded. The Company continues to strengthen the competitiveness of its core products and operational efficiency, demonstrating its ability to maintain stable profitability in a volatile environment.

Although the global market still faces geopolitical risks and raw material price fluctuations, the Company's management team actively responds by optimizing procurement strategies, enhancing production automation and energy efficiency, effectively controlling operating costs, and closely cooperating with upstream and downstream partners to reduce supply chain risks. Thanks to the joint efforts of all employees and the support of partners, overall operating results in 2024 remained stable, helping to enhance the Company's long-term competitiveness.

Relevant financial information has been disclosed on the Company's website and publicly announced in accordance with securities regulations to ensure transparency.

The Company prepares its operating budget and capital expenditure plan based on annual business goals, which are approved by the Board of Directors before execution. The Finance Department reports financial performance and budget implementation progress at each Board meeting, enabling senior management to monitor operational status and resource allocation effectiveness. Department heads also hold monthly business review meetings to report progress on operational indicators and strategy implementation, strengthening organizational coordination.

To ensure the quality of financial information and strengthen corporate governance, the Company continues to engage independent accounting firms with professionalism and integrity to audit financial reports and internal control systems. The independence and suitability of the certified accountants are periodically reviewed, with results submitted to the Board for deliberation, ensuring the accuracy and reliability of financial disclosures.

Financial performance:

Unit: Thousand Yuan

	FY 2024	FY 2023	FY 2022
Total Assets	2,638,840	2,499,522	2,521,757
Total Liabilities	1,176,054	1,055,952	925,864
Shareholders' Equity	1,462,786	1,443,570	1,595,893
Operating Revenue	2,354,360	1,965,587	2,442,173
Net Income (After Tax)	16,042	(151,349)	(66,744)

2. Government Financial Assistance

In 2024, the Company received government financial assistance of NT\$3,480, primarily for low-carbon product R&D and sustainable development initiatives.

Year	Project Title	Subsidy Amount	Nature of Subsidy
2024	MOEA Industrial Upgrading & Innovation Guidance Program	3,480	Project Subsidy

4.02 Business Strategy

Business strategies are mainly divided into operational continuity and performance management, adjusted on a rolling basis according to market conditions.

Risk Item	Average Risk Value	Impact			Explanation & Impact Level	Risk Measures	Regular Inspection
		FIN	OPT	HR			
Business Strategy	High	V	V		Due to market competition or errors in business strategy, losses may occur, leading to financial damage and affecting overall operations.	<ul style="list-style-type: none"> ▪ Hold weekly business meetings ▪ Monthly management review meetings ▪ Annual target meetings ▪ Discuss strategy issues at board level to ensure supervision and risk reduction ▪ Gather international trends & customer feedback for new product planning and competitiveness 	<ul style="list-style-type: none"> ▪ Financial Report ▪ Peer performance

Material Topic: Operational Continuity Management	
1. Policy :	Sustainable operations.
2. Responsibility :	Planned by management, executed by employees, supervised by the Board.
3. Resources :	All company assets and employees.
4. Specific Actions :	1. Strengthen corporate governance 2. Promote ESG; 3. Enhance marketing and R&D.
5. Goals & Commitments :	Continue developing new products to enhance competitiveness; commitment to sustainable operations.
6. Grievance Mechanisms :	Company website (service@acelon.com.tw), Investor mailbox (cmh@acelon.com.tw).
7. Performance Evaluation :	Monthly management review meetings and quarterly board reviews of financial results. Please refer to Section 4.1 Economic Performance of this report for details.

Material Topic: Business Performance Management	
1. Policy :	Emphasize innovation and R&D, capture market trends, meet customer needs promptly, co-develop with partners.
2. Responsibility :	Set in annual goal meetings, monitored by management.
3. Resources :	Full company resources dedicated to achieving targets.
4. Specific Actions :	Develop eco-friendly products, adjust production and sales flexibly, monitor oil price fluctuations.
5. Goals & Commitments :	Create profit, share with stakeholders, ensure sustainability.
6. Grievance Mechanisms :	Company website (service@acelon.com.tw), Investor mailbox (cmh@acelon.com.tw).
7. Performance Evaluation :	Regular performance reviews including monthly meetings and annual goal reviews.

4.03 Integrity Management

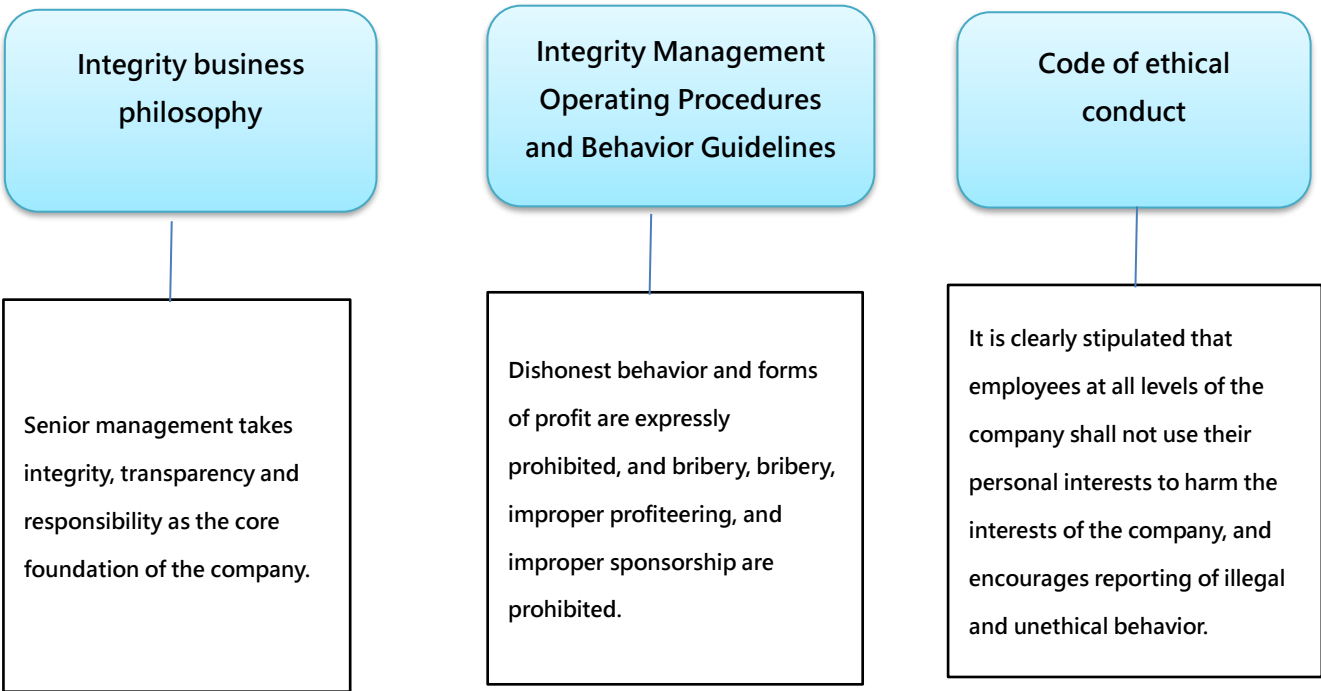
4.03.1 Integrity management philosophy, policies, and code of conduct

Adhering to the business philosophy of "Integrity as the Essence," the Company has deeply embedded the spirit of integrity, anti-corruption, and transparency into its corporate culture. We strengthen compliance with regulations, formulate policies based on integrity, and establish sound corporate governance, risk control mechanisms, and a comprehensive audit system to foster a sustainable business environment.

Internally, we have established "Integrity Management Operating Procedures and Behavioral Guidelines" and "Code of Ethical Conduct" for all directors, managers, and employees to follow. We also have established a "Reward Procedures for Reporting" and a dedicated complaint hotline to establish a whistleblower system.

All directors and senior managers of our company have signed a declaration certifying that they have not violated the principles of integrity and upholding the principles of integrity. They will not profit from inside information, as this is the cornerstone of our company's sustainable operations. All directors of our company have signed this declaration, achieving a 100% signature rate.

All employees are required to abide by the terms of the company's "Employee Code of Conduct." Any employee found guilty of leaking material internal company information or operational secrets and exploiting them for undue profit will be dismissed if the circumstances are serious. We also regularly promote our integrity policy through education and training.



4.03.2 Anti-corruption mechanism

1. Anti-Corruption Risk Assessment

Our company has established "Internal Audit Implementation Rules" and "Regulations Encouraging Employee Reporting of Malpractice." The audit unit regularly audits operational activities and reporting channels in accordance with these regulations to ensure compliance with legal regulations. The consolidated audit results are then submitted to the Board of Directors.

2. Handling of Corruption Incidents

In fiscal 2024, our internal audit results and reporting channels revealed no corruption incidents.

3. Anti-Corruption Education and Training

On August 20, 2024, the company conducted a one-hour training session for internal management regarding its "Integrity Management Policy." A 10-hour training session was held for 84 participants. Course presentations were also sent to all directors, managers, and employees for reference. The hope is that this will empower all Acelon people to uphold ethical standards and embody the spirit of "Integrity as the Essence." The company will disclose information related to integrity management in its prospectus and on its website, promptly disclosing significant information. This ensures that the company fulfills its responsibility and obligation to disclose information to protect the interests of investors and stakeholders.

4.04 Communication & Grievance Mechanisms

● Independent communication channels and complaint mechanisms

To immediately mitigate the impact of negative impacts on stakeholders or company operations, the Company has established a complaint mechanism for various issues. When stakeholders discover potential or existing negative impacts, they can report them to the responsible department. Upon receiving a complaint, the responsible department should immediately address and formulate corresponding measures.

To foster a corporate culture of integrity and transparency and promote sound management, the company has established a "Policy to Encourage Employee Reporting of Malpractice," which applies to all subsidiaries. Employees and related parties are encouraged to report violations of law or misconduct through email or other channels, whether internal or external. To ensure fairness and transparency in the investigation process, the company has established an independent investigation unit and publicly available information on its website, enabling external parties to report such violations.

The company's complaint mechanism for stakeholders is as follows:

Stakeholder categories	Communication channels	Communication Performance in 2024
Shareholders/Media/Regulatory Authorities	Company Spokesperson: Vice President Lai Ming-yi Email: jason@acelon-yarn.com Acting Spokesperson: Director Zhang Mei-hong Email: cmh@acelon-yarn.com Tel: 04-7638869#3213	<ul style="list-style-type: none"> ◆ Convene one shareholders' meeting ◆ Convene one investor conference ◆ Convene seven board meetings ◆ Occasionally respond to calls and inquiries from investors and the media
Customers/Third-Partners	Sales Department: Director Huang Qianqiu Email: sandy@acelon-yarn.com Materials Group: Senior Senior Leung Shengxian Email: eric@acelon-yarn.com Tel: 04-7638869#5311	<ul style="list-style-type: none"> ◆ Sales personnel visit customers 2-3 times a week. ◆ Contact customers and vendors via phone and email on an irregular basis. ◆ Conduct annual customer satisfaction surveys. ◆ Hold bidding coordination meetings on an irregular basis. ◆ Conduct supplier evaluations quarterly.
Employees/Community Neighbors	HR Team: Hannah Chen Email: hannah@acelon-yarn.com Management Division: Section Chief Chen Yihua Email: eawa@acelon-yarn.com Tel: 04-8652321#1235	<ul style="list-style-type: none"> ◆ Convened four employee welfare meetings ◆ Concluded a collective agreement with the union ◆ Initiated a reserve personnel succession plan ◆ Completed performance appraisals and assessments ◆ Performed relevant internal and external training programs ◆ Conducted 12 operational review meetings and monthly discussions ◆ Performed employee health checkups in October ◆ Provided New Year gifts and caring consultations ◆ Conducted two fire inspections

4.05 Risk Management

4.05.1 Risk Management Mechanism

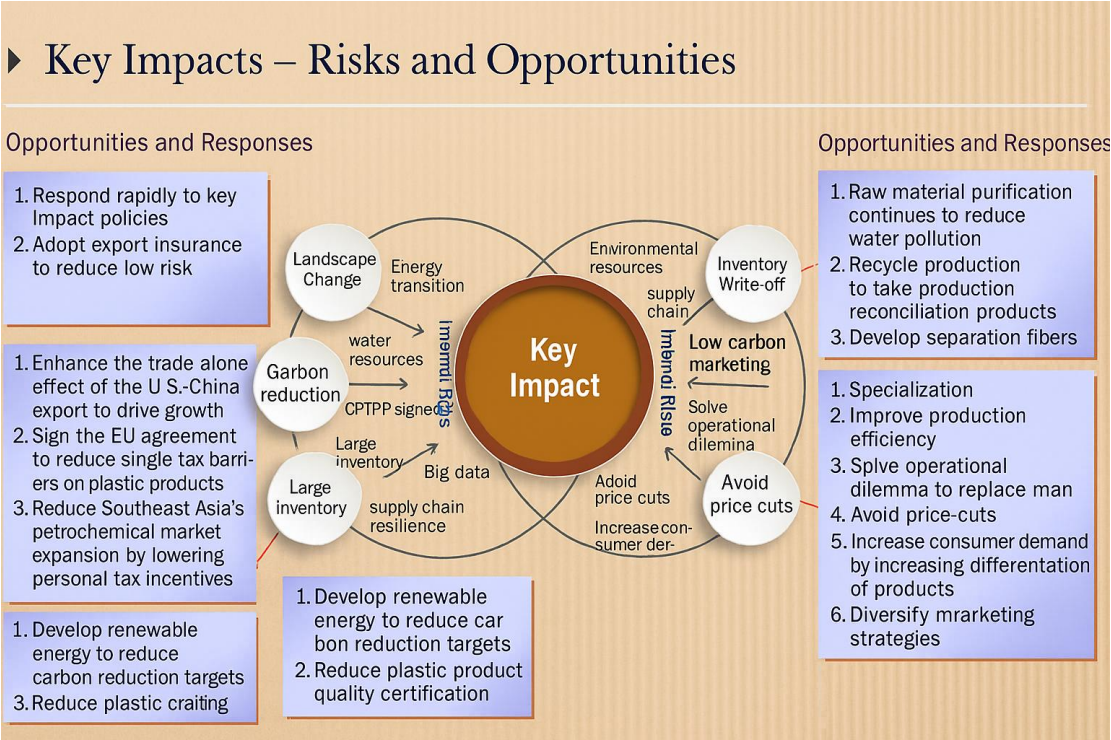
The Company has established a "Risk Management Methodology," which includes risk management policies designed to effectively identify, analyze, assess, control, and continuously monitor various risks. This aims to enhance risk awareness among all employees, control risks within acceptable levels, and ensure the integrity, effectiveness, and optimal performance of risk management.

Risk Identification	The Company conducts a comprehensive risk assessment covering strategic, operational, financial, incident and regulatory compliance aspects to ensure that risks at all levels are managed.
Risk Assessment	Based on the nature of their business, each functional unit and regional responsibility unit is responsible for defining the scope of risk management and conducting risk event analysis and assessment. This process includes: 1. Analyzing the likelihood and impact of a risk event and, if it occurs, assessing the potential impact on the company's operations. 2. Evaluating the factors that increase or decrease specific risks and the corresponding mitigation measures, and reviewing possible response plans to ensure timely resolution.
Risk Control and Supervision	Our company divides risk control and monitoring into two areas: ISO system and operational risk. 1. ISO System Risk Assessment: Based on ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 45001 Occupational Safety and Health Management System, and ISO 9001 Quality Management System, we analyze and assess the threats and risks arising from external environmental impacts, as well as the opportunities arising from these risks. We manage significant risks and implement action plans accordingly. 2. Risk Assessment in Corporate Operations: The Board Secretary's Office distributes an annual risk management questionnaire, which is administered annually to key department heads. Key department heads assess the threats and risks arising from external environmental shocks, as well as the opportunities presented by these risks, and then formulate policies and action plans to address these risks. Each department implements risk control measures for risks related to its daily operations. Specific risk assessments are conducted for high-risk departments or organizations experiencing significant cross-departmental crises, and are coordinated and supervised by the CEO or his/her designee. Deficiencies in risk control processes are promptly corrected and compliance with management measures is ensured.

