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Practitioner of Sustainable Management

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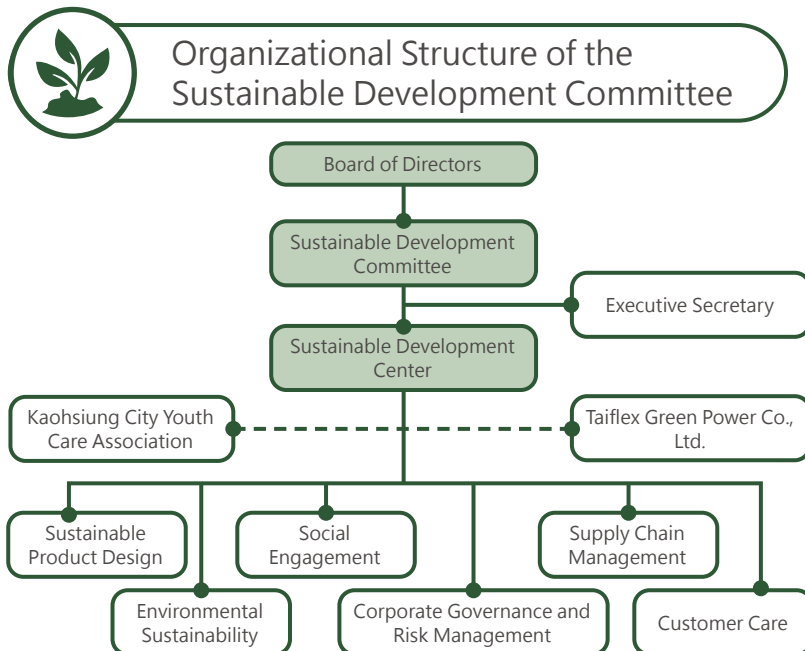
Practitioner of Sustainable Management

1.1 Sustainable Development Committee

To advance the Company's sustainable development goals, Taiflex has established a Sustainable Development Committee consisting of five members: three Independent Directors, the President, and a Senior Assistant Vice President. The Committee oversees six functional teams: Sustainable Product Design, Environmental Sustainability, Social Engagement, Corporate Governance and Risk Management, Supply Chain Management, and Customer Care. The convener of the Committee designates department heads to lead each functional team and coordinate the implementation of relevant initiatives. An Executive Secretary supports the convener by monitoring the progress and outcomes of each team's work. On December 1, 2024, the Chief of Staff resigned from the Committee. On January 16, 2025, the Board of Directors approved the appointment of a new Senior Assistant Vice President to fill the vacancy on the Sustainable Development Committee.

Within this organizational structure, the Sustainable Development Center is responsible for monitoring and analyzing global sustainability issues. It works in collaboration with the functional teams to promote the Company's sustainability efforts across the environmental, social, and governance (ESG) dimensions. For economic, environmental, and social issues arising from operational activities, each functional team is tasked with formulating annual work plans based on the year's business performance, tracking implementation progress, and submitting the results to the Sustainable Development Center. The Center consolidates these outcomes and reports them to the Sustainable Development Committee. The Committee, in turn, reports to the Board of Directors at least twice a year on the progress and performance of the Company's sustainability action plans. In 2024, two Committee meetings were held, with an average attendance rate of 88.89% among all members.

Moreover, the Company has appointed a Chief Sustainability Officer (CSO) to assist in leading the Sustainability Development Center and its operational units. The CSO is responsible for promoting Taiflex's overall sustainability initiatives.



