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Entrepreneur with Steady Progress

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Entrepreneur with Steady Progress

2.1 Market and Business Expansion

Material Topic: Economic Performance

Main Reason	As a publicly listed company, Taiflex is accountable to its shareholders and employees. Maintaining strong and stable financial performance enables the Company to allocate sufficient resources to research and development, continuously deliver advanced services to customers, and drive the development of technology and innovative applications. The pursuit of business growth is therefore one of the key pillars supporting the Company's path toward sustainable operations.			
Effect and Impact	<ul style="list-style-type: none"> ● Actual positive impact : Economic: Generates capital returns for shareholders.	<ul style="list-style-type: none"> ● Potential positive impact : Social: A strong financial structure supports the Company's long-term sustainability and provides employees with a stable and lasting career environment.	<ul style="list-style-type: none"> ● Potential negative impact : Economic: Economic performance directly influences investor willingness to provide capital. If performance falls short of industry peers, it may lead to a significant decline in capital inflow.	
Policy	Taiflex has established the Strategic Planning Office and the Global Sales and Marketing Center, which coordinate through three key divisions: the Global Business Division, the Marketing Division, and the Technical Solutions Division. These units collaborate to drive the Company's external business activities by addressing customer needs, analyzing market trends, and advancing technology applications and services.	<ul style="list-style-type: none"> ● The Strategic Planning Office is responsible for the following : (1) Analyze technological trends and industry market dynamics to help the Group identify business opportunities (2) Plan and drive the Group's short- and long-term strategies, and track implementation outcomes (3) Evaluate potential strategic investments, merger and acquisition (M&A) targets, and partnership opportunities	<ul style="list-style-type: none"> ● The Global Sales and Marketing Center is responsible for the following : (1) Oversee domestic and international sales of both manufactured and distributed products (2) Gather market intelligence and analyze industry trends and macroeconomic conditions (3) Plan and promote flexible printed circuit (FPC) products, and submit new product development requests to the R&D team (4) Provide product solutions to customers, respond to inquiries regarding new product use, and handle complaints related to product sampling	In addition, Taiflex has spun off Taichem Materials Co., Ltd., which focuses on the development of semiconductor and display packaging materials. The Company has also established Taiflex Green Power Co., Ltd., which is dedicated to renewable energy generation and electricity sales.
Strategy	The Company formulates its strategic considerations and business objectives at the beginning of each year. Strategic directions and operational plans are continuously adjusted through regular monthly performance review meetings and in response to external factors, ensuring alignment with the Company's economic performance targets.			
Goal and Objective	<ul style="list-style-type: none"> ● Short-term goals (2025-2026) : - ROE not lower than the industry average - Operating profit margin not lower than the industry average	<ul style="list-style-type: none"> ● Medium-term goals (2027-2030) : - ROE 1~5% higher than the industry average - Operating profit margin 1~5% higher than the industry average	<ul style="list-style-type: none"> ● Long-term goals (2031-2040) : - ROE at least 5% higher than the industry average - Operating profit margin at least 5% higher than the industry average	
Management Assessment Mechanism	Regular management and performance review meetings are conducted based on the established KPI indicators.			
2024 Goals and Achievements	<ul style="list-style-type: none"> ● ROE not lower than the industry average → Achieved. The Company's ROE was 5.68% in 2024, which was 4.89% higher than the industry average of 0.79%.	<ul style="list-style-type: none"> ● Operating profit margin not lower than the industry average → Achieved. The Company's operating profit margin was 5.36% in 2024, 7.94% higher than the industry average of (-2.58%).	In 2024, the average annual growth rates of ROE and operating profit margin were 27.07% and 21.11%, respectively, both meeting the Company's target for positive growth. This performance was primarily driven by increased revenue and profitability compared to 2023. In addition to a modest recovery in the consumer electronics sector, the results also reflect the success of the Company's strategic investments in new product development and expansion of customer share.	

As one of the world's leading suppliers of FPC materials, Taiflex offers a comprehensive product portfolio that includes Flexible Copper Clad Laminate (FCCL), coverlays, bonding sheets, stiffeners, and composite materials. After processing by FPC manufacturers, these materials are widely used in 3C products (computers, communications, and consumer electronics), mobile devices, wearable technology, automotive multimedia systems, and various other applications.

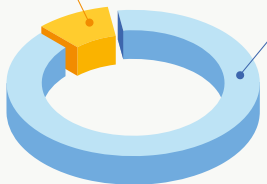
With advantages such as flexibility, light weight, and thinness, FPC materials are widely adopted in consumer products where compact design is critical. Due to its thickness advantage, adhesiveless FPC material (2L-FCCL) has officially replaced adhesive-based FPC material (3L-FCCL) to become the mainstream product specification in the market. In response to increasing demand for high-speed data transmission, the industry is rapidly advancing toward applications requiring high-density, fine-line circuits, low-loss, and high-frequency performance.

In addition to FPC materials, Taiflex is actively developing high-frequency rigid boards to meet the growing demand for AI server applications. The Company continues to enhance its technical capabilities, offering a broad portfolio of high-performance materials ranging from ultra-precise coatings finer than a strand of hair to advanced multilayer lamination solutions. In response to global trends and to strengthen its international presence, Taiflex has established a new production facility in Thailand. For more details, please refer to the section "Thailand Factory Launch - Expanding Our Global Footprint" in this report.

Product Mix

Automotive/Industrial Control/
Medical/Semiconductor/Display:
10~15%

Consumer
Electronics (3C):
85~90%



Flexible Printed Circuit

Taiflex Product



End Use



Flexible, Inflexible TAIFLEX CAPABLE



Taiflex offers comprehensive PCB solutions, covering both flexible and rigid board technologies.

Thicker, Thinner TAIFLEX BETTER



Taiflex leverages precision coating and advanced lamination technologies to deliver PCB materials that meet and exceed industry standards.

- Dielectric Layer
Maximum : 200µm
Minimum : 5µm

Higher, Lower TAIFLEX STRONGER



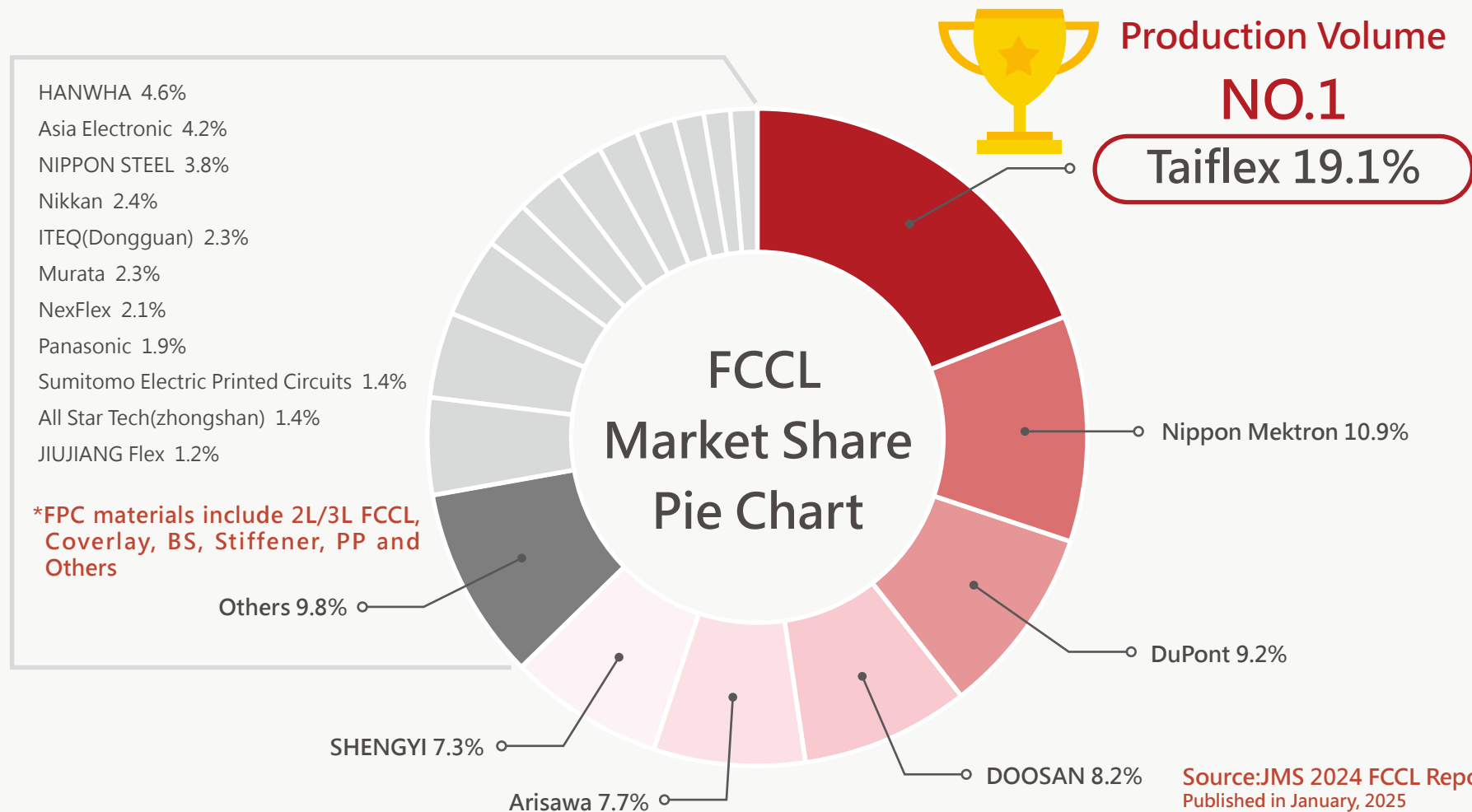
Taiflex provides a diverse portfolio of high-performance materials for a broad range of electronic product applications.

- High dimensional stability materials: R3
- High-frequency materials: Low Dk Df
- Low ionic migration materials:
L/S 25/25µm

★ Market Competition

From a global perspective, the FCCL supply market is currently dominated by three major players: Japan, Taiwan, and South Korea. In recent years, China's PCB industry has experienced rapid growth with strong government support. A well-integrated industrial cluster is now emerging, covering the full value chain from upstream copper foil manufacturers and CCL producers to downstream assembly facilities. Moreover, several rigid Copper Clad Laminate (CCL) manufacturers have entered the FCCL sector, further intensifying market competition.

In response to this dynamic and evolving landscape, Taiflex continues to build a long-term, competitive, and sustainable business model. We invest heavily in research and development focused on advanced materials for flexible electronics and semiconductor applications, while strengthening our core competencies and advancing toward higher value-added products. Leveraging our leadership in flexible materials, we work closely with customers to capture market growth opportunities and establish a solid foundation for sustainable development. As of 2024, Taiflex held a 19.1% share of the global market for FPC applications.