Risk Communication	The CEO of Sustainability reports regularly to the Board of Directors on risk management performance, at least once a year, to ensure transparency of risk information and promote effective decision-making.
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4.05.2 Major Risks of the Company in 2024

The Company has analyzed and assessed the threats and risks arising from external environmental impacts, as well as the opportunities arising from addressing these risks. The 2024 assessment is as follows:



● Early Warning Principles or Guidelines

In the event of an emergency, the response is as follows:

Phase 1: Emergency Response

Containment and Rescue

According to the emergency response plan, take actions to quickly control the disaster.

Phase 2: Incident Management

Stabilization and Damage Mitigation

Restore and maintain minimum operating targets within the recovery target timeframe, in accordance with the business continuity plan.

Phase 3: Operational Restoration

Resume Production

Restore to normal production levels within a reasonable recovery timeframe, in accordance with the operational restoration plan.

4.05.3 Regulatory Compliance

The Company had no material regulatory violations in 2024.

4.06 Information Security & Customer Privacy

4.06.1 Information Security Management

Our company's vision for information security management is to build a rigorous and effective information security defense network, aiming to steadily enhance the maturity of our information security governance. To this end, we appoint a dedicated network administrator to oversee the development of information security policies and compliance with regulations. We establish a comprehensive management system and promote the implementation of these practices, continuously enhancing our employees' information security awareness and professional competence. Through the advancement of tools and the application of technology, we identify information security risks and weaknesses, effectively remediate and strengthen them, and strive to achieve comprehensive information security protection while fostering a strong information security awareness among our employees.

Regarding information security policy, we will establish clear policy directions in accordance with operational requirements and relevant laws and regulations. By publishing and maintaining an organization-wide information security policy, we provide management guidance and support on information security. The company will gradually revise its information security policy, using ISO 27001 as a reference standard, based on actual internal management needs and regulatory requirements. This policy will be primarily based on information security management needs, with the company's information services and related departments as its primary scope.

To maintain the company's competitive advantage, maximize the value of its information, and effectively prevent the risk of information theft, tampering, or leakage, all employees must practice self-management in accordance with the company's promulgated information management regulations and maintain information security awareness to ensure the confidentiality, integrity, and availability of information. In addition to implementing information security controls within the information system, the digitalization initiative places a greater emphasis on protecting the confidentiality, integrity, and availability of important personal and transactional information. At the same time, we will strengthen information security management, ensure the security of data, systems, equipment, networks, and other hardware and software, create a healthy information environment, deploy innovative information security protection technologies, and implement and

promote information security management operations to improve the quality of information and communications security services.

Objective: Comply with ESG standards and achieve regulatory compliance.

I. Implementing User Rights Management:

1. Enhancing password security:

- a. Passwords must be at least six characters long and contain a mix of letters and numbers.
- b. Passwords containing personal information (such as birthdays, employee ID numbers, ID numbers, company abbreviations, and phone numbers) are prohibited.
- c. If a customer has special requirements, relevant personnel will comply with the manufacturer's instructions.

2. To prevent data leaks through mobile phone email synchronization, mobile phone email receiving permissions will not be granted within three months of employment.

3. Strengthening Information Security Awareness:

- a. Regularly hold information sessions.
- b. Conduct annual external audit drills, including social engineering exercises.

4. Privileged Account Management:

- a. Audit privileged password login status. (To be improved)
- b. Grant permissions as needed, not directly.

II. Strengthen security and reduce vulnerabilities:

1. Network segmentation:

IoT and IP camera devices often cannot be equipped with security software or have very weak protection. Therefore, network segments are typically isolated and managed independently.

2. Antivirus software:

- a. Reduce the use of built-in antivirus software.
- b. Gradually install paid antivirus software: This provides more immediate signature updates and quick access to technical support if a virus issue occurs.

3. Implement anomaly monitoring and early warning mechanisms: (Assessment and implementation)

- a. Log collection and analysis
- b. Immediate notification of information personnel if anomalies are detected.

4. Expected implementation of MDR security software: This will enhance detection of unknown threats and automatically block attacks.

5. Perform vulnerability scans annually to identify and patch system vulnerabilities within the company.

III. We plan to gradually upgrade our outdated software and hardware to meet security management standards:

1. Firewall upgrade to address the following needs:

- a. Configuration and log/backup management.
- b. Auditing and analysis.

2. Replacing outdated servers:

- a. Active Directory (AD) replacement: Windows 10 and 11 are no longer compatible, and Windows Server 2008 R2 has reached end-of-life. Future implementation of other authentication methods (such as MFA) will require an AD upgrade.
- b. SPAM replacement: The underlying SPAM OS requires a paid upgrade, and the hardware is no longer warranted, so we plan to evaluate and upgrade it.
- c. Mail Server (Exchange) replacement: Exchange 2010 has reached end-of-life, and we plan to replace it with a newer version to mitigate security vulnerabilities.

4.06.2 Customer Privacy Protection

To protect our customers' online privacy and comply with Taiwan's Personal Data Protection Act regarding the collection, processing, and use of personal data, the Company has promulgated the "Personal Data Protection Management Regulations" for relevant departments to follow.

4.07 Participation in Associations

Our company continues to participate in business-related associations and organizations, exchanging industry knowledge, information, and practical experience with peers and professionals, hoping to jointly respond to changes in the international situation and improve industry standards.

Participation in associations related to the company's business:

No.	Association Organization	Member Status
1	Taiwan Technical Textiles Association	Board
2	Taiwan Textile Research Institute	Members
3	Taiwan Silk & Filament Weaving Industrial Web	Members
4	Taiwan Knitting Industry Association	Members
5	Taiwan Weaving Industry Association	Members
6	Taiwan Technical Textiles Association	Members
7	Institute for Biotechnology and Medicine Industry	Members
8	Chinese Professional Management Association	Members
9	Taichung City Professional Managers Association	Members

4.08 Product & Service Management

Our company insists on manufacturing in Taiwan. In the era of globalization, it's difficult to compete with mainland China and Southeast Asian countries on cost. Therefore, we continuously develop new products, focusing on customization, high-value products, and a diversified approach. We avoid price-cutting in the competitive ocean market and instead choose to focus on the blue ocean market, striving for sustainable operations.

Our future operations and development will continue to focus on innovation and R&D. We will grasp market trends and environmental protection, meet customer needs, create products that satisfy customers, penetrate the brand supply chain, and coexist with customers. We will not compete by cutting prices, but will continue to create profits and share them with stakeholders, striving for sustainable development.

4.08.1 Customer Health and Safety

To prevent potential hazards to personal safety, health, and the environment, our company controls the use of chemicals. Before purchasing chemicals, we request a Safety Data Sheet (SDS) from our suppliers. This serves as the chemical's identity, a chemical's instructions, and a fundamental tool for chemical management. We also label these SDSs in accordance with the Hazardous Chemical Labeling and Awareness Regulations, ensuring that workers are aware of hazardous substances, recognize the hazards, and ultimately prevent them from occurring.

Our company uses the SDS to determine whether chemicals are regulated under domestic regulations or listed as Substances of Very High Concern (SVHC) by the European Union. If so, we avoid their use and substitute non-hazardous substances. During production, we adhere to the chemical management regulations in Part D of the GRS standard to provide customers and consumers with products that are safe for use. Since 2004, our products have been annually tested and obtained Oekotex 100 certification, demonstrating their safety to the human body. Therefore, our company has not violated any health and safety regulations, customer labeling regulations, product and service information and labeling regulations, or marketing and communication regulations.

Since 2004, our products have been awarded the OEKO TEX standard 100 eco-textile label annually (certified by TESTEX AG, the Swiss Textile Testing Institute), passing hazardous substance testing and demonstrating safety to the human body.



4.08.2 Marketing and Labeling

Our product labeling complies with relevant laws, GRS, and ISO 9001 regulations. In addition to ensuring customer identification, our products also ensure traceability and comply with internal management system (ERP) labeling requirements. Therefore, our product labeling is as shown below (primarily covering raw material composition, specifications, color, function, grade, weight, batch, production time, production machine number, depositor, packaging number, paper tube color, and packaging number). 100% of our products are manufactured in accordance with ISO 9001 standards, and approximately 2% of our products (made from recycled fiber) are GRS certified.

Product Information Label:

產品資訊標示

本公司產品標示：

1. 原料：尼龍、聚酯或回收
Recycled Post(Pre)-consumer
2. 原絲或加工絲：POY、DTY 或 ATY
3. 產品規格
4. 生產批號
5. 生產時間(週)
6. 產品等級、絲餅個數
7. 毛重、淨重
8. 繳庫者、生產機台
9. 棧板編號
10. 捲軸紙管顏色
11. 包裝編號



4.08.3 Activities, Brands, Products, and Services

Our product line is small and diverse, and we continuously develop new products to meet customer needs.

Diverse products

Our company manufactures chemical fibers, offering a diverse product range and flexible production lines. Our products are widely used in clothing, home furnishings, leisure products, and high-end industrial applications. In addition to producing conventional fibers, we also continuously research and develop new fiber applications, with a particular emphasis on environmentally friendly products.

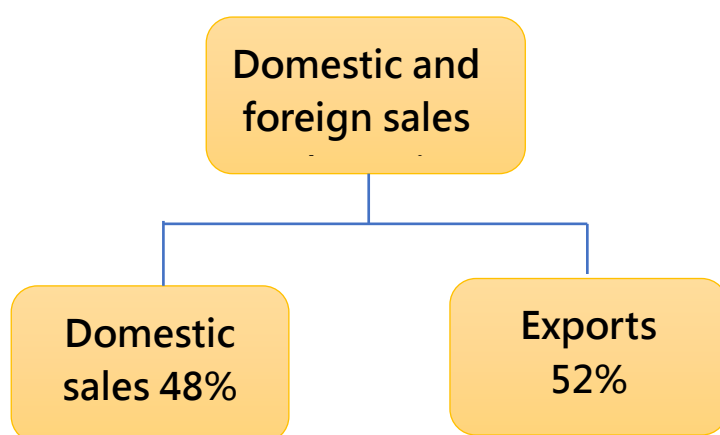
Products	Type	Features
Nylon filament	<ul style="list-style-type: none"> ◆ POY/HOY/FDY ◆ ATY ◆ DTY 	<ul style="list-style-type: none"> ◆ Soft, durable, and highly absorbent
Polyester filament	<ul style="list-style-type: none"> ◆ DTY ◆ ATY 	<ul style="list-style-type: none"> ◆ Lightweight, quick-drying, and wrinkle-resistant
Eco-Friendly yarn	<ul style="list-style-type: none"> ◆ RECYCLED YARN ◆ BIO-BASED YARN ◆ BIODEGRADABLE NY YARN ◆ DOPE DYE YARN 	<ul style="list-style-type: none"> ◆ Energy saving & Carbon reduction ◆ Water saving & Wastewater reduction ◆ Eco-friendly
Functional yarn	<ul style="list-style-type: none"> ◆ PET FLAME RETARDANT YARN ◆ POLYESTER ANTI-STATIC YARN ◆ NY QUICK DRY YARN 	<ul style="list-style-type: none"> ◆ Flame-retardant, Moisture-wicking, Cooling, and Anti-static

4.08.4 Market Served

Our company is an upstream manufacturer in the textile supply chain, selling its products to mid- and downstream manufacturers. Our market presence spans both domestically and internationally.

Market served

Our products are supplied not only to the domestic market but also to dozens of export markets (primarily in Europe, America, and Asia). We provide textile industry customers with a wide range of apparel and industrial fabrics, including sportswear, swimwear, underwear, footwear, automotive accessories, home furnishings, travel bags, and outdoor products.



4.08.5 Marketing Development

Our company firmly believes that R&D innovation and effective marketing are the keys to stable growth. We establish strategic partnerships with brands and customers. We not only focus on R&D of raw materials, continuously develop process technologies, and innovate products, but also strictly adhere to local regulations and brand standards. Therefore, by 2024, our product information, labeling, and marketing communications will be free of violations of relevant regulations. We are also committed to environmental and resource protection. Through continuous innovation and the development of functional and fashionable products, we strive for sustainable development, market and promote competitive products, and create industry value.

(1) Promote eco-friendly yarns and fibers that are friendly to the earth's environment. a. Solution-dyed fibers (NY6/PET/P.P) - Reduce waste water, save energy and reduce carbon emissions. b. Eco-recycled fibers (NY6/PET) - Use pre-consumer and post-consumer recycled materials to reduce the loss of petrochemical resources. c. Recycled solution-dyed fibers - Combining the advantages of the above two. d. Other eco-friendly yarns. * Bio-nylon (containing 100% bio-based) - Low carbon emissions. * Degradable yarns (products with CiCLO) - Degradable fibers that can solve the problem of permanent plastics.

(2) Comprehensive functional products

The company has set up advanced equipment required for textile research and development, and uses the "precious instrument laboratory" to conduct characteristic analysis on newly developed products and even unknown substances, such as nano-size analysis, thermal analysis, rheological analysis, elemental analysis, optical analysis, etc., to accelerate development. The company aims to transform into a leader in high-end, high-value fiber products, differentiate itself from the market, and quickly respond to market and customer needs to enhance the company's competitiveness. For example, thermal insulation, moisture absorption and perspiration, cooling, antibacterial, anti-static, flame retardant, etc. are all high-value promotion items.

(3) Digital Marketing

1. Produce short videos introducing sustainable products to align with the brand and continue the company's operations.
2. Share the company's commitment to sustainable operations through social media operations, corporate image videos, multi-functional exhibition spaces, and news media publicity.

Material Topic: Marketing Development Management Policy	
1. Policy :	1. Development and promotion of sustainable products and new materials 2. Digital marketing
2. Responsibility :	Formulate annual marketing plans and goals.
3. Goals & Commitments :	Actively develop high-quality, environmentally friendly, and diverse products to grow together with downstream customers.
4. Grievance Mechanisms :	Regarding customer production status, providing technical support at all times, and reporting results to management and production units to facilitate continuous improvement and maintain good relationships.
5. Performance Evaluation :	1. Hold monthly meetings with R&D and sales teams, and through regular reviews, continuously promote new products. 2. Review and set annual performance targets annually. Through regular reviews and improvements, we continuously improve marketing quality.

4.08.6 Green Manufacturing

Our company prioritizes compliance with laws and regulations as our environmental protection goal. We believe that environmental protection and sustainable industrial operations can develop in tandem. In response to the UN Sustainable Development Goals (SDGs), we continuously promote relevant management system certifications, including ISO 14001 (Environmental Management Systems), ISO 14046-1 (Greenhouse Gas Inventory), and ISO 14067 (Product Carbon Footprint). This helps foster a culture of environmental awareness and contribute to a cleaner planet. In pursuit of a circular economy and a climate-friendly future, our company is committed to using more recycled materials, reusing waste, and reducing the burden on the earth.