Operation of the Sustainable Development Committee in 2024

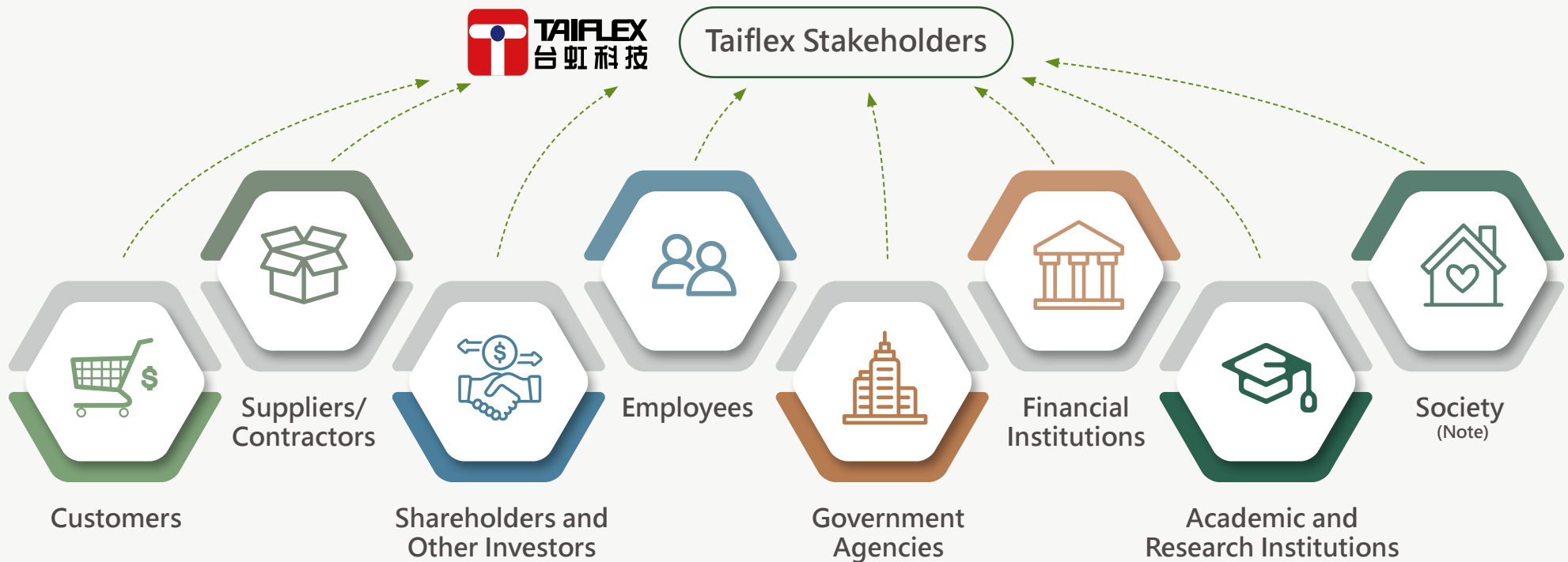
Date and Session of Meeting	2024.07.16 4th meeting of the 2nd term	2024.12.17 5th meeting of the 2nd term
Motion	No discussion item	2025 sustainability development plan
Resolution	-	Approved without objection
Other Discussion Items	<ul style="list-style-type: none"> Review of previous meeting minutes and follow-up status Progress report on the 2023 sustainability development plan Status report on the 2023 GHG inventory results 	<ul style="list-style-type: none"> Progress report on the 2024 sustainability development plan Status report on the 2023 GHG inventory results

1.2 Stakeholder Engagement and Response

Stakeholder identification and engagement form the foundation of corporate sustainability. To fulfill our commitments to stakeholders and to respect and safeguard their legitimate interests, Taiflex engages in ongoing communication through multiple channels. Feedback, needs, and expectations from stakeholders are incorporated into our operational decision-making. The outcomes of stakeholder engagement are regularly reported to the Board of Directors. (For 2024, the engagement outcomes were presented at the Board meeting held on January 16, 2025.) Through these efforts, we strive to create and share maximum value with our stakeholders.

Stakeholder Identification

Through internal discussions with department heads, input from external experts, and benchmarking against industry peers, the Company's Sustainable Development Committee identified stakeholder groups that may be positively or negatively impacted by Taiflex' s operational activities. The Committee adopted the AA1000 Stakeholder Engagement Standard (SES) to assess and prioritize these groups. A total of eight key stakeholder groups have been identified, including customers, employees, suppliers/contractors, shareholders and other investors, government agencies, financial institutions, academic and research institutions, and society (including local communities, neighboring factories, and social welfare organizations).







Note: Including local communities, neighboring factories and social welfare organizations



✦ Stakeholder Communication



Taiflex adopts a proactive approach to stakeholder communication by utilizing multiple channels, including annual reports, the official website, relevant meetings, the EHR platform (Taiflex Forum), employee suggestion boxes, customer service, ESG questionnaires, emails, and official correspondence. These channels help the Company understand the issues and concerns raised by its stakeholders. Through coordination and communication among the management team, issues are assessed and handled based on internal procedures and past engagement experiences. The nature, sensitivity, and potential impact of each issue are key considerations that guide the Company’s response strategy and enable timely, appropriate actions.