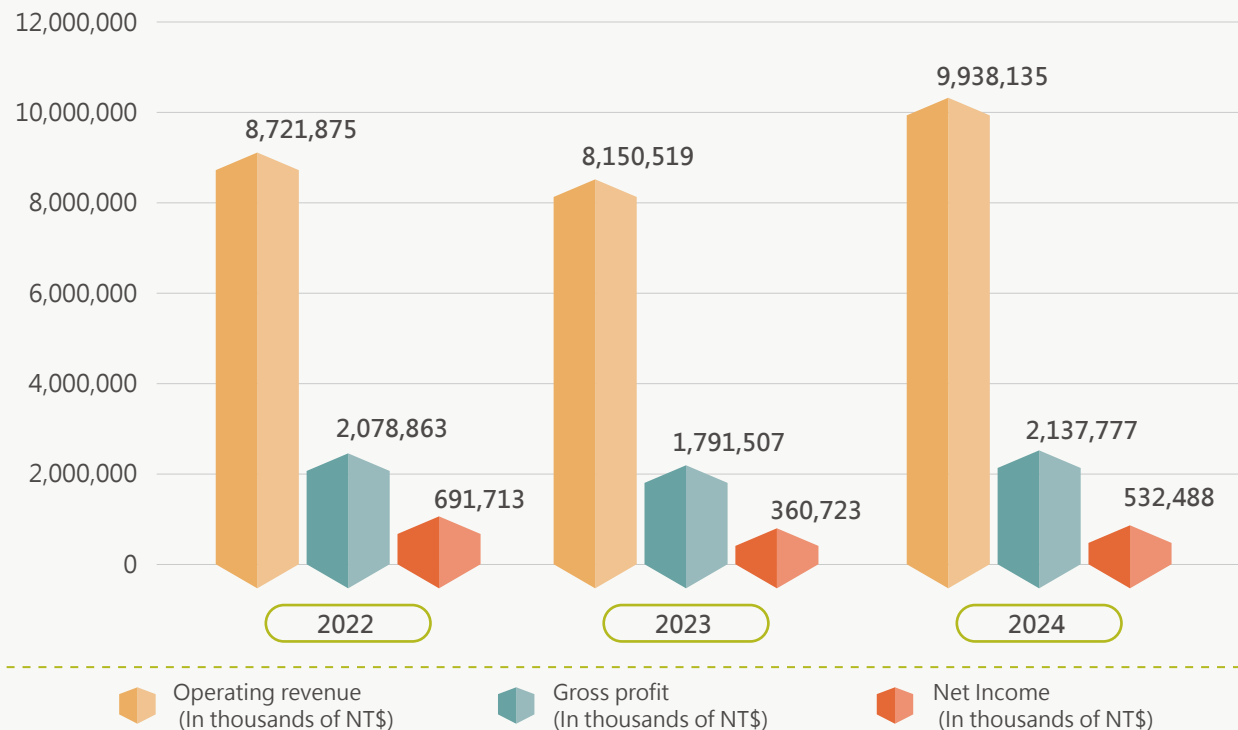


★ Annual Operating Performance

Amid the dual pressures of rising global prices and central bank interest rate hikes, end-market demand for consumer electronics plummeted. This decline, combined with ongoing inventory reduction across all segments of the supply chain as companies cleared excess stock accumulated during the pandemic, placed significant pressure on overall revenue performance. In 2024, Taiflex recorded operating revenue of NT\$9.938 billion, representing a 21.92% increase over the previous year, with earnings per share (EPS) of NT\$2.53. For detailed financial data, please refer to Appendix I: ESG Information - Economic Data in this report.

Looking ahead, the Company will continue to actively implement a range of operational and risk management measures. These include increasing the proportion of localized procurement, adopting flexible inventory strategies for key raw materials and products, optimizing the product mix, improving cost structures, enhancing production efficiency, and strengthening expense control. These efforts are intended to mitigate the negative impacts of declining demand and improve overall operational resilience. In addition to reducing the risks posed by external uncertainties, Taiflex will further increase investment in the research, development, and sampling of new materials. These efforts aim to expand market share and position the Company to seize growth opportunities arising from the next wave of material upgrades as the global economy recovers.

Condensed Statements of Comprehensive Income from 2022 to 2024



Note : The financial data presented in this table are disclosed based on the consolidated financial statements.

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Annual Report



Minutes of the
Shareholders'
Meeting



Financial Report



Financial
Information



Feature

SPECIAL COLUMN

[Feature] Thailand Factory Launch - Expanding Our Global Footprint

Since launching our global expansion strategy in 2017, Taiflex made the strategic decision in 2022 to establish a manufacturing facility in Thailand. This decision came during a period of significant global economic transformation, with increasing attention on strengthening supply chain resilience and accelerating structural reorganization. Following the establishment of our base in Thailand's Amata City Chonburi Industrial Estate in 2022, the Company undertook comprehensive planning to support our development goals—including factory construction, talent recruitment and training, and production planning. On May 15, 2024, Phase I of the Thailand factory was completed and officially began operations, contributing to the Group's overall production capacity and further enhancing both product quality and service standards.

Currently, the world's top three FPC manufacturers have either established or are in the process of establishing facilities in Southeast Asia. Among FPC material suppliers, Taiflex stands out as the only company with a manufacturing presence in Thailand. The launch of our Thailand facility not only fills a gap in the local market but also significantly strengthens the competitiveness of the region's FPC industry. As global supply chains continue to shift toward Southeast Asia, our Thailand factory is poised to become a key strategic partner for international brand customers, supporting the growth of local electronics and automotive industries while reinforcing the FPC supply chain across the region.



In light of fluctuating demand in Taiwan and China, the Thailand factory provides a more flexible and resilient supply chain solution, ensuring consistent supply and enhancing the Company's competitiveness. Designed to meet global customers' needs for supply chain diversification, the facility serves both international and Southeast Asian markets, further advancing Taiflex's global footprint and laying a solid foundation for long-term growth. Beyond increasing production capacity and supply chain agility, Taiflex is also aligning operations with international certifications and environmental standards. In 2024, the Thailand facility successfully obtained UL certification, ISO 9001 Quality Management certification, and IECQ QC 080000 certification for hazardous substance process management, demonstrating our firm commitment to both product quality and environmental responsibility.

In response to the growing global focus on ESG (Environmental, Social, and Governance) and low-carbon manufacturing, Taiflex's Thailand facility is actively pursuing ISO 14001 Environmental Management and ISO 45001 Occupational Health and Safety certifications. Through systematic management, we aim to enhance environmental stewardship and workplace safety, ensuring that operations are aligned with our long-term sustainability goals. As an RE100 green factory, the facility has installed rooftop solar power systems and entered into a 10-year green power certificate purchase agreement with Thailand's ENMAX Group. The agreement covers a total of 75 million kilowatt-hours, reflecting our strong support for renewable energy development.

Green energy and low-carbon technologies have become global imperatives in environmental protection. Taiflex's green manufacturing model in Thailand not only boosts the Group's environmental competitiveness but also establishes a solid foundation for our Southeast Asian operations, positioning the facility as a benchmark for sustainable development. Looking ahead, the Company will continue to expand its global presence, reinforce supply chain resilience, and ensure that its manufacturing practices align with global sustainability trends. Our goal is to deliver high-quality, eco-friendly, and competitive products and services to customers and international markets. At the same time, Taiflex is working closely with local businesses, government agencies, and international clients to foster a green industrial ecosystem.

To further strengthen regional cooperation, Taiflex participates in Thailand's industrial development initiatives, promoting the integration of technology and environmental innovation. In collaboration with local governments and academic institutions, we support talent development and technical exchange, enhancing the competitiveness of Thailand's electronics industry and accelerating the smart manufacturing transition in Southeast Asia. Also, Taiflex works alongside international brand customers to develop green supply chain strategies, incorporating low-carbon manufacturing standards to achieve an optimal balance between environmental responsibility and operational efficiency.

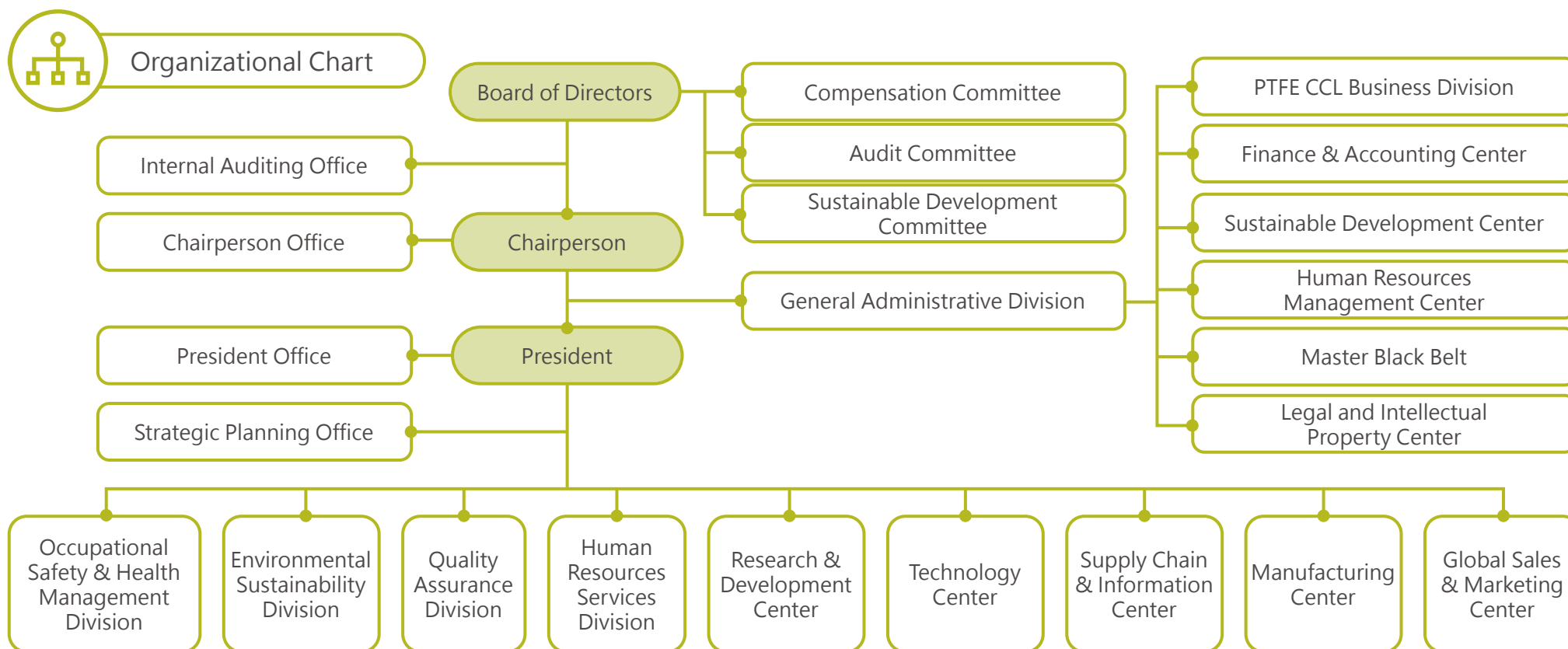
□ 2.2 Corporate Governance

Sound corporate governance is the foundation of sustainable business operations. Enhancing information transparency not only protects the rights of shareholders and stakeholders to be fully informed, involved, and able to make decisions on major corporate matters, but also serves as a critical means of aligning both parties toward the Company' s development goals and advancing long-term sustainability.

✦ 2.2.1 Board of Directors Organizational Structure

The Board of Directors is the highest governance body of Taiflex, comprising nine directors with extensive industry experience. The Board is chaired by the Chairperson who is not part of the management team. Under the Chairperson' s leadership and governance philosophy, the Board adheres to the core principles of diligence, integrity, diversity, and independence, and is responsible for ensuring legal compliance, maintaining financial transparency, disclosing material information in a timely manner, and preventing internal corruption.