Environmentally Friendly Products: Our company continues to expand its core capabilities, increasing the production and sales of environmentally friendly products annually to actively

protect the environment. This includes the production of recycled raw materials for GRS (Grocery Recycling Yarn) and solution-dyed fibers (dyed yarns), as explained below:

RECYCLED YARN (GRS): Products made from recycled waste are considered "circular economy"

products. Recycled waste includes discarded plastic bottles, discarded fishing nets, process waste, and recycled fabrics. This is environmentally friendly, reducing pollution and avoiding ecological damage.

SOLUTION-DYED YARN (DYED YARN): Color masterbatch is added during yarn production to

produce dyed yarn, eliminating the serious water pollution hazards associated with dyeing processes in the downstream supply chain and contributing to environmental protection.

Sales volume and ratio of environmentally friendly products

Unit: ton

Eco-Friendly Products	FY 2024		FY 2023		FY 2022	
	QTY	ratio	QTY	ratio	QTY	ratio
Recycled Yarn (GRS)	470	1.90%	614	2.78%	477	1.95%
Solution-Dyed Yarn	2,005	8.12%	2,188	9.94%	2,875	11.77%
Others	22,219	89.98%	19,218	87.28%	20,844	86.28%
Total	24,695	100.0%	22,019	100%	24,196	100%

Note: Percentage = Eco-friendly yarn shipment volume / total shipment volume * 100%

Material Topic: Green Manufacturing Management Policy	
1. Policy :	Save energy and reduce carbon emissions for a sustainable environment.
2. Responsibility :	Management planning and all employees working hard.
3. Resources :	Each year, we utilize government energy-saving subsidies to replace inefficient equipment.
4. Specific Actions :	1. Increase sales of GRS products, dyed yarn, bio-nylon, biodegradable yarn, and other yarns. 2. Continue to recycle and reuse packaging materials.
5. Goals & Commitments :	Continue to increase sales of green products.
6. Grievance Mechanisms :	Company website: service@acelon.com.tw Investor email: cmh@acelon.com.tw
7. Performance Evaluation :	Reviews are conducted at monthly operational review meetings and annual year-end meetings. Detailed results are available in the report below.

4.08.7 Innovation and R&D Management and Outlook

In response to global trends, shifts in industrial structure, and evolving fiber market demands, our company's research and development directions in recent years have included developing functional products using existing materials, recycling products, and researching new materials and processes. These multiple areas are being developed simultaneously to provide technical support for factories to produce differentiated new products. This allows us to develop high-quality, circular, and diversified products, enhance our market competitiveness, and unlock our potential for sustainable growth. This is evident in the fact that our R&D budget has been increasing by over 10%, demonstrating the importance we place on innovative products.

The market for standard products is highly competitive and unprofitable. To ensure sustainable development, our company will continue to develop differentiated, high-quality new products in line with market demand, creating profit-sharing stakeholders. Furthermore, we will leverage our core capabilities to respond to the United Nations Sustainable Development Goals (SDGs) by actively developing environmentally friendly products and contributing to the SDGs.

Looking ahead, the global economy faces significant challenges due to the Russo-Ukrainian War and geopolitical tensions. Market and product trends are shifting in a diverse manner, and consumer habits are gradually changing, all of which will test the management team's adaptability. The company will continue to develop forward-looking technologies, research new product mass production, and implement systematic management. We will leverage AI digital tools and big data analytics, strengthen online marketing efforts to uncover potential market demand, and provide customers with more flexible and optimal options. We will continuously optimize and strengthen our foundation, preparing for new opportunities and opening up new horizons after the pandemic.

Material Topic: R&D Capability Management Policy	
1. Policy :	Based on core competencies and in line with customer needs, we continuously develop differentiated, high-value new products to provide the company with sustainable development potential.
2. Responsibility :	Provide technical support to factories to produce differentiated new products, develop high-quality and diversified products, and increase market competitiveness.
3. Resources :	Allocate at least 1% of annual sales to research and development.
4. Specific Actions :	Strengthen the development of environmentally friendly products.
5. Goals & Commitments :	1. Net sales volume of new products reaches 10% or more. 2. Net sales revenue of new products reaches 10% or more. 3. Gross profit margin of net sales of new products reaches 15% or more. 4. Completion rate of new product samples required by customers reaches 90% or more.

Material Topic: R&D Capability Management Policy	
6. Grievance Mechanisms :	Customers report complaints to sales, R&D, or management.
7. Performance Evaluation :	Monthly reviews, including R&D and management review meetings, are conducted. The results are shown in the table below.

R&D goals and achievements in the past three years

NO.	KPI.	unit	FY 2024	FY 2023	FY 2022
1	New product net sales volume must reach 10% or more	%	3.6%	7.2%	11.2
2	New product net sales revenue must reach 10% or more	%	5.3%	9.8%	13.4
3	New product net sales gross profit margin must reach 15% or more	%	9.65%	5.2%	10.8
4	New product completion rate	%	86.8%	92.5%	95.6

R&D expenses in the past three years

Annual	2024	2023	2022
R&D Expenses (Thousands of Yuan)	38,295	36,831	38,216
Increase (Decrease) %	3.97	(3.62)	(6.78)
As a Percentage of Revenue (%)	1.63	1.87	1.57

4.09 Supplier Management

1. Value Chain

Our suppliers are categorized as suppliers of key raw materials, key packaging materials, key auxiliary materials (fillers, process oils, and additives), and other products and services related to transactions (outsourced finished products, product transportation, instrument calibration, finished product inspection, and infrastructure equipment).

2. Local Procurement Policy

We select suppliers based on their quality, price, delivery schedule, stable quantity, and commitment to our expectations. This ensures that the quality of the products and services they provide meets our needs and enables the smooth operation of all our operations.

- ◆ In supplier selection, counterparties are required to demonstrate due consideration for environmental impacts, social responsibility, human rights, and occupational health and safety.
- ◆ Environment: Compliance with applicable environmental regulations, reduction in the use of non-renewable resources, enhancement of resource efficiency, and minimization of environmental externalities.
- ◆ Occupational Health and Safety: Provision of a safe working environment, implementation of adequate training programs, safeguarding of hazardous equipment, and compliance with occupational health and safety requirements.
- ◆ Procurement strategies are required to maintain flexibility and enable timely response to market price volatility, thereby achieving cost optimization under the prerequisite of meeting quality standards.



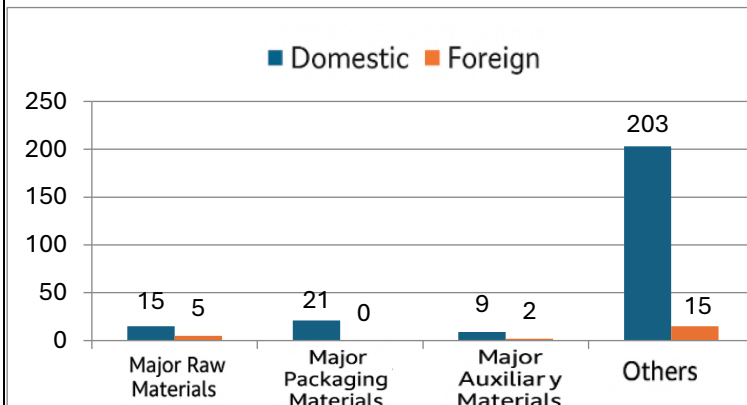
- ◆ The company assesses the quality of suppliers' deliveries through supplier interviews, on-site evaluations, and market data collection,
- ◆ Raw materials are sourced from multiple suppliers to ensure supply chain diversification, flexibility, and stability of volumes.
- ◆ Local and reputable suppliers are prioritized to ensure timely delivery and to enhance the effectiveness of lead-time reduction.

3. Procurement expenditure ratio

Statistics of major domestic and foreign suppliers (type/number) in 2024

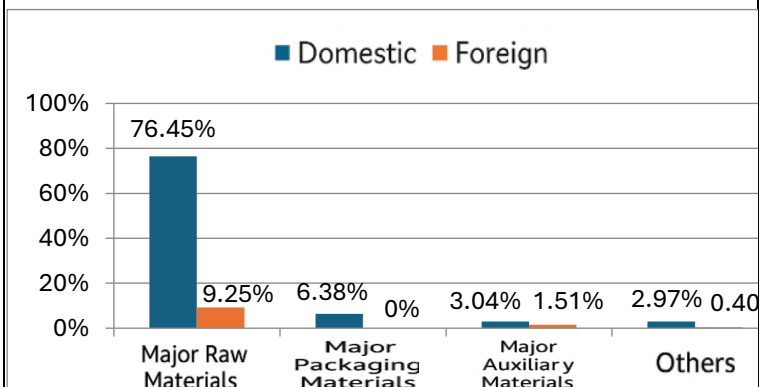
Statistics on Number of Procurement Suppliers

Item	Domestic	Overseas	Total
Major Raw Materials	15	5	20
Major Packaging Materials	21	0	21
Major Auxiliary Materials	9	2	11
Others	203	15	218
Percentage	91.85%	8.15%	100.00%



Statistics on Procurement Amount Proportions

Item	Domestic	Overseas	Total
Major Raw Materials	76.45%	9.25%	85.70%
Major Packaging Materials	6.38%	0%	6.38%
Major Auxiliary Materials	3.04%	1.51%	4.55%
Others	2.97%	0.40%	3.37%
Percentage	88.84%	11.16%	100.00%



Note: Local definition: Domestic is Taiwan, foreign is imported

4. Supplier selection criteria and ESG responsibility management due diligence

Our company carries out supplier evaluation operations for new and qualified manufacturers in accordance with company regulations for suppliers of main raw materials, outsourced finished products, filling materials, packaging materials, process oils and additives, etc., and will register the results in this company after the evaluation. It is managed within the company's ERP operating system. Suppliers who do not meet the requirements are required to improve. All suppliers will be evaluated in 2024. Evaluation items will be based on whether the suppliers have obtained relevant quality certification, price reasonableness, supply cooperation, production capacity status, and signing of supplier commitment letters.

Major domestic suppliers of raw materials, auxiliary materials, and packaging materials with an annual transaction volume exceeding NT\$10 million will be audited according to specified criteria (two suppliers were audited in 2024 and both passed the audit). This ensures that suppliers' material sources meet the company's needs and ensures the smooth operation of all operations.

In 2024, the company partnered with suppliers on corporate social responsibility, signing 16 major suppliers to comply with the company's "Supplier Commitment."

5. Carbon Reduction Partnership with Suppliers - Packaging Material Recycling

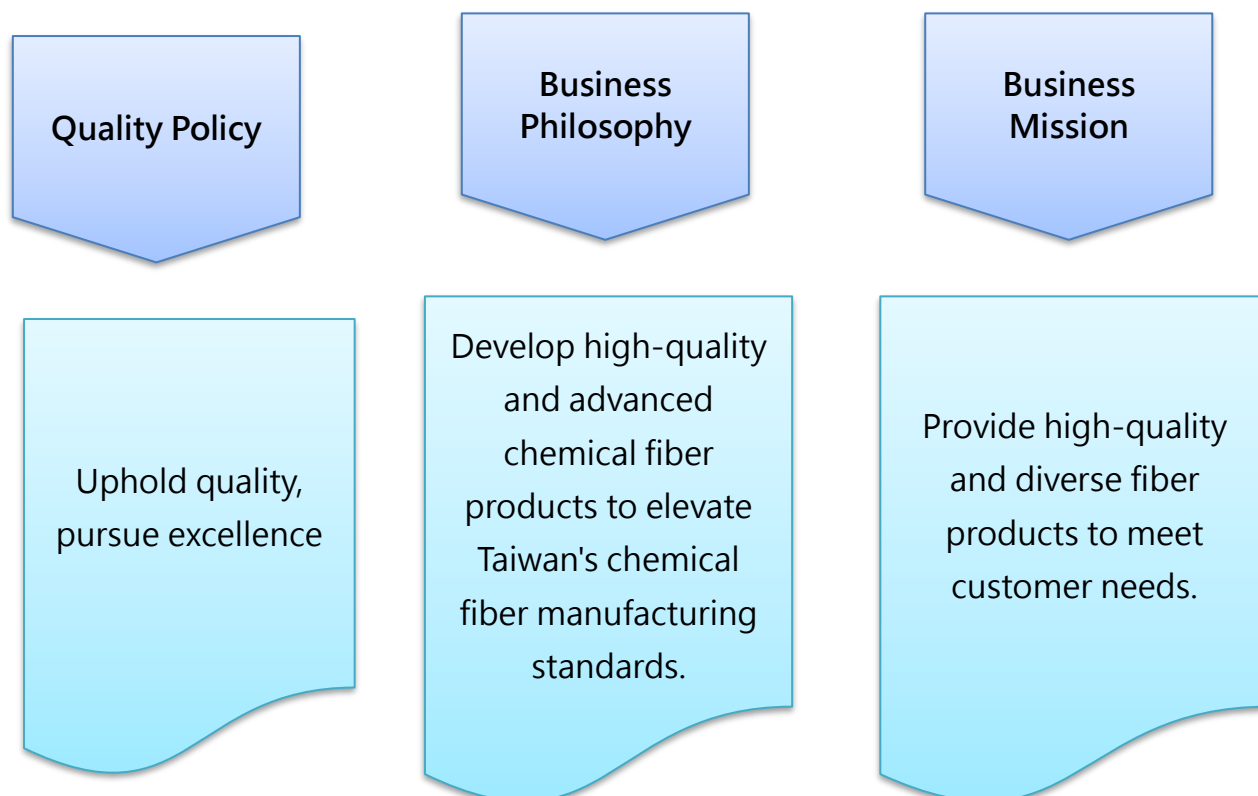
Our company collaborates with domestic customers to recycle perforated boards and pallets, and has established a dedicated department to repair and reuse them. Furthermore, we proactively recycle packaging materials from suppliers using recycle trucks. Our pallet recycling rate is close to 100% annually, and our perforated board recycling rate will exceed 80% by 2024. We strive for continuous improvement, with management regularly reviewing recycling rates and continuously seeking recycling sources. We aim to fully reuse resources and reduce packaging costs.

4.010 Quality Risk

To provide customers with satisfactory quality and service, our company adheres to the quality policy of "Insisting on Quality, Pursuing Excellence" and is committed to providing customers with excellent products and services to ensure customer satisfaction. Therefore, our company has established an ISO 9001 quality management system and implements it. We hold monthly quality review meetings, actively carry out various quality management activities, and conduct annual customer satisfaction surveys. In response to problems and shortcomings reported by customers, our company actively improves and promotes various improvement plans and preventive measures to ensure that customers receive satisfactory quality and the best service.

To implement our quality policy of "Adhering to Quality and Striving for Excellence," we officially launched the QIT quality improvement program in November 2022. Led by a corporate management consulting firm, this program involves project teams from each plant. Utilizing QC techniques and incorporating QC-Story procedures, we will conduct continuous quality improvement activities with the goals of stabilizing quality, reducing costs, and improving efficiency. We will also simultaneously implement TPM management activities in 2024 to maximize the company's economic benefits, fully utilize the production potential of its equipment, and establish a strong quality and social image.