Stakeholder Communication Channels and Effectiveness in 2024

Stakeholders	Significance of Stakeholders to the Company	Communication Channel	Frequency	Communication Effectiveness
 Customers	Providing high-value products to become a trusted business partner is key to business development.	Sustainability issue questionnaires	Annually	<ul style="list-style-type: none"> Scored 93.25 in 2024 customer satisfaction survey. 17 quality audits conducted in 2024, with 59 improvement items identified and fully resolved, achieving a 100% completion rate. Over 80–100 technical exchange meetings held. Completed 11 key customer information security audit questionnaires in 2024, with no corrective actions required.
		Customer satisfaction survey	Semi-annually	
		Technical exchange meetings	Monthly	
		Business visits	Monthly	
		Customer service hotline	Real-time	
		Email for external parties	As needed	
		Audit visits	As needed	
		Customer-designated questionnaires	As needed	
 Suppliers/ Contractors	Business operations rely on the stable supply of goods from suppliers. We place great importance on the quality of raw materials provided and strive for mutual benefit and sustainable growth with our partners.	Supplier conference	Annually	<ul style="list-style-type: none"> Recognized eight outstanding suppliers during the 2024 Supplier Conference. Implemented green procurement principles via the e-procurement system. Conducted 30 supplier audits in 2024 (14 document reviews and 16 on-site inspections), identifying 111 deficiencies, all of which were fully corrected. No suppliers were disqualified as a result of the audits. Held one contractor consultative organization meeting, which included occupational safety and health regulatory training. Carried out 540 operation reviews and audits in 2024, with a 100% improvement rate. Performed 119 inspections of special contractor operations in 2024, with one violation identified and fully corrected.
		Sustainability issue questionnaires	Annually	
		Phone	Real-time	
		Email for external parties	As needed	
		Regular audits	Annually	
		Operation review and audit	As needed	
		Contractor consultative organization meeting	Annually	
		Green product data management	Annually	

Stakeholders	Significance of Stakeholders to the Company	Communication Channel	Frequency	Communication Effectiveness
 Shareholders and Other Investors	Shareholders and investors are key supporters of Taiflex' s sustainable operations, and fulfilling our responsibilities to them is a core corporate mission.	Annual shareholders' meeting	Annually	<ul style="list-style-type: none"> Voluntarily disclosed consolidated monthly revenue by product category. Held one shareholders' meeting and two investor conferences in 2024 to brief investors on operational status. Published English versions of the shareholders' meeting agenda, annual report, and minutes for investor reference. On October 30, 2024, the Chief Information Security Officer (CISO) and the Information Security Officer reported to the Board on information security governance performance, key issues, and risk management strategies. Dedicated email and hotline in place to respond to shareholder inquiries. Over 100 inquiries from shareholders and other investors were received in 2024, with a 100% response and resolution rate.
		Investor conference	Annually	
		Annual report / Financial statements	Annually	
		Investor relations website	As needed	
		Sustainability issue questionnaires	Annually	
		Dedicated shareholder hotline	As needed	
		Email for external parties	As needed	
		Annual information security briefing	Annually	
 Employees	Employees are a vital corporate asset and key to maintaining core competitiveness. Taiflex aims to create a work environment that is challenging, continuously engaging, and enjoyable, fostering sustainable growth with all partners.	EHR platform (Taiflex forum)	Real-time	<ul style="list-style-type: none"> In 2024, a total of 16 discussions and responses were posted on the EHR platform. In 2024, four labor-management meetings, two CEO roundtables, and eight EWC meetings were held. In 2024, four OSH Committee meetings were convened. In 2024, three newcomer welcome sessions were organized. The Company published monthly announcements on the Confidential Information Protection Policy (CIPP) and conducted an annual assessment of Taiflex' s confidential information protection guidelines, with a full score required to pass. All 791 designated employees passed the assessment in 2024. In 2024, a total of 878 employees completed online information security training (including assessments), with a 100% pass rate. In 2024, four OSH Committee meetings were held, with an attendance rate of 83%. Four follow-up issues were raised and all were resolved. In 2024, 19 information security training sessions were conducted, attended by 382 participants. Awareness was further promoted through 48 printed and 18 digital flyers. In 2024, seven environmental education knowledge-sharing articles were published. Individual development plans (IDPs) were created based on employees' job requirements, performance evaluations, and career development needs. Coverage rate was 100% (excluding non-regular employees and those on unpaid leave). In 2024, a total of 24 briefings were held by department heads or division managers to communicate company policies and address employee inquiries.
		Labor-management meetings	Quarterly	
		Employee briefing sessions	As needed	
		CEO roundtable discussions	Semi-annually	
		EWC meetings	Quarterly	
		Occupational Safety and Health (OSH) Committee meetings	Quarterly	
		Employee suggestion mailbox	Real-time	
		Training and awareness programs	As needed	
		Sustainability issue questionnaires	Annually	
		Internal hotline/email	Real-time / Semi-annually	
		Monthly production recognition meetings	Monthly	