Taiflex convenes an annual shareholders' meeting and conducts regular director elections in accordance with its "Director Election Procedures." The 10th term of the Board runs from May 30, 2023, to May 29, 2026.



Board Diversity

To ensure effective Board governance, the Company has established the “Code of Practice for Corporate Governance,” which includes a diversity policy outlined in the section titled “Strengthen the Board’s Functions.” This policy specifies that Board members should possess eight core competencies: operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, global market perspective, leadership, and decision-making. The current (10th) Board comprises professionals with expertise in global strategy, regional management, financial management, copper processing, polymer chemical engineering, and international business, contributing to a well-balanced and diverse Board structure. For more details on the members of the 10th Board, please refer to Appendix I: ESG Information - Governance Information in this report.

Board Independence and Recusal Due to Conflicts of Interest

To enhance transparency in corporate governance, the Chairperson of Taiflex generally does not concurrently serve as President. If such a situation arises, it is limited to a short-term transitional period not exceeding six months. No such instance occurred in 2024.

The Board comprises three Independent Directors, accounting for one-third of all Board seats, in compliance with regulatory requirements. A review conducted by the Company confirmed that all Directors meet the independence criteria. None of the circumstances outlined in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act apply, including spousal or second-degree familial relationships among Directors.

The Company also continuously evaluates the independence of its Directors, considering whether they consistently raise constructive issues with management and fellow Board members, whether their opinions remain independent of others, and whether their conduct both within and outside the Board is appropriate.

In accordance with the Company’s “Rules of Procedure for the Board of Directors’ Meetings,” Directors who, either personally or through the juridical persons they represent, have a conflict of interest in any meeting agenda item are required to disclose the material aspects of such interest during that Board meeting. If the conflict is likely to impair the Company’s interests, the Director must refrain from participating in the discussion and voting and shall recuse themselves from the proceedings. They are also prohibited from voting on behalf of other Directors. Furthermore, when a Director or a manager engages in activities within the Company’s line of business for themselves or on behalf of others, prior approval must be obtained from both the shareholders’ meeting and the Board of Directors in accordance with applicable laws. In compliance with securities regulations, the Company must also fully disclose any transactions involving related parties under strict reporting requirements. A review confirmed that no incidents of insider trading, corruption, or similar misconduct involving Board members or senior management occurred in 2024. For detailed information on conflict-of-interest recusals by Board members, please refer to the Company’s 2024 Annual Report.

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Annual Report

Functional Committees

To enhance the effectiveness of the Board and improve the quality of its decision-making, the Company has established three functional committees under the Board of Directors based on their specific roles and responsibilities: the Compensation Committee, the Audit Committee, and the Sustainable Development Committee. These committees are responsible for addressing key issues related to corporate governance, economic performance, environmental stewardship, and social responsibility. In addition, the Company has established an administrative audit unit, namely the Internal Audit Office, which is tasked with auditing and evaluating the reliability and effectiveness of the internal control system. The audit results are reported regularly to the Audit Committee, along with recommendations for improvement, to support the Company’s operational efficiency. For more information on the Sustainable Development Committee, please refer to Section 1.1 “Sustainable Development Committee” of this report.



Since 2017, the Company has established an Audit Committee to replace the role of Supervisors. In accordance with Article 4 of the Audit Committee Charter, the Committee is composed entirely of Independent Directors and must have no fewer than three members. By leveraging the professional expertise and independence of its members, the Company has strengthened corporate governance, enhanced oversight functions, and reinforced management mechanisms. In 2024, the Audit Committee convened five meetings, with a 93.33% attendance rate from all members.



Primary Oversight Responsibilities of the Audit Committee

- 1 Ensure the fair presentation of the Company' s financial statements.
- 2 Appoint or dismiss the Company' s certified public accountants (CPAs), and evaluate their independence and performance.
- 3 Oversee the effective implementation of the Company' s internal control system.
- 4 Monitor the Company' s compliance with applicable laws, regulations and rules.
- 5 Supervise the management of existing and potential risks faced by the Company.

To view the Company' s Audit Committee Charter, Compensation Committee Charter, and 2024 Annual Report, please visit the "Internal Policies" section of the Company' s official website or refer to the Market Observation Post System (MOPS) website.

In addition, the Company established the Compensation Committee in 2020. Pursuant to Article 5 of the Compensation Committee Charter, the Committee consists of three Directors appointed by the Board, including at least two Independent Directors. Its primary responsibility is to objectively and professionally evaluate the Company' s overall compensation and benefits policies, as well as the remuneration policies and systems for Directors and managers, and to provide recommendations to the Board as a basis for decision-making. In 2024, the Compensation Committee held five meetings, with an attendance rate of 100%. According to the Company' s Articles of Incorporation, the total remuneration to Directors and Supervisors shall not exceed 4% of the Company' s annual profits. For further information on the remuneration of Directors and managers, please refer to the Company' s 2024 Annual Report.



Key Responsibilities of the Compensation Committee

- 1 Regularly review the Committee Charter and propose amendments.
- 2 Establish and periodically review the annual and long-term performance targets, as well as the compensation policies, systems, standards, and structures for Directors and managers.
- 3 Regularly evaluate the performance of Directors and managers against their set targets, determine the content and amount of individual compensation packages, and submit recommendations to the Board for discussion.

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Internal Policies



MOPS website



★ 2.2.2 Board Operations

The Board of Directors is responsible for the appointment, nomination, and performance evaluation of senior management. It also delegates authority to senior management to address economic, environmental, and social issues related to operations. To ensure effective strategy execution, the Board not only receives regular reports from the management team but also engages in frequent communication and discussions with management, encouraging timely adjustments when necessary. This strong and continuous dialogue between the Board and management serves as a foundation for Taiflex' s sustainable development.



Tasks of the Board

1

Oversee and define the Company' s business direction to meet short-, medium-, and long-term market demands.

2

Appoint an ethical, honest, and professional management team to execute the business strategies set by the Board and ensure strong operational performance.

3

Guide the management team in formulating strategies that support the Company' s long-term development.

The Board of Directors holds regular quarterly meetings to review matters submitted by functional committees and development strategies proposed by the management team. To ensure that each agenda item is thoroughly understood and discussed, relevant personnel are invited to attend the meetings and provide briefings when necessary. The Board carefully evaluates the feasibility of each proposal before approving its implementation. In 2024, a total of six Board meetings were held, with an average Director attendance rate of 94.44%. The Board reviewed 46 proposals in total, all of which were related to environmental, economic, or social issues.

Key Communication Outcomes



Environmental Aspect

- In terms of energy management, Taiflex successfully completed its triennial ISO 50001 recertification, ensuring the continued implementation of its energy management system while actively identifying energy-saving opportunities. In 2024, the Company also launched a power-saving project to further improve energy efficiency through systematic management and optimization measures.
- Regarding green energy, Taiflex continues to advance its renewable energy deployment plan and closely monitors the development and application of innovative green technologies. These efforts aim to increase the share of renewable energy and support the transition toward sustainable energy.
- Regarding resource circulation and the goal of zero landfill, Taiflex is committed to reducing the proportion of waste incinerated without energy recovery. Actions include promoting the recycling and reuse of waste adhesives using a wiped-film evaporator and continuing recycling initiatives for plastic film materials to improve resource recovery efficiency.



Economic Aspect

The Company reviewed the 2024 operational plan and 2023 earnings distribution, including the issuance of new shares through capital increase from retained earnings. Sustainability information management has been incorporated into the internal control system to enhance the credibility of sustainability-related disclosures.



Social Aspect

The Board accepted shareholder proposals, reviewed employee bonuses, and formulated an employee stock option plan to share the Company' s performance with employees. As part of its corporate social responsibility, Taiflex also plans to establish the Kaohsiung Taiflex Educational Foundation through charitable donations.

Continuing Education of the Board

To enhance the Board's professional knowledge and skills, the Company regularly arranges a variety of training courses related to business operations and sustainable development for its Directors. These external programs help Directors stay informed of global trends, broaden their perspectives, and strengthen their leadership and decision-making capabilities. This ensures they fulfill their duties with diligence and care, in the best interests of shareholders, while enhancing the Company's competitiveness in an ever-evolving business environment.

In 2024, all Directors met the statutory training requirement of six hours, with a combined total of 55 hours and an average of six hours per Director. For further details on Directors' continuing education in 2024, please refer to Appendix I: ESG Information - Governance Information in this report.

Performance Assessment of the Board

• Internal Performance Evaluation of the Board

To strengthen corporate governance, the Company conducts an internal performance evaluation of the Board at least once a year in accordance with the "Methods for Evaluating Board of Directors' Performance." At the end of each year, the Board secretariat gathers relevant information on Board activities and distributes the "Self-Assessment Questionnaire for Board Members" and the "Self-Assessment Questionnaire for Functional Committees" to all Directors and committee members. The results are compiled and reported at the following Board meeting. By clearly defining performance objectives, the evaluation aims to enhance the Board's functionality and improve its operational efficiency. The results and recommendations of the 2024 performance evaluation were reported at the Board meeting in January 2025.



Internal Performance Evaluation Results for 2024

Type	Methods	Grading Criteria	Results
Performance evaluation of the Board	Conducted by the Board secretariat based on the actual operations of the Board	<ul style="list-style-type: none"> Level of participation in corporate operations Enhancement on the quality of Board decisions Composition and structure of the Board Election and continuing education of Directors Internal control 	The Board received an overall score of 91.21, rated as "Excellent." The evaluation results indicated that the Board operates effectively and aligns with sound corporate governance principles.
Performance evaluation of individual Board members	Self-assessment by Board members	<ul style="list-style-type: none"> Understanding of corporate goals and mission Understanding of Directors' duties Level of participation in corporate operations Internal relationship management and communication Professionalism and continuing education of Directors Internal control 	The overall average score was 98.24, receiving a rating of excellence. The results indicate that the Directors gave positive assessments regarding the efficiency and effectiveness of all evaluation criteria.
Performance evaluation of functional committees	Self-assessment by functional committee members	<ul style="list-style-type: none"> Level of participation in corporate operations Understanding of functional committees' duties Enhancement on the quality of functional committees' decisions Composition of the functional committees and election of members Internal control 	The average scores for the Compensation Committee, Audit Committee, and Sustainable Development Committee were 97.31, 96.96, and 94.27, respectively, all rated as excellent. The results indicate that members of each functional committee gave positive assessments of the efficiency and effectiveness across all evaluation criteria.

• External Performance Assessment of the Board

The Company commissions an external evaluation of Board effectiveness (including performance) once every three years. In 2022, the evaluation was conducted by the Taiwan Corporate Governance Association, an independent and professional organization. The assessment was conducted through a questionnaire featuring ten open-ended questions and video interviews with Board members and senior executives. It covered eight key aspects of the Board: composition, guidance, authorization, supervision, communication, internal control and risk management, discipline, and others.

The Board performance evaluation report was issued on November 29, 2022. The Company has incorporated the suggested improvements as a reference for the ongoing enhancement of Board functions. On January 11, 2023, these recommendations, along with the proposed implementation measures, were reported to the Board. In addition, the Company regularly consolidates stakeholder feedback and continues to report it to the Board. In 2023, the Company developed response measures for the material risks it identified, and the implementation of these measures is ongoing in 2024. A new external Board performance evaluation is planned for 2025 as part of our continued efforts toward improvement.