Risk projects	risk average	Influence			Risk Description & Impact	Response measures	Regular review
		Working	Capital	Manpower			
Quality Risk	middle	✓	✓		<ul style="list-style-type: none"> • Poor quality impacts yield rates, leading to high customer complaints and resulting in financial losses. • A quality gap with competitors can discourage customers from placing orders, or lead to delayed order delivery due to poor production quality, which can negatively impact operations over the long term. 	<ul style="list-style-type: none"> • Pre-job training is rigorous. • Production and pre-shipment inspections are implemented: Thread guide inspections on the creel, quality inspections, and instrument testing. • Regular machine maintenance. • Quality review meetings. • Regular QCC training and education. • Quality action plan and quality target control chart. • Strengthening technology in accordance with international standards, understanding brand customer standards and requirements, and conducting product design. 	<ul style="list-style-type: none"> ◆ Customer complaint rate ◆ Deposit level



Material Topic: Product Quality Management Policy	
1. Policy :	Adhere to quality and pursue excellence
2. Responsibility :	1. Total Quality Management. 2. Quality is manufactured, not tested.
3. Resources :	Full employee participation.
4. Specific Actions :	Implemented in accordance with ISO 9001 quality management system requirements.
5. Goals & Commitments :	Each factory sets quality targets based on product category, such as achieving an AA grade ratio of at least 90%...
6. Grievance Mechanisms :	Customer complaints are reported to sales staff, and the factory dispatches personnel to investigate and address them, with the results communicated to customers.
7. Performance Evaluation :	We hold monthly quality review meetings and conduct annual customer satisfaction surveys. The factory reviews and implements improvements based on customer feedback.

4.011 Inventory Safety

The company will strictly implement its inventory reduction plan in 2024 and research the development and production of recycled yarn from inferior products for brand integration. While meeting operational needs, it will minimize inventory holding costs, ordering costs, and stock-out costs, effectively optimize inventory turnover, reduce obsolete inventory, and improve warehouse space utilization.

Risk projects	risk average	Influence			Risk Description & Impact	Response measures	Regular review
		Working	Capital	Manpower			
Inventory safety	middle		✓		<ul style="list-style-type: none"> • Excessive inventory takes up space, requiring additional space and rent. • Excessive insurance premiums for finished goods. • Excessive inventory age, resulting in unsold goods and resulting in accumulated costs. 	<ul style="list-style-type: none"> • Build to order • Business units implement planned promotions based on customer product usage characteristics • Through monthly production and marketing coordination meetings, adjust production and marketing strategies and effectively control raw material and finished product inventory targets. 	<ul style="list-style-type: none"> ► Inventory safety level ► Inventory age table ► Balance sheet

Chapter 5. Social Aspects

5.01 Human Resources Development

5.01.1 Human Rights Policy and Commitment

1. Human Rights Policy

Our company firmly believes that respecting human rights is a core value for sustainable corporate development. To fulfill our corporate social responsibility and protect the fundamental human rights of all employees, customers, and stakeholders, Jy Lung Company adheres to the principles set forth in international human rights conventions, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the International Labour Organization (ILO). We respect internationally recognized fundamental human rights, which include freedom of association, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, and the elimination of discrimination in employment and occupation. We also comply with the labor laws of our host country.

2. Scope of Application

This Human Rights Policy applies to all employees of our company and its subsidiaries and, to the extent reasonably and practicably possible, extends to our customers, suppliers, and the local communities where our operations are located. In 2024, there were no incidents of forced labor or the use of child labor at our manufacturing sites.

3. Training and Education

To raise awareness of human rights protection among all employees, our company provides annual human rights-related training. This training is also extended to all business partners to help reduce the frequency of human rights incidents. In 2024, we held a "Workplace Sexual Harassment Prevention Measures, Complaint, and Disciplinary Procedures" training session, with 330 participants and a total of 330 training hours. Additionally, Jy Lung Company incorporates the human rights policy into our supplier management and new employee onboarding documents to ensure the policy is effectively implemented.

4. Communication Platforms, Mitigation, and Remediation Measures

To ensure the full implementation of our human rights commitment, our company has established both the "Employee Grievance Handling Procedures" and "Workplace Sexual Harassment Prevention Measures, Complaint, and Disciplinary Procedures." These policies clearly define the complaint and handling processes and outline corresponding mitigation and remediation measures for potential human rights incidents faced by employees. In 2024, there were no human rights violations.

All policies are publicly disclosed on the company's official website (20.Human Rights Policy.pdf) and in the Sustainability Report.

Key Points for the Implementation of the Human Rights Policy

Project	Specific practices	Affected
Provide a safe and healthy working environment	Taking "gig worker safety" as the management goal Promote strict hardware facility standards and safety and hygiene operating procedures Promote continuous improvement projects	All employees
	Based on health checkup results and work-related data analysis, we conduct tiered tracking and management of specific groups to prevent potential health risks. Guided by employee needs, we promote health promotion activities and employee assistance programs, encouraging employee participation and promoting healthy living.	
	Implement occupational disease prevention and promote employee health Record any occupational illnesses caused by chemical exposure or the work environment. October 2024 General health checkups: 183 people; special health checkups (noise): 156 people The entire group promotes ISO 45001 to prevent occupational accidents and diseases and provide a safe and healthy working environment for all employees	All employees & occupation-induced hearing loss management targets
	Fire training/publicity (twice a year)	All employees
	Workplace health promotion seminars (held once a year in each factory, 330 participants)	All employees
Eliminate unlawful discrimination to ensure equal employment opportunities	We strictly abide by local government labor laws, international standards, and the Acelon Human Rights Policy, and implement relevant internal regulations. We promote and implement internal control procedures, and include the principle of non-discrimination in the "Acelon Company Payroll and Personnel Procedures," which prohibits discrimination based on race, class, language, ideology, religion, political affiliation, national origin, place of birth, gender, sexual orientation, age, marital status, pregnancy, appearance, facial features, or physical or mental disability. Make necessary adjustments based on internal control audit findings. In internal interview notices, interviewers are reminded	Since the beginning of recruitment, Acelon Company has been conducting the recruitment process in accordance with the law to eliminate illegal discrimination.

Project	Specific practices	Affected
	<p>not to ask for unrelated personal information during the interview.</p> <p>This human rights policy is communicated to new employees upon appointment, and smooth career paths and training mechanisms are provided.</p> <p>We will eliminate gender discrimination in the workplace and actively foster a gender-friendly work environment, smooth career paths, and increase the proportion of female supervisors. By 2024, the proportion of female supervisors will reach 32%, and 22 employees will be promoted overall by 2024.</p>	
Prohibition of forced labor	<p>We strictly abide by local labor laws, international standards, and the Acelon Company Human Rights Policy. We do not force or coerce any unwilling employees into performing labor. In addition to internal working hour control systems, we also promote and review this through the company's complaint channels and factory communication meetings. We also conduct monthly factory work hour inspections and controls. If forced labor is detected, we will work with supervisors to implement necessary corrective measures and restore employees' due rights.</p>	without
Human rights protection training	<p>Provide relevant regulatory compliance education during new employee training, sexual harassment prevention education, and workplace bullying prevention education (video and on-site education was conducted at the Group's factories in June 2024, totaling 330 people per hour) to strengthen employees' understanding of laws, regulations, and human rights values.</p>	All employees
Gender equality	<p>Establish gender-equal channels for filing complaints against unlawful workplace violations.</p>	All employees
Help employees maintain physical and mental health and work-life balance	<p>We offer a variety of activities, such as the annual employee trip (September 2024), Family Day hiking activities (October 19, 2024), and parent-child activities. We also encourage employees to participate in community groups to expand interpersonal interactions among colleagues, enrich the concept of "work-life balance", implement a vacation system, and encourage colleagues to focus on work-life balance.</p> <p>The company provides a complaint channel and regular communication channels, allowing employees to provide feedback at any time. The company did not receive any human rights-related complaints in 2024,</p>	All employees

Project	Specific practices	Affected
	and all production sites have passed client audits on human rights and labor conditions. We send out quarterly updates on environmental safety, health, and labor rights, and arrange employee education and training.	



5.01.2 Human Resources

5.01.2.1 Staff Structure

The Company's total employee count in 2024 is 321 (189 domestic and 132 foreign). All employees are regular and full-time employees. The overall human resource structure shows a high age distribution in the 30-50 age group, with 40 management positions and 281 non-management positions. Domestic employees account for 58.88%, and senior management is 100% domestic. The Company has not experienced significant changes in its workforce over the past two years.

2024 Employee Structure Statistics

Unit: Person

area		Taiwan			
Employment type		age	Full-time	Part-time job	total
Male	Origin	Under 29 years old	13	0	13
		30-50 years old	61	0	61
		51 years old and above	38	0	38
	Foreign	Under 29 years old	50	0	50
		30-50 years old	76	0	76
		51 years old and above	2	0	2
Female	Origin	Under 29 years old	3	0	3
		30-50 years old	47	0	47
		51 years old and above	27	0	27
	Foreign	Under 29 years old	3	0	3
		30-50 years old	1	0	1
		51 years old and above	0	0	0

2024 Employee Structure Statistics

Unit: Person

Nationality/Gender	Male	Female	Total	
Domestic Employees	112	77	189	58.88%
Foreign Employees	128	4	132	41.12%
Total	240	81	321	100.00%

5.01.2.2 Employee Diversity, Inclusion, and Equality

Our company has long been committed to building a diverse and inclusive workplace. We hire employees based on equal human rights, regardless of race, political affiliation, gender, disability, marital status, pregnancy, sexual orientation, or other factors. This ensures a diverse workforce that includes local and foreign employees, indigenous peoples, new immigrants, and individuals with disabilities. To provide and protect equal employment opportunities for underrepresented groups, our company actively recruits individuals with disabilities. In 2024, we have already hired two individuals with disabilities, meeting the 1% quota stipulated in Article 38 of the "Law on the Protection of the Rights of Persons with Disabilities," fulfilling legal requirements.

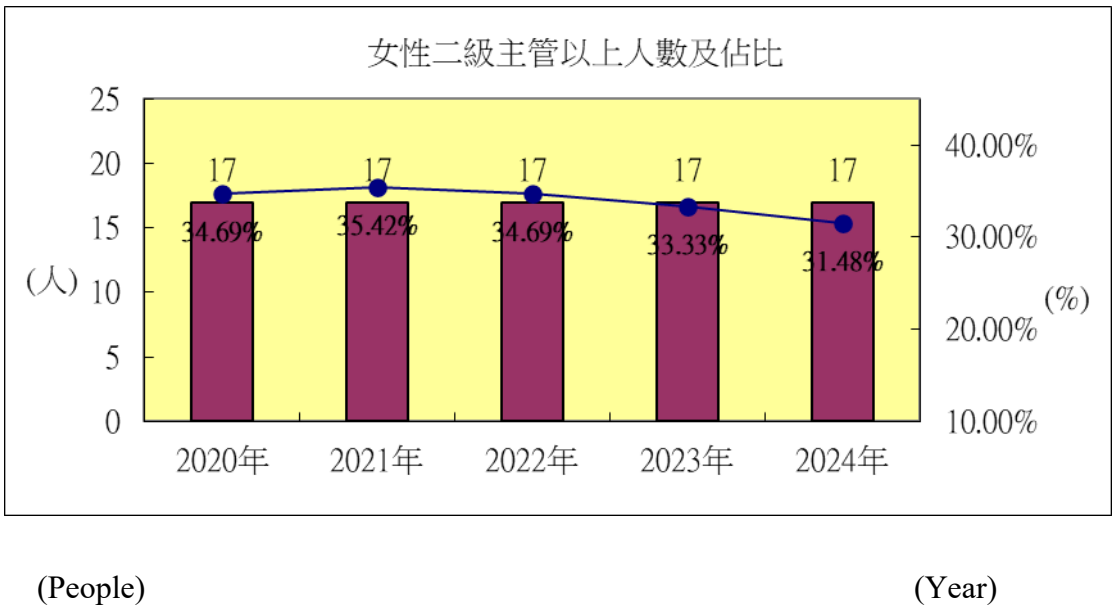
In terms of caring for our foreign employees, the company not only provides them with essential food, clothing, housing, and transportation, but also employs dormitory managers to assist with daily

chores. At work, we also assign foreign foremen and instructors to help them familiarize themselves with their work. To facilitate smooth communication, translators are stationed within the factories to serve as a bridge of communication. Depending on management needs, each factory holds regular or irregular foreign employee seminars to facilitate exchanges of opinions between management and labor, listen to the voices and suggestions of foreign employees, and actively and diligently build harmonious labor-management relations, creating a friendly and warm workplace environment.

5.01.2.3 Information About Employees and Other Workers

Our company prioritizes gender equality. Female supervisors account for 31.48% of all management staff. While this percentage is relatively low due to industry characteristics, the promotion pipeline is transparent and standardized. The number of female second-level supervisors has remained stable over the past five years. We will continue to work towards a gradual increase in this number to implement our company's policy of promoting gender equality in the workplace.

Number and proportion of female second-level managers and above



【Note】 : Percentage = Number of female supervisors at level 2 (inclusive) and above / Total number of supervisors at level 2 (inclusive) and above.

5.01.2.4 New Employee Hires and Resignations

Our company's employee turnover rate was 6.23%, while the employee resignation rate was 5.3%, showing no significant difference from the levels of the past two years.

Age group and factory location distribution of new employees in 2024 (Unit: person)

Category	Group	Male		Female	
		Number	Percentage	Number	Percentage
Age	Under 29	5	1.62%	2	0.65%
	30-50	3	0.97%	8	2.60%
	51 and over	1	0.32%	1	0.32%
Factory	Changhua Office	3	0.97%	4	1.30%
	Puyan Plant	0	0.00%	0	0.00%
	Fangyuan Plant	4	1.30%	5	1.62%
	Douliu Plant	2	0.65%	2	0.65%
Total		9	2.92%	11	3.57%
Total (people)		20			
Gender ratio		45.00%		55.00%	

[Note 1]: New hire ratio = number of new hires in each group / total headcount at the end of the year.

[Note 2]: 2024 new hire rate = number of new hires / total headcount at the end of the year, i.e., 20 people / 321 people = 6.23%

Age group and factory location distribution of employees leaving in 2024 (Unit: person)

Category	Group	Male		Female	
		Number	Percentage	Number	Percentage
Age	Under 29	1	0.32%	1	0.32%
	30-50	4	1.30%	10	3.25%
	51 and over	1	0.32%	0	0.00%
Factory	Changhua Office	3	0.97%	5	1.62%
	Puyan Plant	1	0.32%	0	0.00%
	Fangyuan Plant	1	0.32%	3	0.97%
	Douliu Plant	1	0.32%	3	0.97%
Total		6	1.95%	11	3.57%
Total (people)		17			
Gender ratio		35.29%		64.71%	

[Note 1]: Resignation rate = number of resignations in each group / total headcount at year-end.

[Note 2]: 2024 resignation rate = number of resignations / total headcount at year-end, i.e., 17 / 321 = 5.30%

5.01.2.5 Benefits for Full-Time Employees (excluding temporary or part-time employees)

To provide favorable working conditions and meet employee welfare needs, the Acelon Company Employee Welfare Committee has been jointly established by both management and labor. Our company's Management Department is responsible for assisting the Acelon Company Welfare Committee in managing various employee welfare programs, including large-scale hiking events for employee families, club recreational activities, Welfare Committee group insurance, festival gift certificates, birthday gift certificates, employee wedding and funeral subsidies, children's education awards and scholarships, year-end raffles, employee travel subsidies, and access to authorized stores. The company offers benefits including monthly performance bonuses, quarterly performance bonuses, quarterly incentive bonuses, special contribution bonuses, Dragon Boat Festival bonuses, Mid-Autumn Festival bonuses, year-end bonuses, employee stock trusts, old-system pension contributions, new-system pension contributions (6%), annual employee health checkups, year-end banquets, travel insurance for business trip employees, employer accident liability insurance, internet access subsidies, and annual exemplary employee selection and recognition programs.