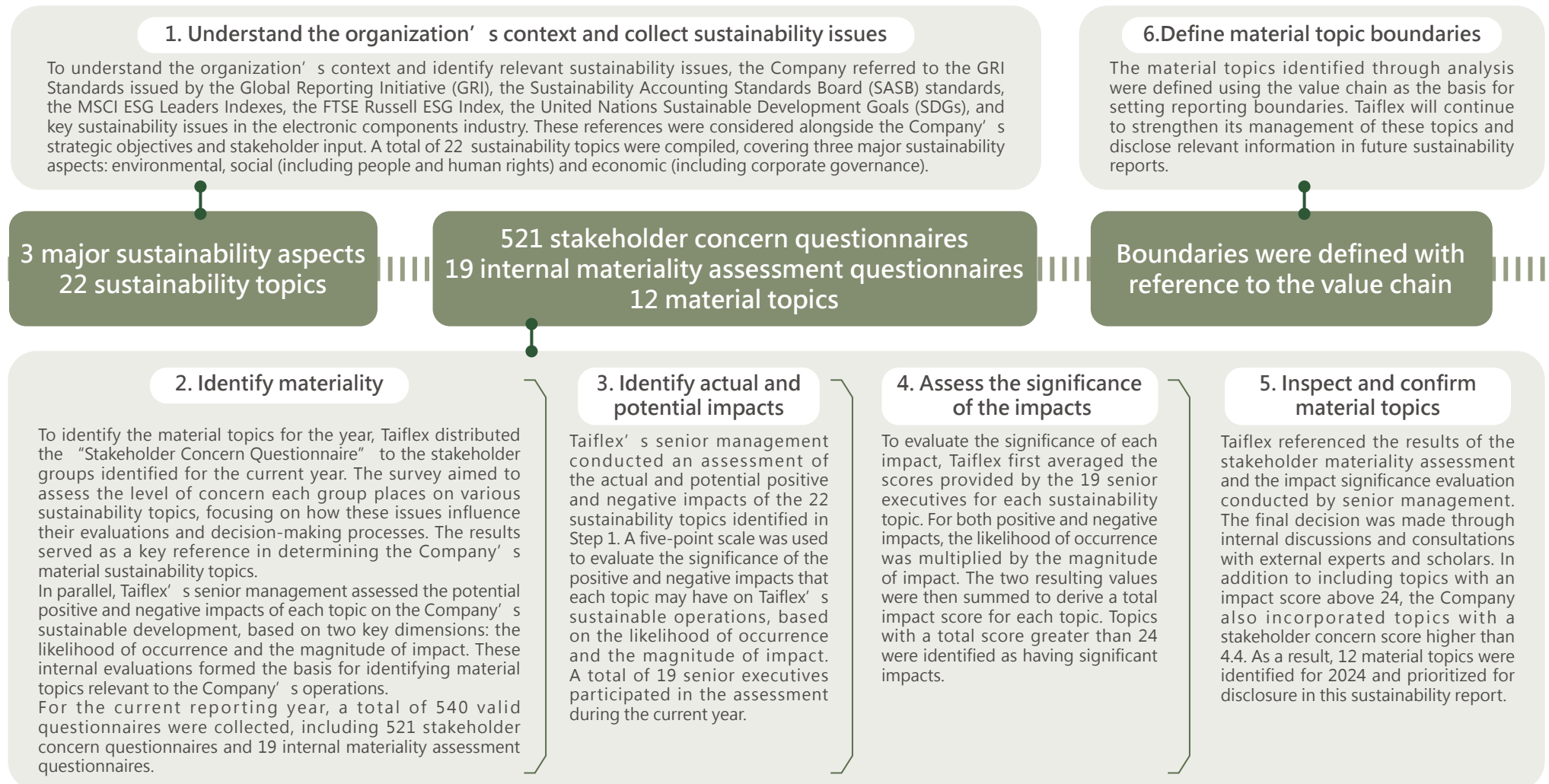
Stakeholders	Significance of Stakeholders to the Company	Communication Channel	Frequency	Communication Effectiveness
 Government Agencies	Business operations must be founded on legal compliance and subject to government oversight. As policy changes can significantly impact operational direction, maintaining two-way communication with government agencies is essential.	Official correspondence	As needed	<ul style="list-style-type: none"> • One submission for approval of work rules. • One update of employer representatives for labor-management meetings. • In 2024, over 1,121 official correspondences with competent authorities, including the TWSE, Investment Commission of MOEA, and tax agencies. • In 2024, ten communications with external stakeholders: eight audits by competent authorities and two inspections by third-party agencies. Two findings were issued and fully corrected (100% improvement rate). • A submission was made for approval of the OSH work rules and the related organization and personnel to establish an OSH system. • Active participation in information and policy briefings hosted by competent authorities to stay current with regulatory trends. In 2024, the finance and accounting departments attended five government-organized sessions. • In 2024, 15 inspections by various levels of competent authorities were conducted.
		Questionnaire surveys	As needed	
		Inspections and audits	As needed	
		Labor-management meetings	Every 3 months	
		EWC meetings	Quarterly	
		Public hearings and press conferences	As needed	
		Information sessions and seminars	As needed	
		Sustainability issue questionnaires	Annually	
		Phone communication	Real-time	
Email for external parties	Real-time			
 Financial Institutions	Capital is the lifeblood of business operations, and financial institutions are key capital providers. Therefore, we prioritize their concerns and maintain close communication.	Official correspondence	As needed	<ul style="list-style-type: none"> • Signed unsecured credit line agreements with more than 15 institutions to ensure funding stability. • Provided financial institutions with transparent operational results and strategic directions to facilitate their understanding of the Company' s governance, risk management, and long-term strategies and outlook. • Since 2021, the Company has partnered with E.SUN Bank on ESG initiatives and has continued to work closely with the bank to advance sustainable transformation.
		Sustainability issue questionnaires	Annually	
		Phone communication	As needed	
		Email for external parties	As needed	
		Credit line renewal reviews	Annually	
Bank meetings	As needed			