2.3 Regulatory Compliance and Internal Control

Material Topic: Business Ethics

Main Reason	Corporate operations must be grounded in ethical business practices. All activities must therefore comply with applicable laws and regulations. This reflects Taiflex's commitment and responsibility to its shareholders and other stakeholders.		
Effect and Impact	● Actual positive impact : Social: Build a culture of integrity within the Company to reduce the risk of legal violations and human rights abuses.	● Potential positive impact : Economic: Ensure operational stability by maintaining legal compliance in day-to-day business activities, thereby avoiding significant fines or penalties.	● Potential negative impact : Economic: Inadequate management of ethical risks, such as corruption or related misconduct, may harm the Company's reputation and image, potentially leading to adverse impacts on sales.
Policy	Taiflex conducts its business in accordance with the principles of fairness, honesty, integrity, and transparency, and fosters an organizational and workplace culture characterized by mutual support, collegiality, discipline, integrity, and diligence. The Company has established the "Principles of Business Ethics," "Code of Ethical Conduct," and "Procedures and Guidelines of Business Ethics" to serve as a framework for Directors, managers, and employees in the performance of their duties.		
Strategy	● Proactive opportunity management : Taiflex regularly conducts training on ethical business practices to strengthen employee awareness and promote an integrity-based corporate culture. Transparent communication channels are in place to ensure the engagement of employees at all levels and relevant stakeholders. Upon onboarding, employees sign the Employment and Service Commitment, which outlines their obligations regarding integrity and ethical conduct. Related policies and management guidelines are communicated through internal announcements and employee training programs.	● Risk prevention management : A precautionary approach is adopted through annual compliance reviews and both internal and external audits. Audit scopes and management procedures are adjusted based on audit findings. The Company encourages Directors, managers, and employees to contribute suggestions that support the review and enhancement of ethical policies and related measures, thereby improving the overall effectiveness of ethical management.	● Remedial measures for negative impacts : Grievance mechanisms are available to safeguard the legal rights and interests of both internal and external parties. In the event of a violation, the Company activates its crisis management procedures, which include investigation, corrective actions, and appropriate external communication.
Goal and Objective	● Short-term goals (2025-2026) : - 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	● Medium-term goals (2027-2030) : - Ensure all employees participate in ethics training programs to strengthen practical implementation capabilities - Zero violations of ethical principles by directors, managers, and employees	● Long-term goals (2031-2040) : - 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
Management Assessment Mechanism	Taiflex assesses employees' compliance awareness through education, training, and assessments on business integrity and professional ethics. Regular internal audits are conducted across the nine key internal control cycles to ensure the Company upholds high standards of ethical business conduct. Additionally, an e-procurement platform is in place for suppliers to strengthen ethical management and auditing practices, helping to prevent unlawful activities.		
2024 Goals and Achievements	● Develop comprehensive management and preventive measures → Achieved. The Company issues monthly internal announcements to promote awareness of the "Principles of Business Ethics," "Procedures and Guidelines of Business Ethics" and "Code of Ethical Conduct." Standardized training on ethical business practices is provided to all new employees. On May 7, 2024, a company-wide training session on ethical conduct and integrity was conducted, reaching 69.08% of all employees.		
	● Zero violations of ethical principles by directors, managers, and employees → Achieved. There were zero violations of ethical principles by directors, managers, and employees in 2024.		

★ 2.3.1 Emphasizing a Culture of Integrity

“Integrity, responsibility, enthusiasm, creativity, and execution” are the core values of Taiflex’ s corporate culture. In line with the Code of Conduct of the Responsible Business Alliance (RBA), the Company has established the “Code of Ethical Conduct,” “Principles of Business Ethics” and “Procedures and Guidelines of Business Ethics.” To ensure these core values are upheld, all employees of the Company and its subsidiaries have signed the Confidential Information Protection Policy.




Taiflex conducts all business activities in accordance with the principles of fairness, transparency, honesty, and integrity. Directors, managers, and employees are strictly prohibited from directly or indirectly offering, accepting, promising, or soliciting any improper benefits, or engaging in major illegal activities, serious breaches of integrity, or violations of fiduciary duty in the course of business. Prohibited conduct includes, but is not limited to, infringement of intellectual property rights, unfair competition, and other unlawful acts intended to obtain or retain business advantage. Integrity is also embedded as a core competency and serves as one of the key indicators in employee performance evaluations. In 2024, assessments were conducted in June and December in accordance with the Employee Performance Management Guidelines, achieving a 100% completion rate.

Deepen Integrity and Ethics Awareness

To cultivate a culture of mutual support, collegiality, discipline, honesty, and diligence, Taiflex has designated integrity and ethical conduct as a key component of its annual training program. The Company has developed dedicated training materials on ethical behavior and conducts regular awareness campaigns and training sessions to instill these principles across all employees.

In 2024, Taiflex published integrity and ethical conduct announcements on the Company’ s internal system, which was accessible to all employees. These announcements were also automatically sent to all employee email accounts, resulting in 100% communication coverage. Standardized integrity training is provided to all new hires. On May 7, 2024, the Company conducted a company-wide training session on integrity and ethical conduct, with a participation rate of 69.08%. For newly appointed directors and upon Board reelection, Taiflex requires each incoming Board member to sign a Confidentiality Agreement for Insider Information, affirming their commitment to ethical business conduct. The Company also arranges for directors to participate in training programs related to integrity and ethical practices, and proactively shares relevant guidelines and advocacy materials issued by government agencies. For suppliers, integrity management and audit mechanisms are implemented through an e-procurement platform.

2024 Ethical Business Conduct and Code of Ethics Advocacy & Training - Headcount and Coverage Rates

Category	Number of Employees	Advocacy Reach (Employees)	Advocacy Coverage Rate	Training Participants	Training Coverage Rate
 Employees	938	938	100%	649	69.19%
 Managers	16	16	100%	10	62.50%
 Total	954	954	100%	659	69.08%

Note:

1. Advocacy coverage rate = (Number of employees reached through advocacy / Total number of employees in the category) × 100%
2. Training coverage rate = (Number of employees who participated in the May 7, 2024 integrity and ethical conduct training / Total number of employees in the category) × 100%
3. Due to employee turnover, the total headcount for each category is based on the number of employees across all factories as of December 31, 2024.

The Company has established an effective accounting system and internal control mechanisms for business activities identified as having a higher risk of unethical conduct. In addition, by integrating the ethical business conduct policy into employee performance evaluations and human resource policies, the Company has implemented a clear and effective system of rewards and disciplinary actions to support effective risk management.

Anti-Corruption Measures

To prevent misconduct, Taiflex has established an internal whistleblowing mechanism to accept reports of violations related to integrity and professional ethics. If an investigation confirms a serious violation or indicates a potential risk of significant harm to the Company, a report will be promptly prepared and submitted in writing to the Independent Directors. The Company's disciplinary and appeal procedures for breaches of ethical conduct are publicly announced. Information such as the violator's job title, name, date and details of the violation, and the actions taken will be promptly disclosed on the Company's internal website.



Integrity Hotline (07)813-9989#70999



**Email for Reporting
Illegal or Unethical
Conduct** security@taiflex.com.tw

In 2024, the Company did not receive any reports of violations related to professional ethics or ethical business conduct. There were also no incidents of non-compliance with regulations concerning anti-trust, market monopoly, ethical business practices, or professional conduct.

✦ 2.3.2 Internal Control

The purpose of establishing the internal control system is to ensure compliance with applicable industry regulations while taking into account the Company's overall operational activities. It aims to ensure the effectiveness of the nine core process cycles and standard measures applied across key business areas, including sales, production, procurement, financing, payroll, real estate, plant and equipment, information systems, investment, and R&D. The system is regularly reviewed and adjusted in response to internal and external environmental changes and regulatory updates, thereby enhancing operational efficiency and product quality.

Annual Audit

The Company has established an Internal Audit Office under the Board of Directors and employs full-time auditors responsible for conducting internal audits across all operational functions. Leveraging its organizational independence, the Audit Office ensures effective oversight of business conduct across all levels of the Company. Through regular audits of business operations and management activities, any deviations from internal policies, procedures, established goals, or expected standards are identified and reported to the responsible management. Timely corrective actions are taken to prevent misconduct and ensure the stability of operations.

To strengthen audit capabilities, the Company requires internal auditors to participate annually in audit-related courses provided by professional training institutions to enhance their professional competencies. With a professionally independent audit structure in place, the internal control system is effectively implemented at all levels of the organization. In 2024, a total of 50 audit items were completed, with no material deficiencies identified. For details, please refer to the Company's Statement of Internal Control System disclosed in the annual report.

Formulation of the Annual Audit Plan

By the end of each year, the Internal Audit Office formulates the audit plan for the following year based on regulatory requirements and risk assessment results. The proposed plan is submitted to the Audit Committee and the Board of Directors for discussion and approval, serving as the basis for audit execution. (Additional special audits may be designated as needed by senior management or the head of the Internal Audit Office.)

Follow-Up on Deficiencies and Irregularities

In addition to reporting internal control deficiencies and irregularities identified during audits, internal auditors are responsible for tracking and following up on each case to ensure that relevant departments take timely and appropriate corrective actions. Completed audit reports are submitted to the Independent Directors for review no later than the end of the month following the issuance of each report.

Execution of Audit Tasks

Internal auditors carry out audit procedures in accordance with the annual audit plan or specific projects. The scope includes reviewing and evaluating the adequacy and effectiveness of internal control systems across departments, as well as the efficiency of operational activities. The audit targets cover the business operations of the Company and its subsidiaries.

Reporting and Review

Full-time internal auditors regularly monitor compliance status and conduct unscheduled reviews of behavioral records, compiling their findings into audit reports. These reports are submitted to management for review to ensure the effective implementation of Company policies and the continuous improvement of internal control mechanisms.



Regulatory Compliance

With operations across Asia and active global expansion, Taiflex recognizes that regulatory compliance is fundamental to sustainable business operations. Accordingly, the Company has established relevant policies and procedures to ensure compliance within its operational scope, covering areas such as anti-corruption, anti-harassment and non-discrimination, environmental protection, and the safeguarding of confidential information. To support these efforts, the Company has established a Legal and Intellectual Property Center, which conducts regular and ad hoc reviews of domestic and international laws and regulations. The Center also participates in external training to stay informed of regulatory changes and emerging legal trends. In addition, it analyzes policies and legislation that may significantly affect the Company's operations and communicates key insights to relevant departments and senior management to support strategic planning and guide future business direction.

To help employees understand key aspects of regulatory compliance and ensure that all business activities are conducted in accordance with applicable laws, Taiflex regularly invites legal professionals and industry experts to deliver seminars and conduct relevant legal training courses. In addition, the Legal and Intellectual Property Center promotes awareness of compliance concepts through announcements and email communications, on a regular and as-needed basis.

In 2024, the Company did not incur any significant penalties exceeding NT\$1 million. However, four cases were recorded involving violations of occupational safety, health, and labor rights regulations, with individual fines ranging from NT\$100 thousand to NT\$250 thousand. For details on the violations and the corresponding corrective measures, please refer to Appendix I: ESG Information - Economic Data of this report.

Note: The definition of a significant operational fine is based on the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, issued on December 16, 2024. According to Chapter II (Material Information), Article 4, Paragraph 1, Subparagraph 26, Item 3, a single event is deemed material if the total fine imposed amounts to NT\$1 million or more.