5.01.2.6 Labor-Management/Employment Relations

Material Topic: Labor/Employment Relations Management Policy	
1. Policy :	<p>1. Diversity, Inclusion, and Equal Opportunity: We will not engage in any discriminatory language, attitudes, or behavior based on gender, race, socioeconomic status, age, marital status, family status, language, religion, political affiliation, nationality, appearance, facial features, or disability. We will ensure a non-discriminatory employment policy and implement fairness and equity in hiring, compensation, benefits, training, evaluation, and promotion opportunities. We will also provide effective and appropriate complaint mechanisms to prevent and address violations of employee rights and interests, and strive to foster a work environment free of discrimination and harassment. We will regularly monitor the implementation of diversity, inclusion, and equal opportunity.</p> <p>2. Reasonable Working Hours: To ensure that employees are not at risk of excessive working hours, the company has established clear working hours and extended working hours regulations, and regularly monitors and manages employee attendance.</p> <p>3. Healthy and Safe Workplace: The company prioritizes the prevention of occupational hazards and the avoidance of potential health and safety risks associated with work. The company conducts regular employee health checks and makes improvements based on the results.</p> <p>4. Freedom of Association:</p>

Material Topic: Labor/Employment Relations Management Policy	
	<p>The company respects employees' freedom of association, supports diverse organizations, and encourages their membership.</p> <p>5. Labor-Management Consultation: We establish smooth communication channels between the company and the labor union, and hold regular labor-management meetings to ensure the interests of both parties are protected.</p> <p>6. Privacy Protection: To fully safeguard the privacy of our customers and all stakeholders, the Company has established a comprehensive information security management system and adheres to strict control standards and protection measures. The Company invites all partners, including suppliers and customers, to join us in enhancing our awareness and management of human rights issues.</p>
2. Responsibility :	Support from senior management, planning by the Human Resources Department, cooperation with relevant departments in implementation, and participation and feedback from employees.
3. Resources :	<p>1. Conduct annual salary adjustments and adjustments based on operational performance and market conditions.</p> <p>2. Cooperate with the Welfare Committee to continuously optimize various employee benefit programs.</p>
4. Specific Actions :	<p>1. The company respects employees' freedom of association and organizes a company union.</p> <p>2. The company signs a collective agreement with the company union.</p> <p>3. Both labor and management abide by the terms of the collective agreement to avoid labor disputes.</p>
5. Goals & Commitments :	Comply with human rights policies, maintain labor-management harmony, develop employee capabilities, and enhance employee welfare.
6. Grievance Mechanisms :	Employees may file complaints through their supervisors, the company's employee complaint hotline, fax machines, email addresses, and the labor union.
7. Performance Evaluation :	Labor-management meetings are held quarterly to discuss and make decisions.

Our company prioritizes labor-management relations and holds quarterly labor-management meetings, with a total of four meetings scheduled for 2024. These meetings aim to foster collaboration, improve work efficiency, and foster employee cohesion. In addition to these meetings, employees can also share their opinions through the following channels:

Channels	Reports
Complaint System/Complaint Hotline	Employees may raise concerns if their legitimate rights and interests within the company have been violated, they have been unfairly treated or wronged, or they have encountered difficulties in performing their duties and have been unable to reach a reasonable resolution through the administrative system.
Company Enterprise Union	Members may submit their complaints to the union through appropriate channels for handling.
Occupational Safety and Health Committee	Reports regarding safety, hygiene, and environmental protection.
Employee Welfare Committee	Reports regarding employee benefits.
Labor Retirement Reserve Fund Supervisory Committee	Reports regarding the storage, use, and management of retirement funds.
Sexual Harassment Complaint Handling Committee	Reports regarding sexual harassment or violations of gender equality laws in the workplace, including complaints, investigations, and resolutions.

Our company strictly adheres to domestic and international labor and human rights standards, treating all employees fairly and with respect. Specific practices include:

- ◆ Developing labor conditions in accordance with relevant government labor laws.
- ◆ Providing equal employment opportunities to all job seekers in accordance with employment and service laws.
- ◆ Establishing a complaint channel for employees to use when their legitimate rights and interests are violated or they are treated unfairly and cannot be resolved.
- ◆ Establishing a Personnel Review Committee to handle the review process when employees receive significant awards or penalties.
- ◆ Establishing workplace and general "Sexual Harassment Prevention Measures, Complaints, and Punishment Regulations" to provide a work environment free from sexual harassment and implementing appropriate preventive, corrective, disciplinary, and remedial measures.

5.01.2.7 Full-Time Employee Salaries

Our overall salary policy targets salaries in the 40th to 50th percentile of the overall salary market for general positions. For key positions or positions with a talent market imbalance, salaries are set above the 75th to 90th percentile of the overall salary market. We regularly compare employee salaries with market salaries and adjust salary targets based on company performance analysis to ensure salary competitiveness.

In 2024, the average monthly salary for general employees of both sexes in Taiwan will be 1.5 times the local base wage. The salary ratios for male and female employees of the same position and rank over the past five years are as follows:

Salary ratio of female to male employees with the same position/level in the past five years

Year	-	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Gender	Female	Male	Male	Male	Male	Male
Management Manager (or above)	1	1.73	1.71	1.76	1.80	1.56
First and Second Level Supervisors	1	0.94	1.05	0.95	0.95	0.85
Local Staff	1	1.05	1.06	1.08	1.06	1.02

Our employee compensation structure includes monthly salary, performance bonuses, three-day festival bonuses, special performance bonuses for supervisors, and various benefits. We share profits with employees annually based on the company's operational performance. The average and median annual salaries for employees over the past five years, along with a comparison, are summarized in the following table:

Average and median employee numbers and related comparisons over the past five years

Project	FY 2024 (B)	FY 2023 (A)	FY 2022	FY 2021	FY 2020	Proportion C=(B)/(A)
Number of employees (persons)	291	298	344	332	334	97.65%
Average annual salary (yuan)	610,887	570,488	604,123	650,784	531,491	107.08%
Median annual salary (yuan)	606,198	550,099	550,504	599,933	493,134	110.20%

【Note】 : The above table reflects the number and salary information of employees with six months or more of service as required by the stock exchange.

5.01.2.8 Minimum Notice Period for Operational Changes

If the Company experiences operational changes (e.g., layoffs, dissolution, departmental downsizing, etc.), notice must be provided in accordance with Article 31 of the Collective Agreement and Article

16 of the Labor Standards Act regarding the minimum notice period for termination of employment contracts. The minimum notice periods are as follows:

- ★ For employees with 3 months or more but less than 1 year of service, 10 days' notice is required.
- ★ For employees with 1 month or more but less than 3 years of service, 20 days' notice is required.
- ★ For employees with 3 years or more of service, 30 days' notice is required.

5.01.2.9 Welfare Plans and Other Retirement Plans

The company's retirement pension system for its employees includes a defined benefit plan under Taiwan's Labor Standards Act and a defined contribution plan under Taiwan's Labor Pension Act. In addition to legally mandated retirement reserve contributions, we also conduct annual actuarial calculations of the retirement reserve fund through professional actuarial firms to protect employees' future retirement benefit rights and ensure adequate contributions.

Pension Fund Contribution Practices and Preparation Status

Project	Our company's practices	2024 Retirement Fund Preparation Status
Defined Benefit Plan (Old System Worker Retirement Reserve Fund)	1. In accordance with Taiwan's Labor Standards Act, retirement benefits are calculated based on an employee's years of service and their average salary in the six months prior to retirement. 2. Retirement fund contributions are deposited by the Retirement Reserve Fund Supervisory Commission into a designated account at a Taiwan bank in its name.	※ A monthly employee retirement reserve fund will be allocated at 3% of the total salary paid under the old system. ※ As of the end of 2024, the balance in the special account for the retirement reserve fund for employees under the old system will be NT\$6,437,263.
Defined Contribution Plan (New System Worker Retirement Reserve Fund)	Employee retirement regulations are established in accordance with the Taiwan Labor Pension Act, and retirement funds are transferred to individual accounts at the Bureau of Labor and Social Security.	※ A monthly retirement fund will be allocated at 6% of the employee's paid salary.

5.01.2.10 Parental Leave and Reinstatement Rate

The company provides substantial care and support for employees with childcare needs, including arrangements for unpaid leave, career replanning, and related benefits and subsidies. In 2024, one employee applied for reinstatement after taking parental leave, achieving a 100% reinstatement rate. This demonstrates the company's comprehensive employee care system, enabling employees with childcare needs to balance family and work.

Status of Infant Care Detention in 2024

Items	Meal	Female	Total
Number of eligible applicants for parental leave in 2024 (A)	3	5	8
Number of actual applicants in 2024 (B)	0	2	2
Expected number of reinstated employees in 2024 (C)	0	1	1
Number of actual reinstated employees in 2024 (D)	0	1	1
Number of actual reinstated employees in 2023 (E)	2	1	3
Number of individuals who continued to work for one year after reinstating from parental leave in 2023 (F)	2	1	3
Parental leave retention rate (F/E)	100%	100%	100%
Reinstatement rate for parental leave (D/C)	0%	100%	100%

【Note】 : The number of people eligible to apply for parental leave is those who applied for maternity leave and paternity leave between January 1, 2021 and December 31, 2024.

5.01.2.11 Talent Cultivation and Development**Average hours of training per employee per year**

The company has established the Education and Training Management Procedure (APP01), the Professional Skills Training and Certification Procedure (APP02), the Education and Training Committee Organization Charter (AGSE5), the Education and Training Committee Implementation Measures (AGSE6), the Employee External Education and Training Measures (APP63), the Internal Lecturer Management Measures (AGSD3), the Implementation Rules for New Employee Training in Colleges and Universities (AGS093), the Joint Training Implementation Measures for Levels (APP65), the New Employee Trainer Management Measures (APP67), and the Key Position Talent Development Management Measures (AGSG6) to serve as the standards for the planning, implementation, evaluation, and improvement of education and training-related operations.

Our employee training system is as follows:

1. New Employee Training: Pre-employment training for new employees, including information on the company's business philosophy, history, management systems, future development, and environmental awareness.
2. Competency Development Training: Annual training is planned for three levels: entry-level, mid-level, and senior management, addressing gaps in core, management, and professional competencies.
3. Internal Instructor Program: Training programs are led by internal instructors.
4. Project Training: Training is tailored to the specific needs of each project.

5. Self-development plan: including on-the-job training, book reading, project participation, and consulting, etc.

2024 Employee Education and Training Results

Project	Internal training						External training						Total
Level	First-level Supervisor		Second-level Supervisor		General Employee		First-level Supervisor		Second-level Supervisor		General Employee		
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Number of people	71	32	105	38	270	115	9	6	21	12	38	11	
Number of people (total)	103		143		385		15		33		49		728
Shifts	60						67						127
Hours	179	78	240	82	505	234	53	23	168	126	291	111	2,090

Statistics on average hours of employee education and training in 2024

Unit: hours/person

Gender/Rank	First-level Supervisor	Second-level Supervisor	General Employee	Company-wide average hours
Male	21.09	19.43	3.83	5.98
Female	33.67	52.00	4.66	8.07
Total	23.79	24.64	4.05	6.51

【Note】: Company-wide average total training hours = total training hours for each level / total number of employees in the company.

◆Employee Competency Enhancement and Transition Assistance Program

Since 2020, the company has been implementing a talent development program for key positions. Through an inventory of core, management, and professional competencies, we have defined and established benchmarks for each competency area. We have also assessed existing talent gaps and further planned and implemented systematic development activities.

In 2021, a comprehensive development program was implemented based on the gaps identified in the competency assessments. This includes core competency courses, management competency courses, and individual development plans designed by mentors based on the gaps in professional competencies. This includes mentor-mentor coaching activities. The program achieved a 100% implementation rate in 2021, and the post-training competency assessment results consistently demonstrated improved competency.

◆ Percentage of employees receiving regular performance and career development interviews

★ By 2024, the company will have 100% regular performance reviews for all employees, regardless of gender or level.

The company conducts performance reviews for all employees annually. Annual review items and standards are set at the beginning of each period, reviewed and tracked mid-term, and evaluated at the end of each period. The review content is as follows:

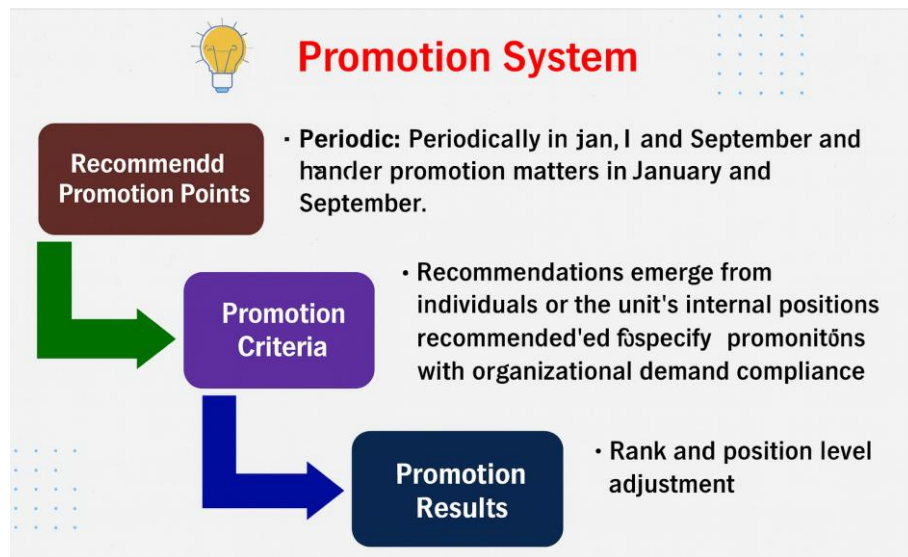
1. Production Units: Monthly performance review items and standards will be determined by supervisors based on company KPIs, work efficiency and quality, work coordination, environmental cleanliness, and attendance.
2. Indirect Units: At the beginning of each year, supervisors will discuss with employees and determine annual performance review items and standards based on company KPIs, company or departmental key tasks, and job requirements.

★ In 2024, a total of 12 employees will undergo career development interviews (including promotions).

◆ Discrimination incidents and corrective actions

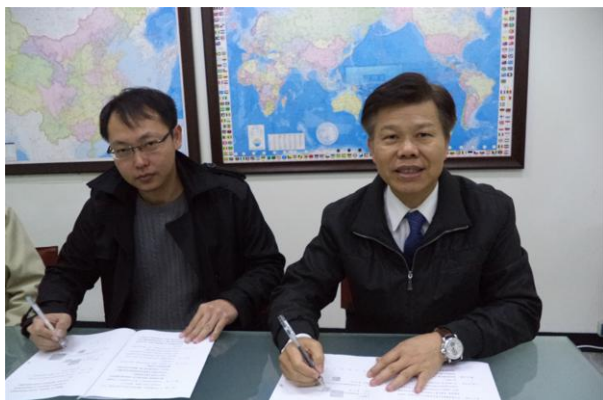
Employees are a valuable asset to the company. We are committed to fostering a diverse and equal workplace environment. Respect and fair treatment of every employee are our unwavering beliefs. We will not tolerate any violation of human rights or degradation of dignity based on gender, race, nationality, age, blood type, disability, religious beliefs, sexual orientation, or any other characteristic protected by applicable laws. In accordance with relevant laws and regulations, our company's work rules include provisions on gender equality in the workplace and the prevention of sexual harassment. If a complaint is established, a Sexual Harassment Complaint Handling Committee will be convened in accordance with regulations to investigate and address the matter. In 2024, the company experienced no incidents of discrimination, sexual harassment, human rights violations, or social impact.