Stakeholders	Significance of Stakeholders to the Company	Communication Channel	Frequency	Communication Effectiveness
 <p>Academic and Research Institutes</p>	<p>We value academic knowledge and collaborate with universities and research institutes to cultivate professional talent, accelerate product development, and enhance the Company's overall sustainability through academic expertise.</p>	Briefings / Forums / Seminars	Real-time / As needed	<ul style="list-style-type: none"> Participated in the National Cheng Kung University Career Coaching Program since 2015, with 7 executives mentoring nearly 100 students to date. Partnered with National Sun Yat-sen University's College of Semiconductor and Advanced Technology Research for a 10-year talent development program, providing professional lecturers and aiming to train 40 young professionals. As of 2024, 9 students have completed internships at Taiflex. Participated in the "Internship for Youth in Kaohsiung" program initiated by the Youth Bureau of the Kaohsiung City Government and successfully recruited seven young interns. Signed an industry-academia collaboration agreement with Wun-Shan Senior High School and hosted a campus promotion event during the school's anniversary celebration. Signed an industry-academia collaboration agreement with National University of Kaohsiung in 2024. Participated in four training sessions hosted by the Taiwan Printed Circuit Association (TPCA).
		Official correspondence	As needed	
		Industry-academia collaboration projects	As needed	
		Project meetings	As needed	
		Visits and interviews	As needed	
		Sustainability issue questionnaires	Annually	
		Simulation research briefings	At least twice a month	
		E-mail / Phone hotline / Laboratory access	Real-time	
 <p>Society (including local communities and social welfare organizations)</p>	<p>Maintain positive engagement with residents in our operating regions and aim to give back to society by fulfilling our corporate social responsibility and contributing to a better future.</p>	Public welfare activities, donations, and volunteer participation	As needed	<ul style="list-style-type: none"> The "Kaohsiung City Youth Care Association" actively organized 10 events in 2024, with a total of approximately 2,500 participants. Donated a total of 55 items of supplies in 2024. Collaborated with the Kaohsiung Qianzhen Technology Industrial Park to host a large-scale blood donation drive, mobilizing both employees and community partners. From 2021 to 2024, the Company has made continuous donations for four consecutive years to support the maintenance of green spaces in air quality purification zones at Aicyun Primary School and RuiFeng Elementary School in Qianzhen District, Kaohsiung. In collaboration with CTBC University of Technology, we repurposed discarded wooden pallets from our facilities into handcrafted items. These were distributed as gifts for internal charitable initiatives and sold at fundraising events. All proceeds were donated to the Southern Kaohsiung Branch of the Taiwan Fund for Children and Families. In addition, Taiflex pledged to match every dollar donated with an equivalent contribution.
		Official correspondence	Real-time	
		Phone communication	Real-time	
		Email for external parties	Real-time	