Fulfilling Tax Obligations

The Company does not make political contributions and fulfills its tax obligations annually in accordance with applicable domestic and international tax laws and regulations. As Taiflex meets the criteria under government incentive programs for investments in smart machinery and research and development, it is eligible for certain tax credits. In addition, to help bridge the gap between academia and industry, the Company provides internship opportunities to students and has received related government subsidies. For details on financial assistance received from the government, please refer to Appendix I: ESG Information - Economic Data of this report.

The tax affairs of Taiflex are managed by the Finance and Accounting Center, which is responsible for monitoring tax compliance across both domestic and overseas operations and staying informed of global tax law developments. High-risk tax matters are reported to the Board of Directors to support management in identifying internal risks and tracking tax-related trends. Through the effective operation of the Company's risk management mechanisms, the frequency and monetary impact of tax disputes are kept at a low-risk level. To mitigate tax risks and safeguard the best interests of the Company and its shareholders, the following tax policies have been established :

1

Transactions between related parties shall follow the arm's length principle and comply with the transfer pricing guidelines issued by the competent authorities.

2

Analyze the business environment and assess tax risks, incorporating tax considerations into business decision-making.

3

Comply with applicable domestic and international tax laws and regulations.

4

Refrain from using tax havens to avoid tax obligations.

5

Comply with the Company Act and all relevant tax-related legislation.

2.4 Operational Risk Management and Climate Resilience

2.4.1 Operational Risk Management

The Board of Directors serves as the highest decision-making body for risk management at Taiflex, overseeing the effective functioning of the risk management framework to ensure that business strategies are executed effectively and operational objectives are achieved. The Board authorizes the Chairperson to serve as the convener of risk management plans, responsible for coordinating and directing the implementation and operation of risk-related plans.

Under the Sustainable Development Committee, the Corporate Governance and Risk Management Team is responsible for consolidating risk factors identified across all levels of the organizational management structure, along with corresponding response strategies and implementation reviews. The Team reports its findings to the Sustainable Development Committee, which in turn reports to the Board of Directors at least once a year on the overall performance and progress of the Company's risk management initiatives.



Note : The Chairperson is authorized by the Board to serve as the convener of risk management plans.

Taiflex has established "Risk Management Policies and Procedures" to strengthen risk awareness and execution capabilities across the organization. By implementing a systematic management approach, the Company integrates relevant response plans into the strategic decision-making process. This ensures that risks remain within acceptable thresholds, reduces potential losses, and safeguards the interests of customers, employees, and other stakeholders, ultimately enhancing shareholder value and supporting the optimal allocation of corporate resources.



Material Risk Identification

Due to internal resource reallocation and a reprioritization of operational projects by senior management in 2024, the climate risk assessment was not conducted as originally planned. Nevertheless, the Company has continued to build on the results of the 2023 assessment and remains attentive to material risk issues. Details of the 2023 risk identification outcomes are available in the Company's 2023 Sustainability Report.

In the same year, Taiflex also launched a project to adopt the Task Force on Climate-related Financial Disclosures (TCFD) framework, covering key areas such as climate risk identification, scenario analysis, and financial impact assessment. The initiative aims to strengthen the consistency and forward-looking nature of the Company's climate risk management and disclosure practices. A new round of risk assessments is scheduled to resume in the second half of 2025, along with a review of internal controls and cross-departmental collaboration mechanisms to enhance execution efficiency and organizational resilience, thereby ensuring continuity and completeness in risk management efforts.

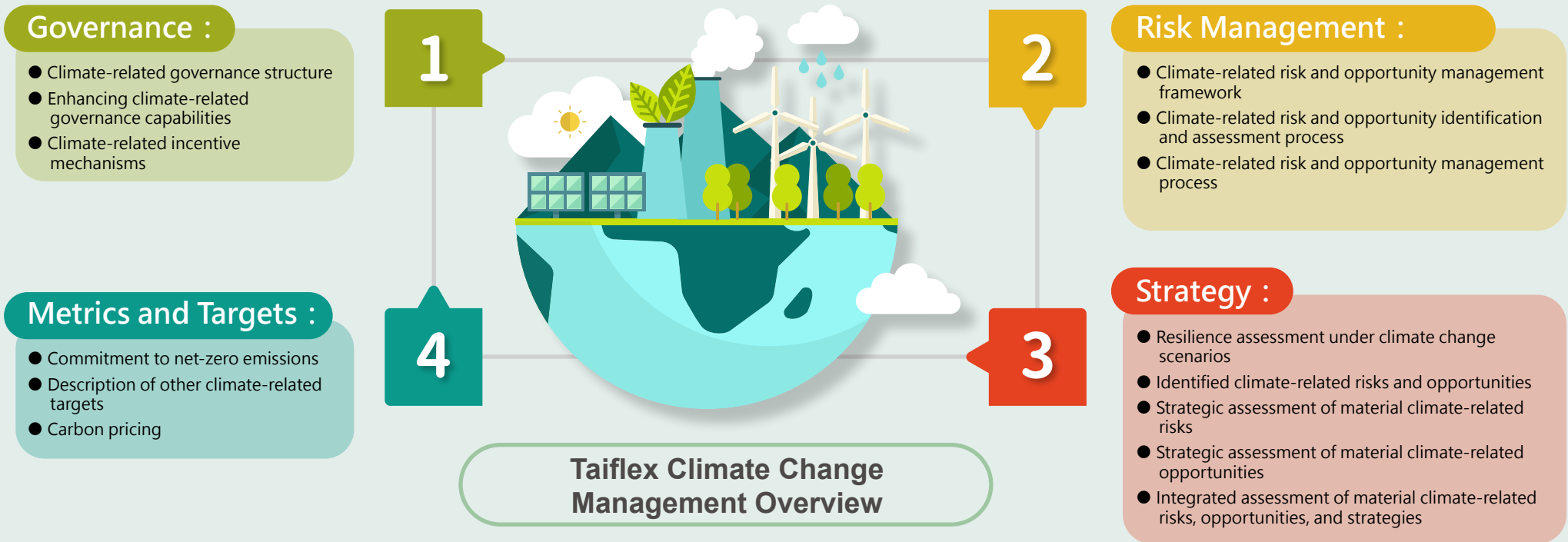
★ 2.4.2 Climate Risk Adaptation Actions

As countries around the world strengthen carbon reduction targets and policies, with many aiming to achieve net-zero emissions by 2050, businesses are facing increasing operational pressures along with heightened expectations from customers regarding supply chain sustainability performance. Although Taiflex is not classified as a major electricity consumer, the Company has begun planning relevant investments to support the global low-carbon transition in response to climate change.

The Board of Directors approved Taiflex' s sustainable development roadmap in January 2023 and authorized the Sustainable Development Committee to oversee climate risk management. Functional teams under the Committee are responsible for advancing climate-related initiatives and managing relevant targets. This structure ensures the integration of sustainability strategies and climate action into product development, operations, and value chain management.

In response to the global trend of sustainability-related financial disclosure, Taiflex references the TCFD framework to disclose information on climate-related governance, strategy, risk management, metrics, and targets. The Company presents the following material information regarding sustainability and climate-related risks and opportunities.

Taiflex has published its first Climate-related Financial Disclosures Report. For more details, please refer to the "Taiflex 2025 TCFD Report," available on the Company' s official website.



• Climate-Related Governance Structure and Capability Enhancement

Taiflex' s Board of Directors serves as the highest decision-making body for risk management. For a comprehensive overview of the Company' s operational risk governance, please refer to Section 2.4.1 Operational Risk Management. In terms of climate-related governance, the Company has established a Sustainable Development Committee, which reports to the Board twice a year. The Committee reviews climate-related risks and opportunities and proposes corresponding short-, medium-, and long-term plans, measures, and targets. The Board regularly evaluates the effectiveness of the Company' s climate response strategies based on the implementation progress of plans carried out by functional teams, as compiled by the Sustainable Development Committee (Sustainable Development Center).

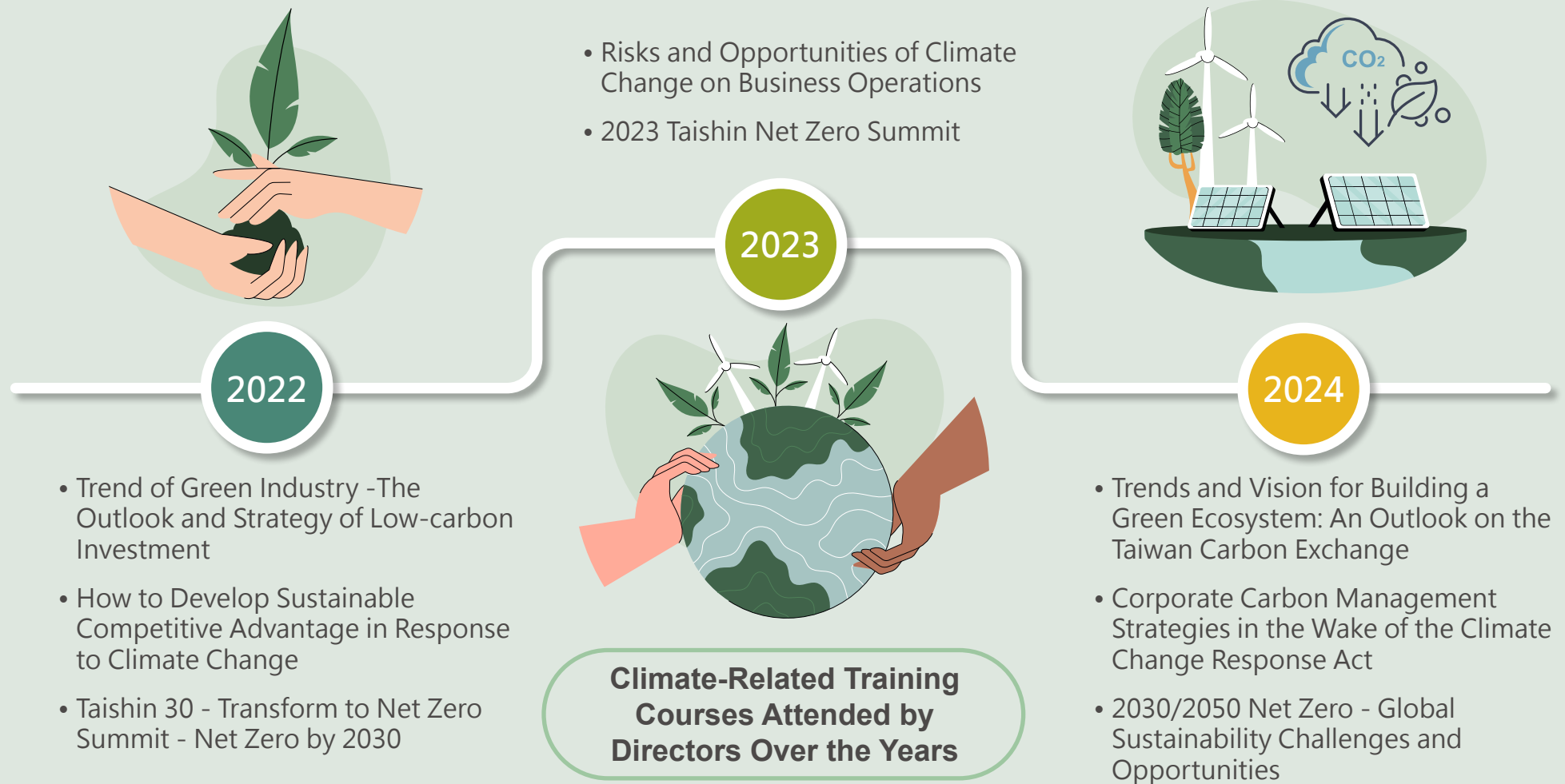
Climate-Related Management Structure

Organization	Responsibilities
Sustainable Development Committee	As the Company' s highest decision-making body for climate change management, the Committee' s members are appointed by the Board, with a majority being Independent Directors. The elected convener oversees all related affairs. The Committee comprises six functional teams.
Corporate Governance and Risk Management Team	Identifies the Company' s risk environment, risk management priorities, and response measures, and evaluates the potential financial impacts of those risks.
Environmental Sustainability Team	Monitors global environmental trends, identifies climate-related risks and opportunities, and sets relevant targets and implementation plans.