◆ Promotion system



5.01.2.12 Collective Agreement

Our company attaches great importance to labor-management relations. To maintain smooth communication channels between labor and management, establish fair and reasonable labor conditions that both parties can follow, and develop stable and harmonious labor-management relations, our company established a labor union in 2002. All employees, except those at level 11 and above, are eligible to join the union. The company and the union signed their first agreement in December 2015. The collective agreement, which will be renewed or signed three months before the end of each term, will be negotiated by the union and company representatives. It applies to all union members (99% of all eligible employees), marking an important milestone in harmonious labor-management relations. The fourth collective agreement will remain in effect in 2024 (April 1, 2024, to March 31, 2027). The group agreement covers bonuses, benefits, severance pay, penalties, promotions, health and safety, and other issues. It not only complies with domestic laws and regulations and international human rights conventions, but also demonstrates the company's commitment to protecting employee rights. The company believes that only by proactively demonstrating care and concern for its employees can it influence its employees to care for others in the same way.



Signing a collective agreement with the trade union



Our company organizes hiking activities for employees and their families



Changhua County Award-The first group agreement signed in Changhua County

5.02 Occupational Safety and Health

5.02.1 Occupational Safety and Health Policy

1. Occupational Safety and Health Management System

We voluntarily established the ISO 45001 Occupational Safety and Health Management System and obtained certification in 2023, valid from April 17, 2023, to April 17, 2026. This system provides safe and healthy working conditions, complies with occupational safety and health laws and relevant requirements, eliminates hazards and reduces occupational safety and health risks, and promotes worker consultation and participation in occupational safety and health. This system aims to achieve safety and health management goals and elevate safety and health management standards.

The occupational safety and health management system covers Polylong Fiber Co., Ltd., Polylong Fiber Co., Ltd.'s Fangyuan Plant, and Polylong Fiber Co., Ltd.'s Douliu Plant. Each production site conducts an internal audit before conducting an annual external audit to self-assess the effectiveness of environmental safety and health implementation. Through this management cycle, various work

plans are implemented to achieve the goal of continuous improvement and reduction of occupational hazards.

◆Hazard Identification, Risk Assessment and Accident Investigation

(1) Conduct systematic and comprehensive hazard identification, risk and opportunity assessments annually. Personnel from each unit who have received relevant education and training in risk assessment are responsible for carrying out hazard identification and risk assessment work and proposing action plans and solutions for significant risks.

Hazard Identification and Risk Assessment Process:



(2) Safety performance indicators: including active and passive indicators. Active indicators include occupational safety law and regulation identification, special health examination completion rate, etc., while passive indicators include penalties imposed by competent authorities, safety inspections, and the frequency of disability injuries.

(3) Safety work rules: It is clearly stated that employees should comply with the provisions of the safety work rules when performing their duties. When they find that there is an imminent risk of danger, they may stop work and retreat to a safe place without endangering the safety of other workers, and immediately report to the representative in charge of the workplace.

2. Worker Participation, Consultation, and Communication on Occupational Health and Safety

The Deputy General Manager of the Production Department serves as the chairperson of the Occupational Health and Safety Committee. Members include occupational health and safety personnel, department heads, supervisors, commanders, engineering and technical personnel, and employee representatives. Employee representatives comprise 40% of the committee. Quarterly meetings are held to discuss safety and health issues and management performance. The meeting reviewed occupational safety and health education and training, health management, and occupational disease prevention, and recommended improvements. It also discussed proposals from business units and employees regarding occupational safety and health, including setting goals and

objectives. Issues were resolved within the strategic, operational, and specific technical teams, and the results were disseminated company-wide.

3. Occupational health and safety education and training

Projects	Number of participants in 2024
New employee training	28 people
Internal employee training	200 people
Statutory license initial training	4 people
Statutory license refresher	22 people

4. Occupational Health Services and Health Promotion

◆ Health Services:

(1) Continuously promote employees to implement healthy lifestyles, organize activities such as walking, oral health screening and promotion, and health promotion.

(2) Conduct interviews and health education for high-risk groups.

Health promotion activities

Projects	FY 2023	FY 2024
Annual health checkups	184 people	228 people
Health checks for hazardous work	184 people	179 people
Number of people undergoing return-to-work assessments	2 people	1 people

◆ Health Promotion:

(1) In 2024, we will continue to promote workplace health promotion measures and hold a number of health seminars and promotional activities at the Putian Plant, Fangyuan Plant, and Douliu Plant. Topics include oral health screening and promotion, metabolic syndrome prevention, hearing protection, stress management, first aid training, workplace illegal infringement prevention, pain relief and relaxation, and other hazard prevention, and continue to strengthen employees' health awareness and workplace safety protection capabilities.

(2) 2024 Annual Health Checkup

Projects	Number of people
Annual regular health checkup	228 people
Special hazard work health checkup	179 people

Healthy Workplace Certification Mark		
Factory Area	Category	Validity period
Puyan Factory	Health Promotion Label	2023.01.01-2025.12.31
Fangyuan Factory	Health Promotion Label	2023.01.01-2025.12.31
Douliu Factory	Health Promotion Label	2023.01.01-2025.12.31

5. Workers covered by the occupational safety and health management system

(1) Workers: those who are employed and receive wages for their work.

(2) Other workers not classified as employed workers: those who, other than the aforementioned workers, perform work under the direction or supervision of the person in charge of the workplace. For example, workers who have no employment relationship with an enterprise and perform work at their workplace or perform work for the purpose of learning skills or receiving vocational training, such as dispatched workers, work-study students, and other persons of similar nature are also included in this category. When outsourcing services such as "equipment repair," "cleaning," and "security" to external vendors, these workers are not directed or supervised by the company's workplace manager and are therefore not included in the calculation of "other workers not employed."

Material Topic: Occupational Safety and Health Management Policy	
1. Policy :	We care for our employees, create a safe and hygienic environment, strictly comply with laws and regulations, implement safety and sanitation measures, encourage full employee participation and foster safe and hygienic habits, control hazards, continuously improve, and achieve zero disasters.
2. Responsibility :	Ensure all employees participate in safety and sanitation activities and continuously improve the safety of the workplace environment.
3. Resources :	General Manager's Office
4. Specific Actions :	1. Provide employee health checks that exceed legal requirements. 2. Conduct hazard identification and risk assessment. 3. Manage accidents and conduct regular disaster drills.
5. Goals & Commitments :	1. Aim for zero disasters. 2. Committed to a people-oriented approach, dedicated to promoting a friendly work environment and caring for employee health. 3. Committed to eliminating hazards, reducing risks, and continuous improvement, striving to create a safe working environment.

Material Topic: Occupational Safety and Health Management Policy	
6. Grievance Mechanisms :	1. Report all safety and health management suggestions to the Safety and Health Committee for prompt discussion and improvement. 2. Regularly provide professional medical guidance and consultation to employees through contracted medical personnel.
7. Performance Evaluation :	Conduct quantitative assessments of defect improvements, accidents, and education and training, and report the results at Occupational Safety and Health Committee meetings.

5.02.2 Occupational Injury

In fiscal 2024, the company worked a total of 594,179 hours, with three occupational injury incidents resulting in three fatalities, representing 0.88% of the total workforce. These incidents primarily involved traffic accidents (two) and a fall and slip (one). The responsible departments have completed their investigations and are reviewing and formulating corrective measures. Through policy awareness campaigns and educational training, we aim to prevent similar incidents from recurring.

Statistics on occupational injury categories and lost days in 2024		
Classification	Employee	Lost Days
Traffic accidents	2	8
Falls and slips	1	89

Occupational Injury Analysis from 2022 to 2024

Target Year	Employees		
	FY 2024	FY 2023	FY 2022
Project			
Total working hours (hours)	594,179	617,656	656,979
Disability injury frequency rate (F.R.)	5.05	6.48	7.61
Disability injury severity rate (S.R.)	163	183	75

[Note 1]: Occupational injury refers to worker illness, injury, disability, or death caused by exposure to workplace structures, machinery, equipment, raw materials, chemicals, gases, vapors, dust, or other hazards, or by work activities or other occupational causes.

[Note 2]: Disabling Injury Frequency Rate (F.R.): The total number of disabling injury incidents per million work hours.
Formula: Total number of disabling injury incidents \times 1,000,000 \div Total work hours.

[Note 3]: Disabling Injury Severity Rate (S.R.): The total number of lost days due to disabling injuries per million work hours. Formula: Total number of days lost due to disability injury \times 1,000,000 \div total work hours.

5.02.3 Occupational Diseases

In accordance with the "Implementation Measures for Workplace Environmental Monitoring," Acelon has commissioned qualified workplace environmental monitoring organizations to conduct regular workplace environmental monitoring and assess whether the results comply with legal regulations to protect employee health. In fiscal year 2014, a total of 213 monitoring points (including areas and personnel) were completed, and all tests were carried out according to plan. Testing items included noise and carbon dioxide, as well as one potassium dichromate test (a wastewater COD test agent). All test results were in compliance with regulations. Annual employee health examinations are also conducted.

5.03 Community Engagement

5.03.1 Local Community Service

As a corporate citizen, adhering to the philosophy of "taking from society and giving back to society," the company actively participates in social activities, gives back to the community, and exerts positive social impact. We continuously build partnerships with local communities, industry, government, academia, and other stakeholders, and invest relevant resources and volunteers to enhance overall social development and create social value.

1. Participate in the Changhua Family Service Foundation's 2024 "Cherishing Changhua Family Service Children" Charity Bazaar, offering our company's custom-made end-products for a charity sale. Proceeds will be donated to the Foundation. This marks our 16th consecutive year of sponsoring the Changhua Family Service Center's charity sale.
2. Participate in the Fuzhi Foundation's beach cleanup volunteer service, removing environmental debris and protecting the health of the ocean.
3. Co-organize a blood drive with the Changhua County Southwest Rotary Club, supporting the cause of donating blood for charity and helping those in urgent need of saving lives.
4. Sponsor local community organizations and schools (e.g., the Putian/Fangyuan Fire Department, the Putian Yongle Community Development Association's Love Meal Program, Lantern Festival and Mid-Autumn Festival event murals, and book gift certificates for graduating students from Macuo, Yongle, and Tiansheng Elementary Schools). This is a way to give back to our neighbors and care for elderly people living alone. We collaborate with the Family Service Center and Rotary Club on long-term funding for disadvantaged students in local schools. We also provide our own products at school celebrations and give away book gift certificates at graduation ceremonies. This benefit encourages students to study hard, support local development, and fulfill their corporate social responsibility.

5. Assisting a local elementary school, Yongle Elementary School in Putian Township, Changhua County, in establishing a library to cultivate reading habits among children in remote areas. The library will also be open to the community for book borrowing, with the goal of becoming a "community reading center."

Our company's performance in fulfilling its corporate social responsibility obligations in 2024 is as follows:

Participating activities and unit names		
Puyan /Fangyuan Volunteer Fire Brigade	Funding	Funding
Yongle Community Development Association	2024 Senior Dining Service Plan	Funding
	Year-End Party Raffle	Material sponsorship
Yongle Elementary School	Student Graduation Ceremony	Material sponsorship
Mamacuo Elementary School	Student Graduation Ceremony	Material sponsorship
Tiansheng Elementary School	Student Graduation Ceremony	Material sponsorship
Changhua Family Service Center	2024 Winter End of Year "Caring for Children in Changhua" Charity Fair	Funding
Enterprise Volunteer Clean Beach	Qingshui Wetland Cleanup Campaign	Personnel participation
Southwest Rotary Club	Blood Donation Campaign	Material sponsorship
Changhua County Ershui Township Hexing Community Development Association	Old Railway Greening Campaign	Funding
Ershui Township Office	2024 Ershui International Water Running Festival	Financial and material sponsorship

5.03.2 Industry-Academic Collaboration

1. Starting in 2021, we will participate in the Ministry of Education's "Industry-Academic Collaboration Program - Textile Fiber Technology Special Class," cooperating with the Department of Textiles at Shalu Polytechnic High School and the Department of Chemical Engineering at National Chin-Yi University of Science and Technology.

A total of eight participants participated in the four-year program (ending August 2024). The next phase, which will run from December 2024 to November 2028, currently involves five participants.

The program aims to impart textile industry knowledge and skills, enabling practical and theoretical learning to take place simultaneously. It also aims to cultivate corporate R&D potential and talent, enhance product added value and management service performance, and build a platform for academic and practical exchange.

2. In response to the Ministry of Education's Department of Vocational Education and Technology's "Youth Education and Employment Savings Account Program," this initiative encourages high school graduates to explore and establish their life goals through workplace, learning, and international experience.

Currently, eight individuals have participated in this program, which helps young people develop their talents and aptitudes, provides students with career exploration opportunities, and fosters positive career values.

5.03.3 Public Welfare Participation - Bookshelf of Love

Acelon Corporation and its Chairman, Mr. Zhou Wendong, support the Taiwan Reading Foundation's "Reading Together, Sharing, Wisdom Cycle" philosophy. Since 2013, they have consistently supported the "Bookshelf of Love" bookcase renewal project in local schools in Changhua County. This project has circulated over 1.04 million books and has reached over 57.9 million readers.

6. Environmental Aspects

6.01 Climate Change

1. Climate Monitoring, Governance Framework, and Strategy

● Environmental Protection and Management Policy:

We firmly believe that environmental protection and sustainable industrial operations can develop in tandem. Providing a safe production environment and developing alongside society is a corporate responsibility. Providing high-quality products and ensuring employee safety is a corporate social responsibility and the driving force behind our sustainable development. All employees must constantly enhance their professional expertise and prioritize safety, hygiene, and environmental protection. Doing our part for the planet is our mission.

Our company has established an "Environmental Protection Management Method" and is committed to reducing energy and water consumption. We continuously improve and reduce water use in our processes, sourcing both tap water and recycled water. We have also developed and promoted a solution-based dyeing process, which significantly reduces water consumption for downstream customers during dyeing and finishing.

Through external certification, we established an ISO14001 environmental management system and ISO14064-1 organizational greenhouse gas inventory guidance. We achieved carbon footprint certification for nine product categories and ISO50001 energy management system certification, setting a goal of reducing unit energy consumption by 20%.

Beginning in 2021, our company conducted greenhouse gas emissions, water consumption, and total waste inventories at our parent company's three plants (Puyan Plant, Fangyuan Plant, and Douliu Plant), setting targets. All environmental management is conducted in compliance with relevant environmental laws and regulations, and emission permits for all pollution sources have been obtained in accordance with the law.

The Company has drawn upon the guidance issued by the Climate-related Financial Disclosures (TCFD) and formulated response measures and strategies based on the duration and impact of risk factors. The impacts are listed below:

Item	Implementation Status
1. Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.	The Company has established a Sustainability Committee, which includes a "Sustainable Environment" team. This committee promotes relevant policies in accordance with regulatory authorities. Regular meetings are held to address domestic and international climate-related issues, oversee the Company's sustainability efforts, and track annual performance targets, reporting to the Board of Directors.