1.3 Identification of Material Topics for the Year

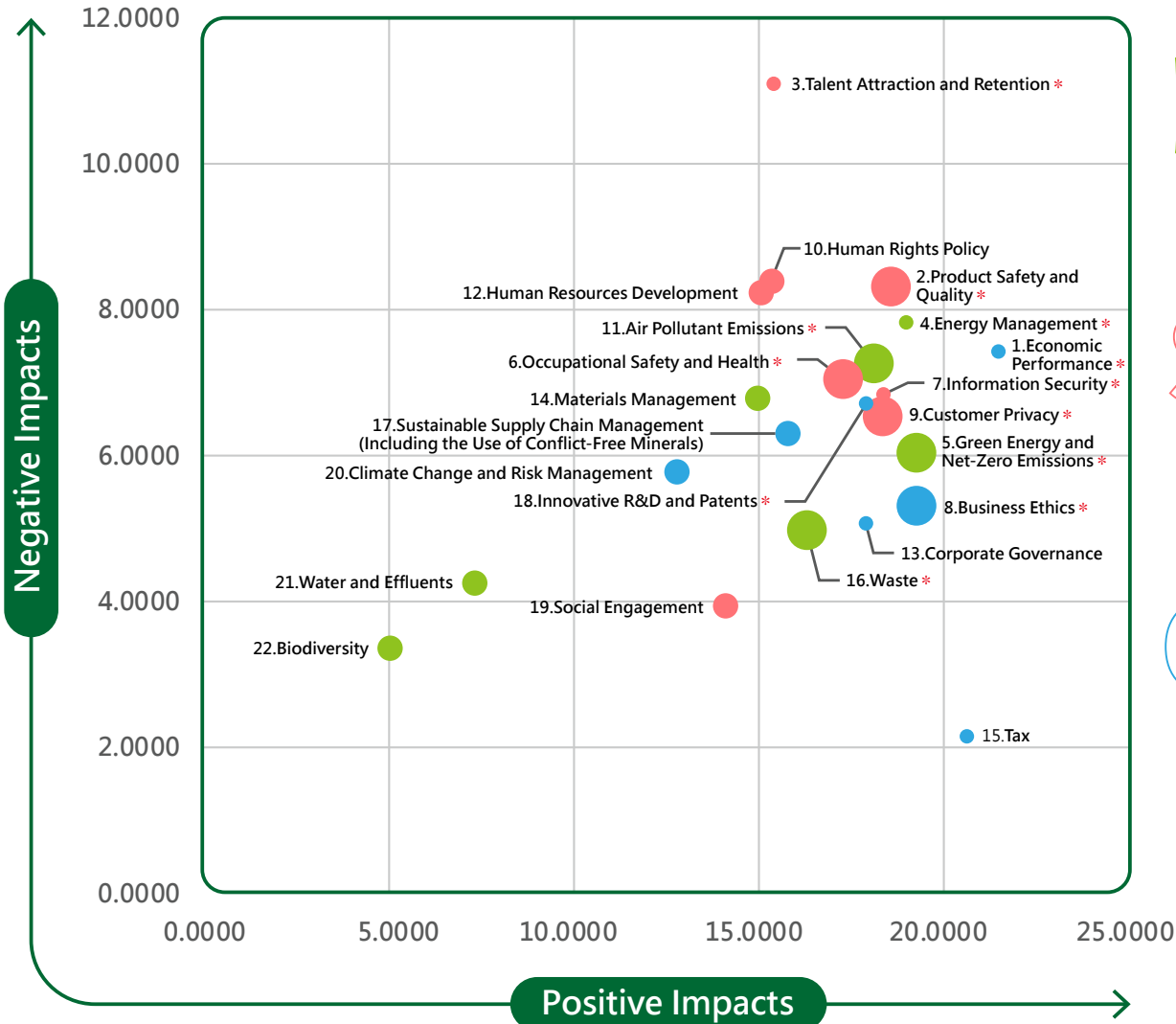
Material Topic Identification Process

To ensure that the information disclosed in the sustainability report more closely aligns with stakeholder expectations and reflects international sustainability trends, Taiflex has adopted the materiality identification process outlined in the GRI Standards (2021). This framework is based on six key steps: “Understand the organization’s context,” “Identify materiality,” “Identify impacts,” “Assess significance,” “Confirm material topics,” and “Define material topic boundaries,” which together form the foundation for analyzing the materiality of sustainability issues.



★ Impact Significance Assessment Results

Comprehensive Evaluation of Positive and Negative Impacts



E

- 4. Energy Management *
- 5. Green Energy and Net-Zero Emissions *
- 11. Air Pollutant Emissions *
- 14. Materials Management
- 16. Waste *
- 21. Water and Effluents
- 22. Biodiversity

S

- 2. Product Safety and Quality *
- 3. Talent Attraction and Retention *
- 6. Occupational Safety and Health *
- 7. Information Security *
- 9. Customer Privacy *
- 10. Human Rights Policy
- 12. Human Resources Development
- 19. Social Engagement

G

- 1. Economic Performance *
- 8. Business Ethics *
- 13. Corporate Governance
- 15. Tax
- 17. Sustainable Supply Chain Management (Including the Use of Conflict-Free Minerals)
- 18. Innovative R&D and Patents *
- 20. Climate Change and Risk Management

* Material Topics for the Year

- Large Bubbles: Concern score ≥ 4.40
- Medium Bubbles: Concern score ≥ 4.28 and < 4.40
- Small Bubbles: Concern score < 4.28