2024 Board of Directors - Climate-Related Agenda Items

Date	Reports Presented
2024.02.20	• Presentation of the greenhouse gas (GHG) inventory and verification schedule for the Company and its subsidiaries
2024.04.24	• Presentation of the GHG inventory and verification schedule for the Company and its subsidiaries
2024.07.31	• Presentation of the GHG inventory and verification schedule for the Company and its subsidiaries • Progress report on the Company' s 2024 sustainability development plan • Report on the results of the 2023 GHG inventory
2024.10.30	• Presentation of the GHG inventory and verification schedule for the Company and its subsidiaries

To strengthen climate-related governance capabilities, Taiflex continues to enhance climate risk awareness and management competencies among directors, senior management, and employees at all levels, fostering a culture of climate risk awareness. Since 2022, the Company has conducted annual climate risk education and training programs for Board members and senior executives. These programs incorporate climate- and nature-related topics and are tailored to equip leadership with the knowledge and skills necessary to make informed decisions in response to climate-related risks. In addition, the Company offers climate-related training for employees across all levels. In 2024, training covered topics such as the Carbon Disclosure Project (CDP) and TCFD.



• Resilience Assessment under Climate Change Scenarios

In line with the TCFD recommendations, the Company has developed climate scenarios covering both transition and physical risks, as well as potential climate-related opportunities. Given that these risks and opportunities may significantly impact future strategies and financial planning, Taiflex adopted the worst-case global warming scenario from the IPCC Sixth Assessment Report to assess the resilience of its climate strategies.

Types of Climate-Related Risks and Opportunities

- Transition Risk
- Opportunity

Scenarios Used for the Company's Risk and Strategy Assessment

- 1.5° C Scenario
- Taiwan's 2050 Net-Zero Emissions Pathway and Strategy
- Taiwan's 2030 Nationally Determined Contribution (NDC)
- Taiwan Climate Change Response Act

- Physical Risk

- SSP5-8.5 (Worst-case Global Warming Scenario) from the IPCC Sixth Assessment Report

• Climate-Related Risk and Opportunity Management and Assessment Process

In addition to systematically managing overall operational risks in accordance with the Company's established "Risk Management Policy and Procedures," Taiflex incorporates climate-related risks into its existing risk management framework by referencing the risk identification and assessment model recommended by the TCFD. For each identified item, the Company develops corresponding response strategies and targets. The Sustainable Development Committee is responsible for ongoing tracking and oversight, and regularly reports progress to the Board of Directors to ensure alignment with the Company's overall strategic direction.

The Corporate Governance and Risk Management Team under the Sustainable Development Committee convenes meetings to identify and assess climate-related risks and opportunities. Using a defined risk scale, the team evaluates the level of impact, likelihood of occurrence, and threat severity for each item, and produces a risk-opportunity matrix. Based on this matrix, Taiflex identifies its most significant climate-related risks and opportunities.

Each assessed risk is assigned to a designated responsible unit to develop an appropriate response plan. For risks identified in the matrix as having both a high likelihood and significant impact, the Company forms cross-functional project teams to coordinate targeted responses. These teams continuously review and adjust the implementation of response measures to mitigate potential impacts.

Climate-Related Risk and Opportunity Identification and Assessment Process

Step 1 Definition of Risk Categories

The Corporate Governance and Risk Management Team provides updates on emerging risks and opportunities based on international developments and industry trends. These insights serve as references for risk owners when defining risk categories.

Climate-related risk and opportunity categories are defined with reference to examples provided in the TCFD framework, covering transition risks, physical risks, and climate-related opportunities.

Step 2 Risk Category Identification

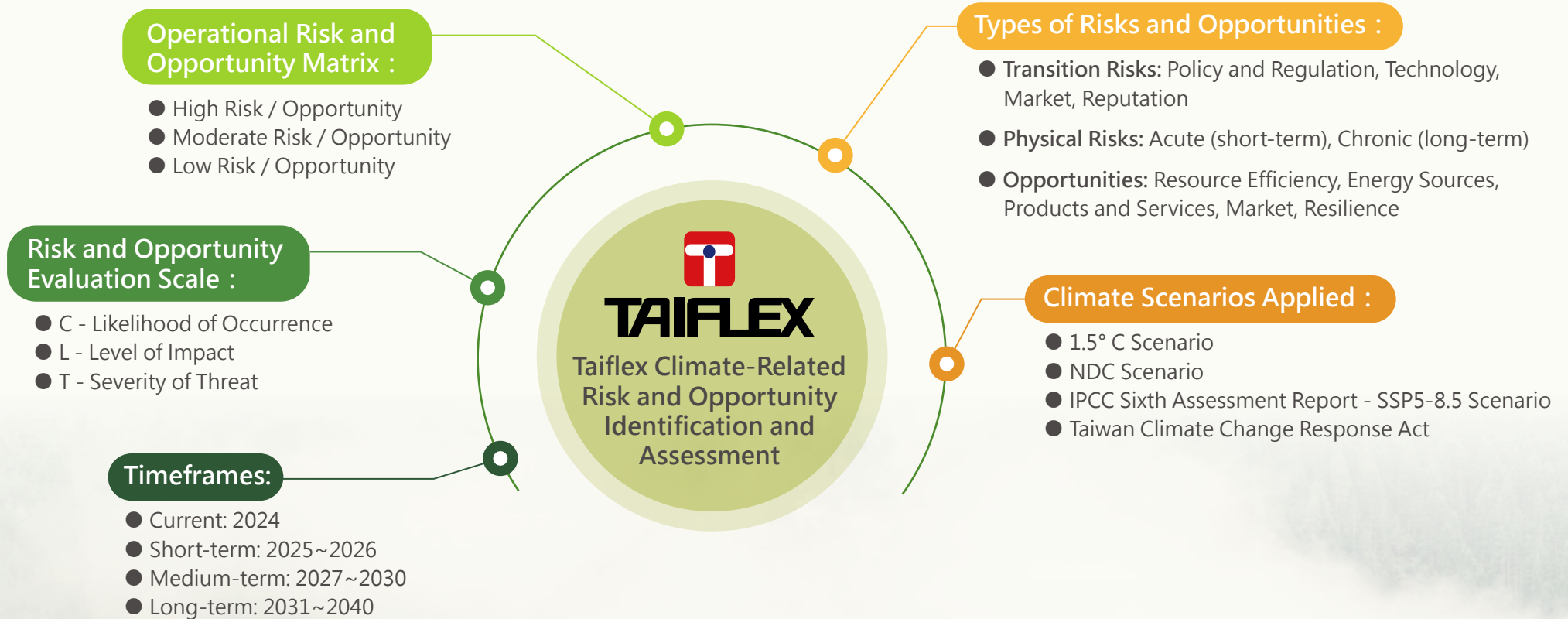
Risk owners identify potential risks and key issues the Company may face under each defined risk category.

Step 3 Risk Analysis

Once relevant risk factors are identified, risk owners assess their potential impact on the Company using the established risk evaluation scale. This assessment serves as a basis for prioritizing risk control measures and selecting appropriate response strategies.

Step 4 Risk Matrix Development

The Corporate Governance and Risk Management Team develops a climate-related risk and opportunity matrix (Risk Map) based on the likelihood of occurrence (C), level of impact (L), and severity of threat (T), in order to categorize and prioritize each risk item.



Identified Climate-Related Risks and Opportunities

In line with TCFD recommendations, Taiflex identified 16 climate-related risk topics, including 5 physical risks and 11 transition risks, as well as 15 opportunity topics. Each topic was evaluated using a five-point scale, based on its threat level, likelihood of occurrence, and potential impact across short-, medium-, and long-term timeframes. This assessment resulted in a risk and opportunity matrix, through which Taiflex identified 2 major climate-related transition risks, 1 major climate-related physical risk, and 3 major climate-related opportunities.

Taiflex Climate-Related Risk Matrix

Risk Level	Timeframe		
	Short-term (2025-2026)	Medium-term (2027-2030)	Long-term (2031-2040)
Material Risk (R ≥ 31)		<ul style="list-style-type: none"> Extreme Weather Events (e.g., Typhoon, Flood) 	<ul style="list-style-type: none"> Extreme Weather Events (e.g., Typhoon, Flood) Substitution of Existing Products with Low-carbon Alternatives Rising Carbon Pricing (Carbon Fees)
Moderate Risk (R ≥ 11)	<ul style="list-style-type: none"> Extreme Weather Events (e.g., Typhoon, Flood) Substitution of Existing Products with Low-carbon Alternatives 	<ul style="list-style-type: none"> Substitution of Existing Products with Low-carbon Alternatives 	<ul style="list-style-type: none"> Heightened Stakeholder Attention

Taiflex Climate-Related Opportunity Matrix

Opportunity Level	Timeframe		
	Short-term (2025-2026)	Medium-term (2027-2030)	Long-term (2031-2040)
Material Opportunity (R ≥ 11)	<ul style="list-style-type: none"> Adoption of More Efficient Production Processes Recycling and Reuse 	<ul style="list-style-type: none"> Adoption of More Efficient Production Processes Recycling and Reuse Use of Low-carbon Energy / Participation in Renewable Energy Projects 	<ul style="list-style-type: none"> Adoption of More Efficient Production Processes Recycling and Reuse Use of Low-carbon Energy / Participation in Renewable Energy Projects
Moderate Opportunity (R ≥ 6)	<ul style="list-style-type: none"> Use of Low-carbon Energy / Participation in Renewable Energy Projects Adoption of Incentive-based Policies / Utilization of Public-sector Incentive Programs 	<ul style="list-style-type: none"> Adoption of Incentive-based Policies / Utilization of Public-sector Incentive Programs 	<ul style="list-style-type: none"> Adoption of Incentive-based Policies / Utilization of Public-sector Incentive Programs

Material Climate-Related Risks Identified

Risk Ranking	Climate-Related Risk	Boundary of Impact on Business Model and Value Chain			Timeframe		
		Upstream	Taiflex	Downstream	Short-term	Medium-term	Long-term
1	【Transition Risk】 Increased pricing on GHG emissions (carbon fees)	●	Taiflex Taiwan	-	-	-	●
2	【Transition Risk】 Substitution of existing products with low-carbon alternatives	●	Taiflex Taiwan Taiflex China Taiflex Thailand	●	●	●	●
3	【Physical Risk】 Extreme weather events (e.g., typhoon, flood)	-	Taiflex Taiwan	-	●	●	●

Material Climate-Related Opportunities Identified

Opportunity Ranking	Climate-Related Opportunity	Boundary of Impact on Business Model and Value Chain			Timeframe		
		Upstream	Taiflex	Downstream	Short-term	Medium-term	Long-term
1	【Climate Opportunity】 Adoption of More Efficient Production Processes	-	Taiflex Taiwan	-	●	●	●
2	【Climate Opportunity】 Use of Low-carbon Energy / Participation in Renewable Energy Projects	-	Taiflex Green Power	●	●	●	●
3	【Climate Opportunity】 Recycling and Reuse	●	Taiflex Taiwan	●	●	●	●

• Climate-Related Risk and Strategy - Financial Impact Assessment

Risk 1: [Transition Risk] Increased Pricing on GHG Emissions (Carbon Fees)

Risk Scenario and Strategic Response

In March 2022, Taiwan's National Development Council (NDC) officially released the "Taiwan 2050 Net-Zero Emissions Pathway and Strategy Overview." The following year, the Climate Change Response Act was passed in its third reading, with Article 4 formally enshrining the 2050 net-zero GHG emissions target into law. In August 2024, the government issued three subordinate regulations on carbon fees, marking the beginning of Taiwan's carbon pricing era. Starting in 2026, enterprises with annual GHG emissions of 25,000 metric tons of CO₂e or more at a single factory will be subject to carbon fee levies.