Item	Implementation Status			
2. Describe how the identified climate risks and opportunities will affect the company's operations, strategy, and finances (short-term, medium-term, and long-term).	The Company has formulated response measures and strategies based on the timeframe and impact of risk factors, in accordance with the guidelines issued by the Climate-related Financial Disclosures (TCFD). The impacts are listed below: (1) Climate Risk			
	Ranking	Potential Risk Impact	Period	Countermeasures
	1	Flooding caused by extreme weather conditions can lead to operational disruptions and damage to finished product inventory, resulting in reduced operating profits or asset losses.	short and medium term	<ul style="list-style-type: none"> ◆ The production line is equipped with emergency response measures, including an uninterruptible power supply system. ◆ Improve drainage and ditch clearing. ◆ Regularly inspect and maintain machine room equipment. ◆ Purchase commercial insurance.
	2	The cost of low-carbon transformation is increasing.	Medium and long term	<ul style="list-style-type: none"> ◆ we will gradually implement energy conservation and carbon reduction initiatives. ◆ Optimize product mix and produce environmentally friendly products. ◆ Improve production processes from the source and reduce waste.
	3	Increased sustainability-related demands and regulations will result in additional carbon reduction costs.	Medium and long term	<ul style="list-style-type: none"> ◆ Continue to monitor trends in carbon taxes and carbon-related regulations at home and abroad
	4	Rising average temperatures lead to higher electricity costs	medium term	<ul style="list-style-type: none"> ◆ Implement door-closing systems and indoor circulation ◆ Use insulating building materials to reduce heat conduction ◆ Purchase and use energy-saving and power-saving products ◆ Implement ISO50001

Item	Implementation Status			
				energy management system
	(2) Climate Opportunities			
	Ranking	Potential Risk Impact	Period	Countermeasures
	1	Through green procurement and supplier management, we support low-carbon, sustainable products and reduce operating costs.	medium term	<p>◆ we will conduct pre-transaction audits of suppliers.</p> <p>◆ We will conduct larger contract purchases with certified environmental suppliers.</p>
	2	Develop low-carbon products and increase revenue	medium and long term	<p>◆ Conduct product carbon footprint audits</p> <p>◆ Expand market share and enhance core technology capabilities</p> <p>◆ Develop temperature control and cooling products to meet market and customer needs.</p>
	3	Managing natural disaster crises to avoid operational disruptions, enhance customer trust, and minimize operating losses.	Long-term	<p>◆ Develop effective adaptation measures to provide stable services across all business operations and segments.</p> <p>◆ Develop a business continuity plan.</p> <p>◆ Regularly implement disaster emergency response measures.</p>

Item	Implementation Status
3. Describe the financial impacts of extreme climate events and transition actions.	Please provide detailed information in Item 2 regarding the financial impacts of operational disruptions caused by extreme climate events, low-carbon transition actions, and compliance with sustainability regulations.
4. Describe how the climate risk identification, assessment, and management processes are integrated into the overall risk management system.	At the 11th meeting of the 12th Board of Directors, the Company adopted the "Risk Management Policy and Procedures." These policies identify significant risk factors based on the three ESG categories, using average risk exposures calculated based on "probability of occurrence" and "impact level." The Company also assesses the impact of climate risk on its operations, finance, and human resources, proposes corresponding measures, and regularly tracks these measures based on the key review points.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts used should be described.	The Company has not yet used scenario analysis to conduct climate change risk assessments.
6. If there is a transition plan to address and manage climate-related risks, describe the plan's content and the indicators and targets used to identify and manage physical and transition risks.	While the Company does not yet have a definitive transition plan to address and manage climate-related risks, it has independently conducted greenhouse gas emissions and product carbon footprint audits, and is replacing outdated equipment and purchasing energy-efficient products.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.	The Company has not yet used internal carbon pricing as a planning tool.

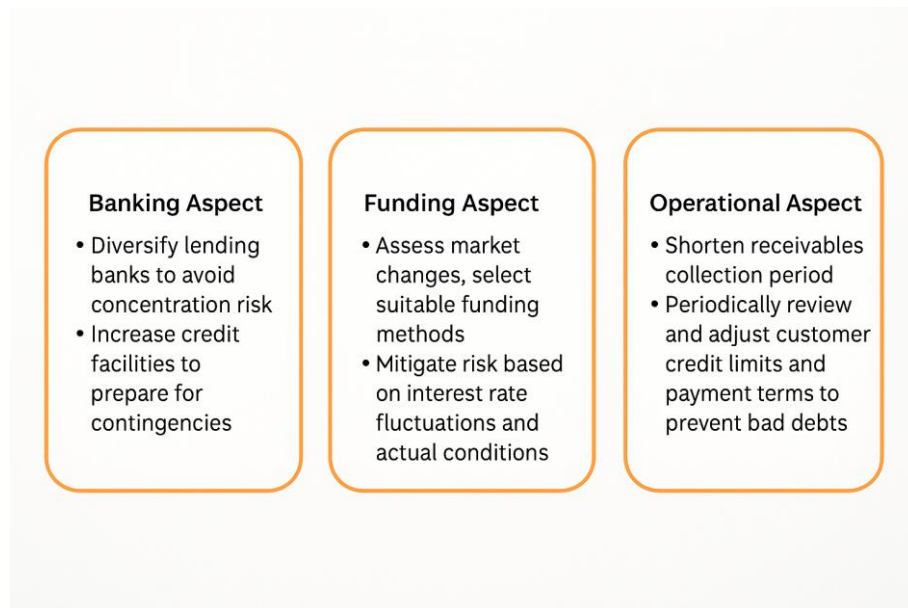
Item	Implementation Status
8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and annual progress towards achieving these targets shall be described. If carbon offsets or renewable energy certificates (RECs) are used to achieve the targets, the source and quantity of the offset carbon credits or the number of renewable energy certificates (RECs) shall be described.	<p>1. The company aims to reduce carbon emissions (including Scope 1 and Scope 2) by 30% between 2021 and 2030, with a target of a 3.3% annual reduction. The company will establish an ISO 14001 environmental management system and conduct an ISO 14064-1 organizational greenhouse gas inventory through external certification in 2022. The company will also obtain carbon footprint certification for nine product categories that same year. The company will also pursue ISO 50001 energy management system certification in 2023.</p> <ul style="list-style-type: none"> ● This year's carbon emissions performance: Carbon emissions in fiscal 2024 increased by 2.71% compared to fiscal 2023, primarily due to a 7.7% increase in production line output in fiscal 2024 compared to the previous year. ● From 2021 to 2024, the company's overall carbon reduction performance was a 21.84% decrease. <p>2. The company has not yet used carbon offsets or renewable energy certificates.</p>

2. Climate-Related Risk Identification, Assessment, and Management

The Company has established a Risk Management Policy and Procedure. This policy identifies significant risk factors based on the three major ESG categories, using average risk exposures calculated based on "probability of occurrence" and "severity of impact." The Company also assesses the impact of climate risks on its operations, finance, and human resources, proposes corresponding measures, and regularly tracks these measures against the established review points.

◆ Financial Risk Management

In light of the frequent extreme weather events caused by climate change, which are impacting the stability and liquidity of working capital, Acelon Corporation has formulated the following countermeasures to maintain financial balance and control risks, as part of its transition to net zero carbon emissions, resulting in increased financial expenses:



Risk Analysis:

1. Typhoon frequency and severity increase

Countermeasures:

- ① Install uninterruptible power supply systems on production lines.
- ② Improve drainage and ditch clearing.
- ③ Regularly maintain equipment in machine rooms and obtain relevant commercial insurance.

2. Increased costs associated with low-carbon transformation

Countermeasures:

- ① Gradually implement energy conservation and carbon reduction initiatives
- ② Optimize product mix and produce environmentally friendly products
- ③ Reduce environmental pollution and waste.

3. Increased sustainability-related demands and regulations

Response measures:

- ① Gradually implement energy conservation and carbon reduction initiatives
- ② Install solar panels for internal use within the factory
- ③ Build an energy storage system

4. Rising average temperatures

Response measures:

- ① Implement door closing and indoor circulation.
- ② Install sprinklers on exterior walls for cooling.
- ③ Use insulating building materials to reduce heat conduction.
- ④ Install solar panels to absorb heat.
- ⑤ Develop temperature-regulating and cooling products.
- ⑥ Replace offices and production lines with energy-saving and power-saving products.

Opportunity Analysis:

Green product revenue is expected to grow annually, and low-carbon products will be developed to increase market share.

Resource reduction and recycling will reduce water consumption and increase wastewater recycling rates, thereby lowering operating costs.

In line with company policies, aging equipment will be gradually replaced to reduce energy consumption and improve production efficiency.

6.02 Greenhouse Gas Management

6.02.1 Greenhouse Gas Management Strategy, Methods, and Objectives

1. Greenhouse Gas Management and Reduction Targets

The company completed a carbon inventory in 2021. Based on this base year, carbon emissions were 52,393.36 metric tons of CO₂e. The target is to reduce this by 30% by 2030, with an annual reduction target of 3.3%.

2. Greenhouse Gas Strategy and Specific Action Plan

Integrate renewable energy into the grid, replace air conditioners with high-efficiency equipment, replace LED lighting, improve the energy efficiency of existing air compressor systems, replace air compressors with high-efficiency air compressors, and introduce variable speed control and unit count control for fans and pumps.

• **Key initiatives:**

- ① Gradually replacing energy-saving office equipment (lighting, air conditioning, reducing carbon emissions by 2.4 metric tons annually)
- ② Replacing old utility air compressors with new ones and implementing a SCADA energy management system (reducing carbon emissions by 2,629.33 metric tons annually)
- ③ Independent installation of solar panels
- ④ Process improvements to reduce carbon emissions (developing recycled and bio-based materials to replace the proportion of petrochemical raw materials used)
- ⑤ Converting all diesel forklifts in the factory to electric power
- ⑥ Electronic forms to reduce paper usage

6.02.2 Greenhouse Gas Emissions

Beginning in fiscal year 2022, the Company has conducted carbon emissions audits and self-declarations for all parent company sites. It plans to conduct carbon emissions audits for subsidiaries disclosed in the consolidated financial statements in 2025 and conduct external verification of greenhouse gas emissions for the group companies in 2026.

The company calculates greenhouse gas emissions in accordance with the ISO 14064-1:2018 greenhouse gas inventory standard. The 2024 inventory results were 965.14 tCO₂e for Category 1 and 38,365.75 tCO₂e for Category 2, with an emissions intensity of 16.53 tCO₂e per million yuan of sales. From 2021 to 2024, carbon emissions had decreased by 24.93%.

Greenhouse Gas Emissions Analysis Table

Item	Implementation Status		
1. Describe greenhouse gas emissions (metric tons CO ₂ e), intensity (metric tons CO ₂ e/million dollars), and data coverage for the most recent two years.	In fiscal years 2023 and 2024, the Company conducted independent greenhouse gas inventory checks at its parent company's three plants (Puyan Plant, Fangyuan Plant, and Douliu Plant). The relevant data is summarized and summarized as follows:		
	Yera	FY 2023	FY 2024
	Category 1 Emissions (metric tons CO ₂ e)	965.97	965.14
	Category 2 Emissions (metric tons CO ₂ e)	38,566.85	38,365.75
	Category 1+2 Total Emissions (metric tons CO ₂ e)	39,532.82	39,330.89
	Category 1 Carbon Intensity (metric tons CO ₂ e/million yuan)	0.49	0.41
	Category 2 Carbon Intensity (metric tons CO ₂ e/million yuan)	19.62	16.81
	Total Greenhouse Gas Intensity (metric tons CO ₂ e/million yuan)	20.11	16.53
2. Describe the assurance status for the most recent two years as of the publication date of the annual report, including the assurance scope, assurance organization, assurance criteria, and assurance opinion.	According to the listed company's sustainable development roadmap, the Company is not yet required to conduct a greenhouse gas inventory.		

6.03 Energy Management

6.03.1 Energy Usage Policy

Maintaining environmental sustainability and improving energy efficiency are key core values in our company's operational strategy. Facing the pressures of global warming, we will strive to conserve energy and reduce carbon emissions. We have established an energy management system based on ISO 50001 international standards. The responsible energy management unit will be responsible for integrating energy usage across all operating locations, understanding the major energy types used at each site, and developing energy conservation improvement plans and short-, medium-, and long-term goals. We commit to:

1. Comply with energy-related laws and regulations and prioritize the purchase of energy-efficient products.
2. Improve energy efficiency and continuously improve energy performance.
3. Review energy targets and ensure access to information resources.
4. Implement an energy management system and engage all employees in energy conservation and carbon reduction.

Create corporate energy value and build a sustainable corporate culture.

Our company systematically manages electrical equipment. We first inventory the power consumption of our factory equipment and rank them by power consumption, prioritizing improvements for high-power consuming equipment. We propose energy-saving plans at the beginning of each year. Once approved, we compile a budget for implementation and review the implementation status monthly.

In addition to internal assessments and proposals for energy-saving plans, we also engage external energy-saving experts (consulting firms) for assessments. These assessments provide systematic diagnostics and recommendations for improvement. These plans are then developed based on budgetary and plant-wide energy management considerations. Before purchasing major equipment, we assess the energy efficiency of new equipment and select high-efficiency equipment to achieve our annual energy-saving targets.

6.03.2 Energy Usage

Our company is a high-energy consumer and relies entirely on Taipower for electricity. In 2024, our total energy consumption was 293,234.10 billion joules (GJ), of which 99.39% came from purchased electricity and 0.61% from renewable energy.

Increasing Renewable Energy: We actively support government policies and, in accordance with the Ministry of Economic Affairs' Bureau of Energy's 1% electricity saving policy for large electricity users, utilize renewable energy. We are installing solar panels at our Fangyuan plant to

replace purchased electricity. In 2024, we will generate and use a total of 177.98 billion GJ for our own use and sell 222.45 billion GJ of solar power.

Historical energy usage statistics:

Puyan Plant:

GJ: Gigajoule

MWH: Megawatt-hour

Year	2022		2023		2024	
Energy Units	GJ	MWH	GJ	MWH	GJ	MWH
Purchased Electricity	50,000	13,900	35,764	9,942	34,738	9,649.6
Total Energy Use	50,000	13,900	35,764	9,942	34,738	9,649.6

Fangyuan Plant:

Year	2022		2023		2024	
Energy Units	GJ	MWH	GJ	MWH	GJ	MWH
Purchased Electricity	168,212	46,762.8	147,346.6	40,929.6	1,69219	47,005.2
Renewable energy					1,779.8	494.39
Total Energy Use	168,212	46,762.8	147,346.6	40,929.6	170,998.8	47,499.59

Douliu Plant:

Year	2022		2023		2024	
Energy Units	GJ	MWH	GJ	MWH	GJ	MWH
Purchased Electricity	91,376.6	25,382.4	97,346.9	27,040.8	87,497.3	24,304.8
Total Energy Use	91,376.6	25,382.4	97,346.9	27,040.8	87,497.3	24,304.8

The three factories combined:

Year	2022		2023		2024	
Energy Units	GJ	MWH	GJ	MWH	GJ	MWH
Purchased Electricity	309,588.60	86,045.20	280,457.50	77,912.40	291,454.30	80,959.60
Renewable energy	0.00	0.00	0.00	0.00	1,779.80	494.39
Total Energy Use	309,588.60	86,045.20	280,457.50	77,912.40	293,234.10	81,453.99

Energy intensity in 2024:

Project	Puyan Plant	Fangyuan Plant	Douliu Plant	Total
Electricity consumption (kWh)	9,649,600	47,005,201	24,285,600	80,940,401
Production (tons)	2,692.32	27,904.23	9,667.22	40,263.77
Electricity consumption per ton of production (kWh)	3,584.13	1,684.52	2,512.16	2,010.25

Energy consumption analysis table:

★Electricity efficiency per metric ton of production: The three plants will achieve a combined 3.55% reduction in electricity efficiency by FY2024 compared to FY2023, achieving the target.