✦ List of Material Topics for the Year

The material topics for Taiflex' s 2024 Sustainability Report were identified through a process involving materiality analysis, impact assessment, and internal discussions with senior management. Using the value chain to define reporting boundaries, the topics were organized into five thematic chapters: "Practitioner of Sustainable Management," "Entrepreneur with Steady Progress," "Developer of Innovative Materials," "Producer of Green Products" and "Promoter of Social Inclusion." These chapters outline Taiflex' s proactive management approach to environmental, social (including people and human rights), and economic (including corporate governance) issues. Moving forward, the Company will continue to strengthen its sustainability practices and disclose relevant information in future sustainability reports. Due to the adoption of a different materiality assessment methodology this year, two new material topics were added: Energy Management and Talent Attraction and Retention. Compared to the previous year, five topics were removed: Corporate Governance, Climate Change and Operational Risk Management, Sustainable Supply Chain Management (Including the Use of Conflict-Free Minerals), Human Resources Development, and Chemical Safety Management.







List of Material Topics

Corresponding Chapter	Material Topic	GRI / Topic Reference	Value Chain Impact Boundary		Page No.
			Taiflex	Suppliers/ Contractors	
Chapter 2 Entrepreneur with Steady Progress	Economic Performance	· GRI 201 Economic Performance	Caused	-	23
	Business Ethics	· GRI 205 Anti-corruption · GRI 206 Anti-competitive Behavior	Caused	-	34
Chapter 3 Developer of Innovative Materials	Innovative R&D and Patents	· Custom topic	Caused	-	56
	Customer Privacy	· GRI 418 Customer Privacy	Caused	Directly related	61
	Information Security	· Custom topic	Caused Supplier (Directly related)	Directly related	61
	Product Safety and Quality	· GRI 416 Customer Health and Safety · GRI 417 Marketing and Labeling	Caused	Directly related	64
Chapter 4 Producer of Green Products	Energy Management	· GRI 302 Energy	Caused	Contributed	72
	Green Energy and Net-Zero Emissions	· GRI 302 Energy · GRI 305 Emissions (305-1~5)	Caused	Contributed	72
	Air Pollutant Emissions	· GRI 305 Emissions(305-6、7)	Caused	-	77
	Waste	· GRI 306 Waste	Caused	-	78
Chapter 5 Promoter of Social Inclusion	Talent Attraction and Retention	· GRI 401 Employment · GRI 405 Diversity and Equal Opportunity	Caused	-	88
	Occupational Safety and Health	· GRI 403 Occupational Health and Safety	Caused	Directly related	95

1.4 Sustainable Goals and Practice



Environmental

Sustainability Topic	▶ Short-term (2025-2026)	▶ ▶ Medium-term (2027-2030)	▶ ▶ ▶ Long-term (2031-2040)
  <ul style="list-style-type: none"> Energy Management 	<ul style="list-style-type: none"> Achieve a 1% energy savings compared to the baseline year (2024), in line with the Energy Administration, MOEA 	<ul style="list-style-type: none"> Continue achieving annual energy savings of 1% compared to the baseline year (2024), as required by the Energy Administration, MOEA Participate in free energy diagnostics provided by government-commissioned professional agencies to identify additional energy-saving opportunities Join Taipower' s demand response program Introduce solar renewable energy 	<ul style="list-style-type: none"> Continue achieving annual energy savings of 1% compared to the baseline year (2024), as required by the Energy Administration, MOEA Participate in free energy diagnostics provided by government-commissioned professional agencies to identify additional energy-saving opportunities Join Taipower' s demand response program Introduce solar renewable energy
  <ul style="list-style-type: none"> Green Energy and Net-Zero Emissions 	<ul style="list-style-type: none"> 4% reduction in GHG Scope 1 emissions, using 2021 as the base year Cumulative installed solar capacity of 2,800 kW by Taiflex Green Power (subsidiary) 	<ul style="list-style-type: none"> 12% reduction in GHG Scope 1 emissions, using 2021 as the base year Cumulative installed solar capacity of 2,949 kW by Taiflex Green Power (subsidiary), and installed biomass energy capacity of 280 kW 	<ul style="list-style-type: none"> >27% reduction in GHG Scope 1 emissions, using 2021 as the base year Cumulative installed solar capacity of 3,379 kW by Taiflex Green Power (subsidiary), and biomass energy capacity of 280 kW maintained
 <ul style="list-style-type: none"> Waste 	<ul style="list-style-type: none"> Waste conversion rate of 80% 	<ul style="list-style-type: none"> Waste conversion rate of 85~88% Apply for UL 2799 Silver-level landfill conversion certification by 2030 	<ul style="list-style-type: none"> Waste conversion rate of 90%
 <ul style="list-style-type: none"> Air Pollutant Emissions 	<ul style="list-style-type: none"> Natural gas consumption of air pollution control equipment reduced by 10% compared to 2016 Volatile Organic Compound (VOC) emissions per unit reduced by 3% compared to the base year (2021) VOC recovery through condensation and concentration increased by 1% compared to the base year (2021) 	<ul style="list-style-type: none"> Natural gas consumption of air pollution control equipment reduced by 20% compared to 2016 VOC emissions per unit reduced by 10% compared to the base year (2021) VOC recovery through condensation and concentration increased by 5% compared to the base year (2021) 	<ul style="list-style-type: none"> Natural gas consumption of air pollution control equipment reduced by 30% compared to 2016 VOC emissions per unit reduced by 30% compared to the base year (2021) VOC recovery through condensation and concentration increased by 30% compared to the base year (2021)