Also in 2024, the government announced that businesses with annual electricity consumption exceeding 20 million kWh or GHG emissions surpassing 10,000 metric tons CO₂e at a single factory must begin conducting annual GHG inventories and reporting starting in 2026. Carbon fees are scheduled to be levied beginning in 2031. In October 2024, the government published the "Fee-charging Rates of Carbon Fees," setting the standard rate at NT\$300 per metric ton of CO₂e. This fee applies to emissions exceeding the exemption threshold of 25,000 metric tons CO₂e. The carbon fee rate is expected to gradually increase, reaching NT\$1,800 per ton after 2031, at which point the exemption will be removed. To encourage emissions reduction among companies below the carbon fee threshold, the government allows such enterprises to apply for voluntary emissions reduction credits, which may be sold to companies seeking to offset their carbon fee liabilities. Each metric ton of voluntary reduction may be used to offset 1.2 metric tons of fee-liable emissions.

To mitigate the potential financial impact of future carbon fee obligations, Taiflex plans to gradually implement energy efficiency projects to reduce overall energy consumption, install on-site solar photovoltaic systems to lower greenhouse gas emissions, and offset any remaining fee-liable emissions by purchasing voluntary emissions reduction credits from other companies.

Financial Impact of Risk Exposure

Current (2024)

As the government has not yet imposed carbon fees on companies, Taiflex incurred no operating cash outflows related to carbon pricing in 2024. There was no material impact on the Company's access to financing or cost of capital.

Short-term (2025~2026)

Starting in 2026, the government will begin collecting carbon fees based on enterprises' 2025 emissions. As Taiflex currently has no single site with annual GHG emissions exceeding the 25,000 metric ton CO₂e threshold, no operating cash outflows related to carbon fees are expected in the short term. The impact on access to financing and the cost of capital is expected to remain immaterial.

Medium-term (2027~2030)

In the medium term, Taiflex projects that none of its individual sites will exceed the carbon fee threshold of 25,000 metric tons of CO₂e per year. Accordingly, no operating cash outflows related to carbon fees are expected. The impact on access to financing and the cost of capital is expected to remain immaterial.

Long-term (2031~2040)

In the long term, Taiflex expects to exceed the carbon fee threshold due to electricity consumption surpassing 20 million kWh at an individual site. With the carbon fee rate rising to NT\$1,800 per metric ton CO₂e and the removal of the exemption, the Company estimates that the resulting annual operating cash outflows will account for approximately 0.32% of revenue. These costs will be covered by the Company's own funds and are not expected to pose a cash flow risk. The impact on access to financing and the cost of capital is expected to remain immaterial.

Financial Impact of Strategic Response

The Company anticipates no risk of carbon fee imposition by the government in the short to medium term. However, in the long term, emissions are expected to exceed the regulatory threshold, resulting in carbon fee payments and impacting costs and profitability. To mitigate this, Taiflex will implement annual energy-saving projects to reduce energy consumption and install on-site solar power systems for self-use to lower GHG emissions. The Company also plans to purchase voluntary reduction credits from other sources to offset remaining emissions. These measures are expected to reduce operating cash outflows related to carbon fees by approximately 30%. Such outflows will be covered by the Company's own funds, posing no risk to operations or cash flow. The impact on access to financing and the cost of capital is expected to remain immaterial.

Risk 2: [Transition Risk] Substitution of Existing Products with Low-Carbon Alternatives

Risk Scenario and Strategic Response

As international brands increasingly require carbon management and GHG emissions reductions across their supply chains, Taiflex, whose products are primarily components for consumer electronics, is expected to face growing pressure from corporate customers to supply low-carbon products that align with Scope 3 reduction commitments. Failure to meet these expectations may lead to the loss of existing orders and result in reduced revenue and profitability. To mitigate this risk, Taiflex has adopted a strategy of gradually transitioning to the use of recycled materials, helping to retain customer orders and minimize the financial impact of potential profit declines.

Financial Impact of Risk Exposure

Current (2024)	In 2024, approximately 5% of customer orders began requiring the use of recycled materials. If the Company fails to meet these requirements, it may experience order losses and reduced revenue-related cash inflows, with an estimated profit decline equivalent to 0.10% of total revenue. No material impact is expected on access to financing and the cost of capital.
Short-term (2025~2026)	In the short term, customer orders requiring recycled materials are projected to increase from 5% to 20%. If the Company fails to meet these requirements, it may experience order losses and reduced revenue-related cash inflows, with an estimated profit decline equivalent to 0.82% of total revenue. The impact on access to financing and the cost of capital is expected to remain immaterial.
Medium-term (2027~2030)	In the medium term, customer orders requiring recycled materials are projected to remain at 20%. If the Company fails to meet these requirements, it may experience order losses and reduced revenue-related cash inflows, with an estimated profit decline equivalent to 1.89% of total revenue. The impact on access to financing and the cost of capital is expected to remain immaterial.
Long-term (2031~2040)	In the long term, customer orders requiring recycled materials are projected to increase from 20% to 60%. If the Company fails to meet these requirements, it may experience order losses and reduced revenue-related cash inflows, with an estimated profit decline equivalent to 3.10% of total revenue. The impact on access to financing and the cost of capital is expected to remain immaterial.

Financial Impact of Strategic Response

Failure to meet corporate clients' expectations for low-carbon products incorporating recycled materials would lead to reduced cash inflows and lower profitability. The estimated annual profit impact is projected at 0.82% of revenue in the short term, 1.89% in the medium term, and 3.10% in the long term. To mitigate this risk, the Company will fully comply with customer requirements for recycled materials to prevent order losses. However, the use of recycled materials will result in higher procurement and production costs. In response, the Company plans to gradually increase product prices to offset these additional expenses.

Overall, the implementation of these strategies is expected to reduce the annual profit impact to below 0.50% of revenue across the short-, medium-, and long-term periods. The impact on access to financing and the cost of capital is expected to remain immaterial.

Risk 3: [Physical Risk] Extreme Weather Events (e.g., Typhoon, Flood)

Risk Scenario and Strategic Response

According to the 2024 Climate Change in Taiwan: National Scientific Report 2024: Phenomena, Impacts, and Adaptation - Key Scientific Findings from Chapters 1 to 3, jointly published by Taiwan's National Science and Technology Council and the Ministry of Environment, the annual maximum one-day rainfall intensity in Taiwan has shown an increasing trend. Projections for the mid- and late-21st century suggest that the annual maximum one-day rainfall intensity in Taiwan will increase by approximately 20% and 41.3%, respectively. While the total number of typhoons affecting Taiwan is expected to decrease by about 15% and 55%, the proportion of severe typhoons is anticipated to rise by approximately 100% and 50%. In addition, typhoon-induced precipitation is projected to increase by around 20% by mid-century and 35% by the end of the century.

In light of these projections, the Company assumes an average of two extreme typhoon or flood events per year in the short term, three in the medium term, and four in the long term. These events are expected to lead to increased disaster-related losses.

Financial Impact of Risk Exposure

Current (2024)	In 2024, disaster-related operating cash outflows resulting from extreme weather events, such as typhoons and floods, amounted to approximately 0.03% of the Company's annual revenue and were fully covered using the Company's own funds. There was no material impact on the Company's access to financing or cost of capital.
Short-term (2025~2026)	In the short term, the Company estimates that disaster-related operating cash outflows resulting from extreme weather events, such as typhoons and floods, will remain at approximately 0.03% of annual revenue. These outflows will be covered using the Company's own funds. The impact on access to financing and the cost of capital is expected to remain immaterial.
Medium-term (2027~2030)	In the medium term, the Company estimates that disaster-related operating cash outflows resulting from extreme weather events, such as typhoons and floods, will remain at approximately 0.05% of annual revenue. These outflows will be covered using the Company's own funds. The impact on access to financing and the cost of capital is expected to remain immaterial.
Long-term (2031~2040)	In the long term, the Company estimates that disaster-related operating cash outflows resulting from extreme weather events, such as typhoons and floods, will remain at approximately 0.07% of annual revenue. These outflows will be covered using the Company's own funds. The impact on access to financing and the cost of capital is expected to remain immaterial.

Financial Impact of Strategic Response

Risk 3 [Physical Risk] Extreme weather events, such as typhoons and floods, may result in increased disaster-related costs and lead to higher operating cash outflows. The Company anticipates that these cost increases will reduce annual profit by approximately 0.03% of annual revenue in the short term, 0.05% in the medium term, and 0.07% in the long term.

The Company has assessed its exposure to this physical risk and determined that it falls within an acceptable range. As a result, the Company has adopted a risk acceptance strategy. The impact on access to financing and the cost of capital is expected to remain immaterial.

Opportunity 1: [Climate Opportunity] Adoption of More Efficient Production Processes

Opportunity Scenario and Strategic Response

Taiwan has released the Taiwan 2050 Net-Zero Emissions Pathway and Strategy, which underscores the need to accelerate the widespread adoption of mature energy-saving technologies across various sectors, including manufacturing, residential living, commercial services, transportation, and cross-sectoral applications. The strategy calls for boosting the market penetration of high-efficiency equipment through economic incentives, educational support, and regulatory enforcement. In parallel, it encourages the development of innovative energy-efficiency technologies and the phased introduction of advanced solutions. These efforts aim to enhance energy use efficiency from the demand side and support the achievement of Taiwan's net-zero emissions target. Accordingly, this energy conservation strategy has been formulated as the highest-level guiding framework for advancing national energy-saving policies, promoting industrial energy efficiency, and directing research and development in energy-saving technologies.

Electricity and natural gas are the primary energy sources used in the Company's production processes. To improve energy efficiency, the Company has established short-, medium-, and long-term plans for equipment upgrades and energy conservation. While investments in high-efficiency equipment will increase depreciation expenses related to capital expenditures and additional maintenance costs, they are also expected to reduce energy consumption expenses. Overall, these initiatives are anticipated to create financial opportunities and contribute to improved profitability.

Financial Impact of Strategic Response

Regarding Opportunity 1 [Climate Opportunity] Adoption of More Efficient Production Processes, the Company is implementing a series of energy efficiency improvement projects. These include the installation of waste heat recovery systems, replacement of cooling towers, addition of variable frequency drives (VFDs) to cooling water pumps, and upgrades such as high-efficiency motors and pump coating enhancements. These initiatives are expected to reduce energy costs and create financial opportunities.