Energy consumption items	2024	2023	2022
Electricity consumption per metric ton of production (kWh)	2,010.25	2,084.22	2,227.99

Analysis of energy saving performance of each factory:

Puyan Plant:

Project	Cumulative amount (2015~2023)	2024	Cumulative amount (2015~2024)	Ongoing	Total
Number of Improvements	39	2	41	1	42
Energy Savings (kWh/hour)	7150	1100	8250	251	8501
Investment Amount (NT\$10,000)	1913.3	307	2220.3	0	2220.3

Fangyuan Plant:

Project	Cumulative amount (2014~2023)	2024	Cumulative amount (2014~2024)	Ongoing (2025)	Total
Number of Improvements	45	7	52	8	60
Energy Savings (kWh/hour)	13284	602	13886	1090	14976
Investment Amount (NT\$10,000)	15808.2	373.5	16181.7	500	16681.7

Douliu Plant:

Project	Cumulative amount (2018~2023)	2024	Cumulative amount (2018~2024)	Ongoing (2025)	Total
Number of Improvements	43	3	46	1	47
Energy Savings (kWh/hour)	6443.6	519	6962.6	150	7112.6
Investment Amount (NT\$10,000)	2113	7.7	2120.7	186	2306.7

6.04 Water Resource Management

6.04.1 Water Resource Management and Reduction Targets

1. Water Resource Management

The Company regularly assesses and reviews water resource impacts and drainage-related impacts. Based on the results of water resource risk and impact pathway assessments, it formulates corresponding management policies and targets to reduce water resource risks and environmental and social impacts at each site.

Reduction Target:

Using 2021 as the base year, the goal is to increase the recycled water reuse rate by 3.3% annually between 2021 and 2030.

• **Key Initiatives:** ① Recycling and reuse of chilled water systems ② Daily water conservation promotion

2. Discharge Water Management

Process wastewater generated at each of our plants is treated at carefully planned wastewater treatment facilities, tailored to the characteristics of the wastewater source. Discharge into rivers or into industrial wastewater treatment plants ensures that the discharged water quality meets national standards for discharged water. In accordance with the Water Pollution Prevention and Control Act and the location of the respective plants, the Puyan Plant discharges to the township boundary drainage system and ultimately into the Zhuoshui River. The other two plants discharge into industrial wastewater treatment plants.

Water discharge in 2024

Unit: 1 cubic meter

Plant	Water Volume	
	Permitted Amount CMD	Annual Discharge
Puyan Plant	120	14,482
Fangyuan Plant	250	48,715
Douliu Plant	180	53,034

6.04.2 Water Usage

The Company's water sources include tap water and groundwater, and the groundwater used is legally licensed.

In 2024, the total water withdrawal was 189.199 thousand cubic meters, the wastewater discharge was 116.231 thousand cubic meters, and the total water consumption was 72.968 thousand cubic meters. The water intensity was 79.557 metric tons per million yuan of sales.

Water resources: water withdrawal and consumption

Unit: thousand cubic meters

Item	FY 2024
Total water intake	189.199
Total water discharge	116.231
Total water consumption (Note 1)	72.968

Note 1: Total water consumption = total water intake - total water discharge

6.04.3 Recycled and Reused Water

The water recycling rate in fiscal year 2024 increased by 0.98% compared to fiscal year 2023.

Unit: 1 cubic meter

Annual	FY 2023	FY 2024
Total Water Consumption	185,535	189,199
Recycled Water	30,590	33,059
Recycling Rate	16.49%	17.47%

6.05 Waste Management

6.05.1 Waste Management or Reduction Targets

The company has established a dedicated management unit in accordance with ISO 14001 management procedures to effectively monitor waste sources, production, and management measures. It also conducts detailed analysis and responses to actual and potential waste-related impacts.

The company's waste management policy sets a reduction target of 30% between the 2021 baseline and 2030.

The company has established a comprehensive waste sorting and recycling system to maximize resource recovery efficiency, reduce reliance on natural resources, and optimize waste management processes.

In compliance with government waste disposal laws, each site implements waste disposal plans approved by the competent authority and selects qualified environmental certification contractors for waste removal and disposal. We rigorously track the types, quantities, distribution, storage, utilization, and disposal of hazardous waste handled through outsourcing to ensure compliance with

laws and regulations. In fiscal 2024, no waste disposal contractors were found to have improperly disposed of waste.

In terms of data management, the company has established a comprehensive waste data collection and monitoring process, setting up a recording system starting from the point of waste generation to accurately track waste volume, type, and disposal methods. Monthly internal audits are conducted to ensure data accuracy and consistency. Quarterly management reports are generated to analyze trends in different types of waste, serving as a basis for improving waste management strategies.

6.05.2 Waste Generation

The company generated a total of 242.44 metric tons of waste in 2024, all of which was non-hazardous industrial waste, with a waste density of 0.1019 metric tons per million yuan of sales. Waste disposal methods include incineration, physical treatment, and recycling.

Plant	Type General Waste Disposal Volume (tons)					
	Incineration	%	Physical treatment	%	Recycling	%
Puyan Plant	17.14	29.1%	20.82	35.3%	20.96	35.6%
Fangyuan Plant	15.35	39.6%	23.45	60.4%		
Douliu Plant	24.36	16.8%	3.72	2.6%	116.64	80.6%

Source: Environmental Protection Administration, Executive Yuan, Industrial Waste Reporting and Management Information System

6.05.3 Serious Spills

No relevant incidents

6.05.4 Waste Transportation

Our company does not import or export hazardous waste; therefore, this indicator does not apply.

6.06 Environmental Violations

The Company had no violations of environmental laws and regulations in 2024.

6.07 Recycled Materials Policy

1. Use recycled pallets, perforated boards, and tubing for packaging to reduce material waste. We collaborate with domestic customers to recycle our packaging materials, including perforated boards and pallets, and have established a dedicated department to repair and reuse them. Furthermore, we proactively recycle packaging materials from suppliers using their recycling trucks. We strive for continuous improvement, regularly reviewing our recycling rate and continuously

seeking recycling sources. We aim to fully reuse resources, reduce packaging costs, and implement the concept of a circular economy.

To avoid overpackaging, our company requires customers to switch from small biscuits to large biscuits and from small packages to large ones, reducing packaging material consumption. We also prioritize the recycling and reuse of packaging materials. In addition to internal paper tube recycling, we've long offered preferential incentives. Through constant communication and coordination, we've allowed customers to recycle our packaging materials (pallets and perforated boards) for repair and reuse. We have established a robust recycling management system and also organize and store suppliers' packaging materials, coordinating with them to use return trucks to recycle them for reuse.

2. We are moving toward a circular economy in product development, continuously increasing the use of recycled materials.

For product proportions, see Section 4.08.6: Green Manufacturing.

3. We are optimizing traditional product design to increase the proportion of dope dyeing (pre-dyeing), enabling downstream clients to reduce water consumption in the dyeing and finishing process.

For product proportions, see Section 4.08.6: Green Manufacturing.

4. We are reducing the use of copy paper. To reduce deforestation, our company is moving toward a paperless environment, starting with the implementation of electronic forms.

This not only saves paper but also shortens process times, enabling anytime, anywhere work, regardless of location or time, and improving operational efficiency.



7. Appendix

7.01 Appendix I: GRI Content Index

GRI Content Index Table (Translated)

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305-4	GHG Emissions Intensity	GHG Emissions	87-89	
305-5	Reduction of GHG Emissions	Strategies, Methods, and Targets for GHG Management	87-89	
305-6	Emissions of Ozone-depleting Substances (ODS)	GHG Emissions	87-89	
GRI 306: Waste 2020				
306-1	Waste Generation and Significant Waste-related Impacts	Waste Management or Reduction Targets	93-94	

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306-2	Management of Significant Waste-related Impacts	Waste Management or Reduction Targets	93-94	
306-3	Waste Generated	Waste Generation	93-94	
306-4	Waste Diverted from Disposal	Waste Generation	93-94	
306-5	Waste Directed to Disposal	Waste Generation	93-94	
GRI 308: Supplier Environmental Assessment 2016				
308-1	New Suppliers Screened Using Environmental Criteria	Supplier Management	51-53	
308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken	Supplier Management	51-53	
Social				
GRI 401: Employment 2016				
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401-3	Parental Leave	Employee Rights and Benefits	57-73	

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GRI 403: Occupational Health and Safety 2018				
403-1	Occupational Health and Safety Management System	Occupational Safety and Health Policies	73-78	
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	Occupational Safety and Health Policies	73-78	
403-3	Occupational Health Services	Occupational Safety and Health Policies	73-78	
403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	Occupational Safety and Health Policies	73-78	
403-5	Worker Training on Occupational Health and Safety	Occupational Safety and Health Policies	73-78	
403-6	Promotion of Worker Health	Occupational Safety and Health Policies	73-78	
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	Occupational Safety and Health Policies	73-78	
403-8	Workers Covered by an Occupational Health and Safety Management System	Occupational Safety and Health Policies	73-78	
403-9	Work-related Injuries	Work-related Injuries	73-78	
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No.	Disclosure Item	Corresponding Section	Page No.	Notes / Omission Description
GRI 404: Training and Education 2016				
404-1	Average Hours of Training per Year per Employee	Employee Training	73-78	
404-2	Programs for Upgrading Employee Skills and Transition Assistance	Employee Training	73-78	
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	Employee Training	73-78	
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of Governance Bodies and Employees	Members and Diversity	73-78	
405-2	Ratio of Basic Salary and Remuneration of Women to Men	Employee Rights and Benefits	73-78	
GRI 406: Non-discrimination 2016				
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GRI 407: Freedom of Association and Collective Bargaining 2016				

No.	Disclosure Item	Corresponding Section	Page No.	Notes / Omission Description
407-1	Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining May Be at Risk		51-53	
GRI 408: Child Labor 2016				
408-1	Operations and Suppliers at Significant Risk for Incidents of Child Labor		51-53	
GRI 409: Forced or Compulsory Labor 2016				
409-1	Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor		51-53	
GRI 413: Local Communities 2016				
413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs	Local Community	78-80	
413-2	Operations with Significant Actual and Potential Negative Impacts on Local Communities	Local Community	78-80	

No.	Disclosure Item	Corresponding Section	Page No.	Notes / Omission Description
GRI 414: Supplier Social Assessment 2016				
414-1	New Suppliers Screened Using Social Criteria	Supplier Management	51-53	
414-2	Negative Social Impacts in the Supply Chain and Actions Taken	Supplier Management	51-53	
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the Health and Safety Impacts of Product and Service Categories	Customer Health and Safety	42-51	
416-2	Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services	Customer Health and Safety	42-51	
GRI 417: Marketing and Labeling 2016				
417-1	Requirements for Product and Service Information and Labeling	Marketing and Labeling	42-51	
417-2	Incidents of Non-compliance Concerning Product and Service Information and Labeling	Marketing and Labeling	42-51	

No.	Disclosure Item	Corresponding Section	Page No.	Notes / Omission Description
417-3	Incidents of Non-compliance Concerning Marketing Communications	Marketing and Labeling	42-51	
GRI 418: Customer Privacy 2016				
418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Customer Privacy Protection	39-41	

Explanation of the GRI Content Index

Statement of Use	Acelon has reported the content for the period from January 1, 2024 to December 31, 2024 in accordance with the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	If applicable GRI Sector Standards exist, please specify the sector name.

7.02 Appendix II: Climate-related Information

Item	Content	Corresponding Chapter	Page
1	Statement on the board of directors' and management's oversight and governance of climate-related risks and opportunities.	6.01 Climate Change	81-87
2	Statement on how identified climate risks and opportunities affect the company's business, strategy, and financials (short-, medium-, and long-term).	6.01 Climate Change	81-87
3	Statement on the financial impacts of extreme climate events and transition actions.	6.01 Climate Change	81-87
4	Statement on how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.	6.01 Climate Change	81-87
5	If scenario analysis is used to assess resilience in facing climate change risks, disclose the scenarios, parameters, assumptions, analytical factors, and major financial impacts used.	6.01 Climate Change	81-87
6	If there are transition plans to address and manage climate-related risks, disclose the plan details as well as the indicators and targets used to identify and manage physical and transition risks.	6.01 Climate Change	81-87
7	If internal carbon pricing is used as a planning tool, disclose the basis for price setting.	6.01 Climate Change	81-87
8	If climate-related targets are set, disclose the activities covered, greenhouse gas emission scopes, planning timeline, and annual progress; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve targets, disclose the source and volume of carbon offsets or the number of RECs.	6.01 Climate Change	81-87
9-1-1	Greenhouse gas inventory information for the most recent two years.	6.02.2 Greenhouse Gas Emissions	87-89
9-1-2	Greenhouse gas assurance information for the most recent two years.	6.02.2 Greenhouse Gas Emissions	87-89
9-2	Greenhouse gas reduction targets, strategies, and concrete action plans.	6.02.2 Greenhouse Gas Emissions	87-89

7.03 Appendix III: Industry-Specific Sustainability Indicator

Information

Appendix 1-2 Sustainability Disclosure Indicators – Chemical Industry

No.	Indicator	Type of Indicator	Annual Disclosure Status	Unit	Remarks
1	Total energy consumption, percentage of purchased electricity, renewable energy utilization rate, and total self-generated energy (Note 1)	Quantitative	Total energy consumption: 293,234.10 Purchased electricity: 291,454.30, accounting for 99.39% Self-generated energy: 1,779.80, accounting for 0.61%	Gigajoules, Percentage (%)	
2	Total water withdrawal, total water consumption, and wastewater (sewage) discharge volume as required by regulations or voluntarily disclosed	Quantitative	Total water withdrawal: 189.199, 100% Total water consumption: 72.968, 38.6% Wastewater discharge: 116.231, 61.4%	Thousand cubic meters (m ³), Percentage (%)	
3	Total volume of hazardous waste generated in the product manufacturing process and recycling percentage, as required by regulations or voluntarily disclosed	Quantitative	Not applicable	Metric tons (t), Percentage (%)	
4	Description of the number and rate of occupational accidents	Quantitative	0.88%, 3 persons	Rate (%), Number	
5	Business activities with significant actual or potential negative impacts on local communities	Qualitative description	None	Not applicable	

No.	Indicator	Type of Indicator	Annual Disclosure Status	Unit	Remarks
6	Concrete and effective mechanisms and actions taken by the company and its suppliers to reduce negative environmental or social impacts	Qualitative description	1. Building good relations with communities, sponsoring local elementary schools, township offices, volunteer fire brigades, and other activities. 2. Implementing annual energy-saving improvement measures to reduce carbon emissions, lower costs, and support environmental friendliness. 3. Collaborating with customers and suppliers on packaging material recycling to achieve circular economy and environmental benefits. 4. Moving towards a paperless office to reduce paper usage and prevent deforestation. 5. Green manufacturing: developing eco-friendly recycled fibers, dope-dyed fibers, and cellulosic long filament products.	Not applicable	
7	Product output by product category	Quantitative	Filament yarn: 23,913 tons Textured yarn: 16,345 tons	Varies by product type	

Note 1: The total amount of self-generated energy is defined in accordance with the Renewable Energy Development Act, the Renewable Energy Certificate Implementation Measures, or relevant sub-laws.