Social

Sustainability Topic

▶ Short-term (2025-2026)

▶ ▶ Medium-term (2027-2030)

▶ ▶ ▶ Long-term (2031-2040)



- Product Safety and Quality

- Customer satisfaction score of at least 89 points
- 100% compliance with regulations and customer requirements regarding hazardous substance restrictions

- Customer satisfaction score of at least 90 points
- 100% compliance with regulations and customer requirements regarding hazardous substance restrictions

- Customer satisfaction score of at least 91 points
- 100% compliance with regulations and customer requirements regarding hazardous substance restrictions



- Customer Privacy
- Information Security

- Establish an information security incident management and tracking platform
- Continuously strengthen personal data and customer data protection practices
- Ensure no litigation arising from breaches of customer privacy, personal data leaks, or information security incidents
- Achieve a 100% pass rate in the annual assessment of Taiflex' s confidential information protection guidelines by all employees

- Develop an automated joint defense cybersecurity system
- Conduct a comprehensive evaluation of cybersecurity maturity and implement continuous improvement plans
- Ensure no litigation arising from breaches of customer privacy, personal data leaks, or information security incidents

- Build an AI-driven joint defense cybersecurity system
- Ensure no litigation arising from breaches of customer privacy, personal data leaks, or information security incidents



- Talent Attraction and Retention

- Implement one salary adjustment and two promotion cycles (first and second half of the year); offer Thai language courses and introduce an AI-powered language learning platform

- Strengthen the link between performance and compensation to motivate employee development

- Establish a comprehensive career development roadmap to help employees plan long-term career paths



- Occupational Safety and Health

- Zero major occupational accidents requiring hospitalization
- Maintain zero cases of occupational illness due to chemical exposure
- Disabling injuries frequency rate (FR) ≤ 1.5
- Disabling injury severity rate (SR) ≤ 3.6
- Voluntary participation rate in employee health promotion programs > 40%

- Zero major occupational accidents requiring hospitalization
- Maintain zero cases of occupational illness due to chemical exposure
- FR ≤ 1.2
- SR ≤ 3.4
- Voluntary participation rate in employee health promotion programs > 45%

- Zero major occupational accidents requiring hospitalization
- Maintain zero cases of occupational illness due to chemical exposure
- FR ≤ 0.9
- SR ≤ 3.2
- Voluntary participation rate in employee health promotion programs > 50%



Corporate Governance

Sustainability Topic

▶ Short-term (2025-2026)

▶ ▶ Medium-term (2027-2030)

▶ ▶ ▶ Long-term (2031-2040)



- Economic Performance

- Return on equity (ROE) not lower than the industry average
- Operating profit margin not lower than the industry average

- ROE 1~5% higher than the industry average
- Operating profit margin 1~5% higher than the industry average

- ROE at least 5% higher than the industry average
- Operating profit margin at least 5% higher than the industry average



- Business Ethics

- Continue publishing monthly announcements and awareness campaigns on ethical business conduct
- Achieve 90% training coverage on ethics-related topics for full-time employees; 100% for new hires
- Zero violations of ethical principles by directors, managers, and employees
- Continuously review and revise the Company' s ethical business policies and internal management systems in line with relevant regulations and latest regulatory guidance to ensure compliance and consistent implementation

- Ensure all employees participate in ethics training programs to strengthen practical implementation capabilities
- Zero violations of ethical principles by directors, managers, and employees

- Achieve the goal of zero ethics-related complaints and become a model of ethical business conduct
- Zero violations of ethical principles by directors, managers, and employees



- Innovative R&D and Patents

- File 2 new product patent applications per year
- Obtain TIPS Level-A recertification

- File 2 new product patent applications per year
- Establish a strategic intellectual property (IP) portfolio and enhance the Company' s IP management system

- File 2 new product patent applications per year
- Align R&D and IP development directions with corporate business strategy
- Activate corporate resources through IP strategies such as technology sales, transfers, or licensing

◆ The waste conversion rate is defined as: (reuse + reduction + recycling + material recovery + waste-to-energy recovery + anaerobic digestion + biofuel conversion + composting) / total waste generated. The proportion of waste-to-energy recovery must be less than 10%.