Overall, this opportunity is expected to increase the Company's annual profit by approximately 0.19% of revenue in the short term, 0.22% in the medium term, and 0.14% in the long term. Cash outflows associated with related investment and operating activities will be covered using the Company's own funds, posing no operational disruptions or cash flow risks. The impact on access to financing and the cost of capital is expected to remain immaterial.

Opportunity 2: [Climate Opportunity] Use of Low-carbon Energy / Participation in Renewable Energy Projects

Opportunity Scenario and Strategic Response

Taiwan has released the Taiwan 2050 Net-Zero Emissions Pathway and Strategy, which outlines twelve key strategic initiatives aimed at expanding the use of renewable energy. These efforts include increasing installed renewable energy capacity and developing supporting infrastructure such as power systems and energy storage facilities. The strategy is designed to drive both industrial and societal transformation and maximize carbon reduction before 2030. In parallel, the government is introducing new regulations and amending existing laws related to renewable energy to encourage greater corporate participation in the energy transition.

The Company plans to invest in renewable energy projects, including solar and biomass power generation. These projects will adopt two models: self-consumption and wholesale electricity sales to Taipower. From a financial standpoint, such investments will result in increased depreciation expenses related to capital expenditures, along with higher maintenance and interest costs. However, they are also expected to generate revenue from electricity sales to Taipower and reduce the Company's electricity procurement costs. Overall, these initiatives are anticipated to create financial opportunities and contribute to improved profitability.

Financial Impact of Strategic Response

Regarding Opportunity 2 [Climate Opportunity] Use of Low-carbon Energy / Participation in Renewable Energy Projects, Taiflex is installing solar and biomass power generation systems to generate revenue through electricity sales to Taipower and to reduce energy expenditures. These initiatives are designed to create financial opportunities.

Overall, this opportunity is expected to increase the Company's annual profit by approximately 0.01% of revenue in the short term, 0.05% in the medium term, and 0.14% in the long term. Cash outflows associated with related investment and operating activities will be covered using the Company's own funds and bank loans, posing no operational disruptions or cash flow risks. The impact on access to financing and the cost of capital is expected to remain immaterial.

Opportunity 3: [Climate Opportunity] Recycling and Reuse

Opportunity Scenario and Strategic Response

Taiwan has released the Taiwan 2050 Net-Zero Emissions Pathway and Strategy, which outlines twelve key strategic initiatives. Among them, the strategy for achieving net-zero emissions in the manufacturing sector includes a focus on advancing the circular economy. By 2030, the strategy aims to reduce industrial waste and promote local participation in circular economy initiatives, ultimately fostering cross-sector collaboration. These efforts are intended to drive meaningful environmental outcomes through concrete actions and goal-oriented partnerships.

The Company plans to invest in processes and equipment for the recycling and reuse of waste gases and wastewater. These investments will result in increased depreciation expenses and maintenance costs. However, they are also expected to reduce raw material procurement costs and the treatment costs for waste adhesives and waste gases, while generating additional revenue from the resale of recovered solvents and purified gases. Overall, these initiatives are anticipated to create financial opportunities and contribute to improved profitability.

Financial Impact of Strategic Response

Regarding Opportunity 3 [Climate Opportunity] Recycling and Reuse, the Company is implementing processes and installing equipment for the recycling and reuse of waste gases and wastewater. This initiative is expected to create financial opportunities by reducing treatment costs for waste adhesives and waste gases, while generating additional revenue through the resale of recovered solvents and purified gases.

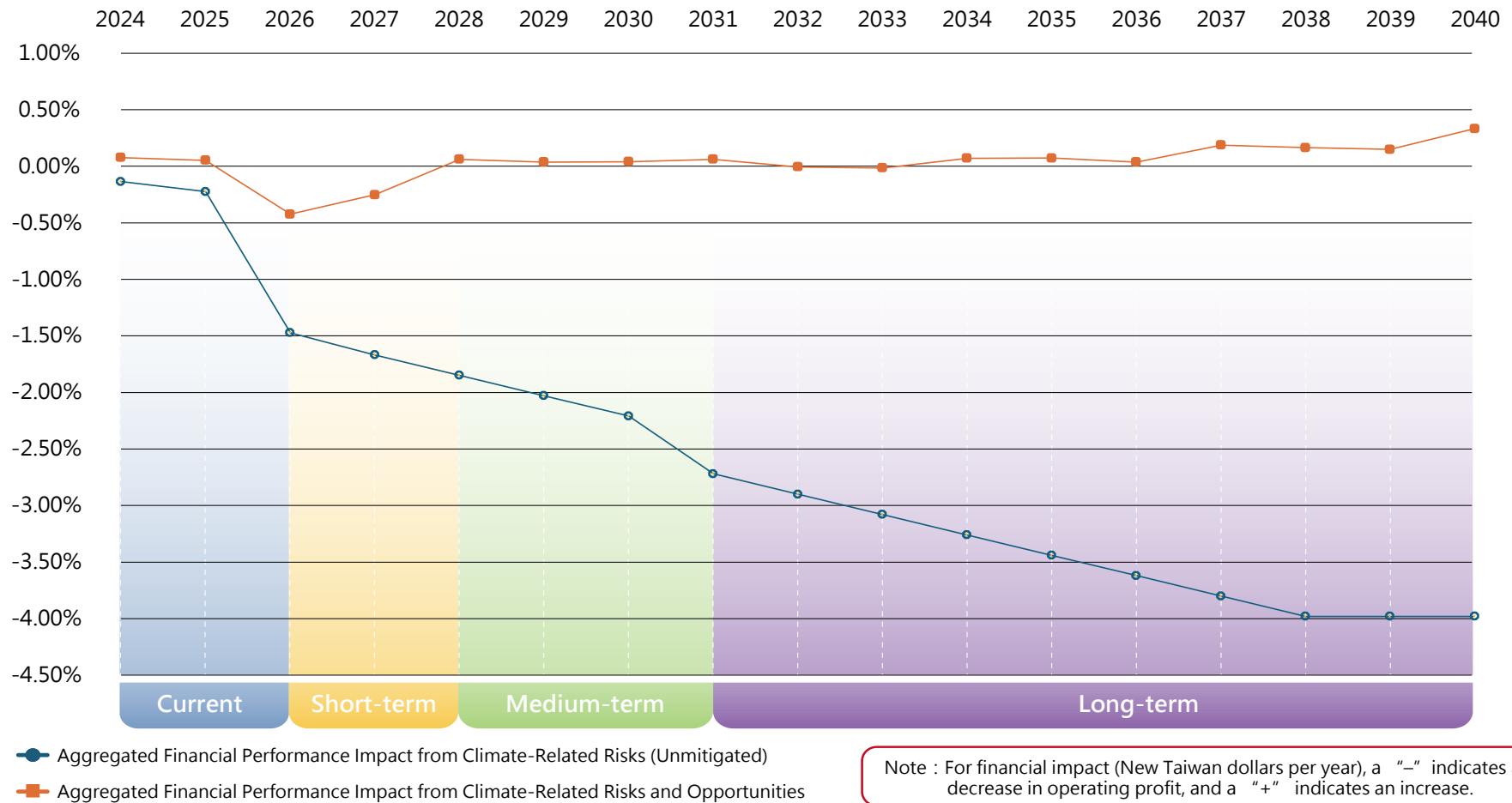
Overall, this opportunity is expected to increase the Company's annual profit by approximately 0.14% of revenue in the short term, 0.22% in the medium term, and 0.45% in the long term. Cash outflows associated with related investment and operating activities will be covered using the Company's own funds, posing no operational disruptions or cash flow risks. The impact on access to financing and the cost of capital is expected to remain immaterial.



Taiflex Climate-Related Risks and Opportunities

Illustration of Aggregated Financial Performance Impact (Profitability) Across Current, Short-, Medium-, and Long-term Periods

Illustration of Taiflex' s Aggregated Financial Performance Impact from Climate-Related Risks and Opportunities



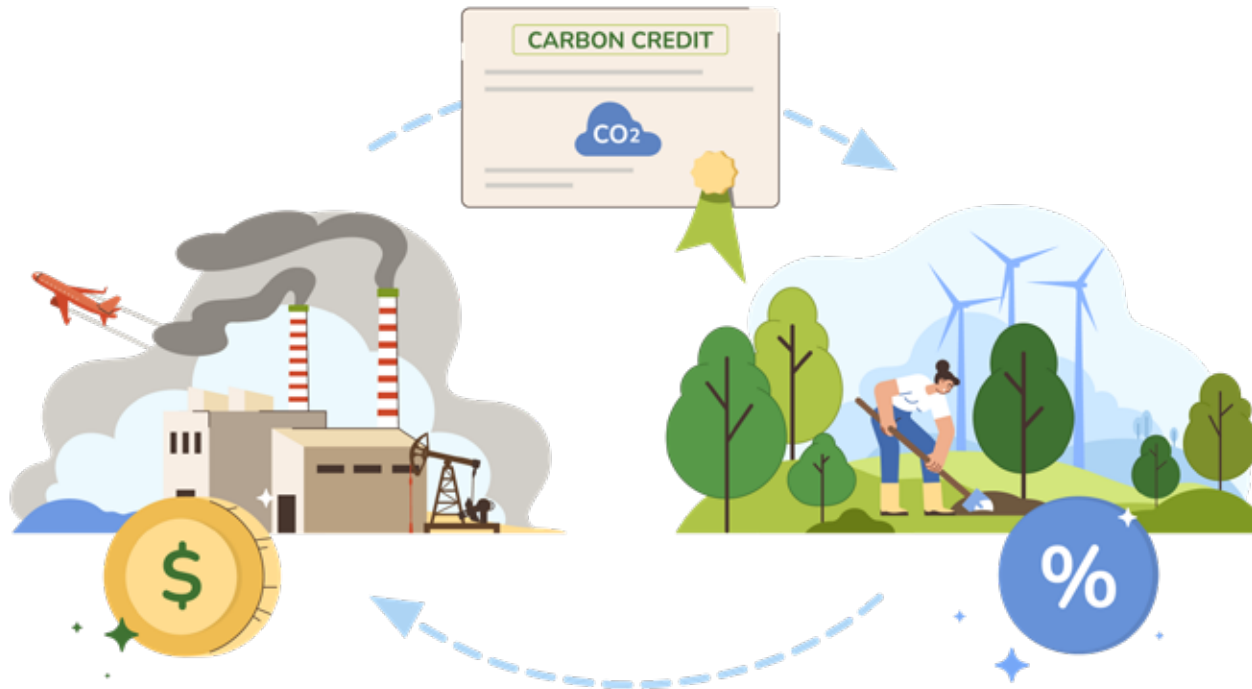
Taiflex has taken active measures to address climate-related risks and opportunities, resulting in significant improvements in its projected financial impacts across all time horizons. In the short term, the potential annual reduction in profit as a percentage of revenue improved from 0.85% to 0.19%. In the medium term, the projected impact decreased from 1.94% to just 0.03%. In the long term, the financial impact shifted from an annual profit reduction of 3.48% to a projected annual profit increase of 0.11%, relative to revenue.

• Carbon Pricing

Currently, the majority of companies adopting internal carbon pricing are concentrated in the financial, energy, and manufacturing sectors, which are typically characterized by high carbon emissions or carbon-intensive supply chains. Internal carbon pricing serves as a tool to incentivize emission reduction within organizations. In the financial sector, internal carbon pricing is primarily used for internal carbon management, but it is expected to gradually play a role in lending and investment decision-making, thereby directing capital toward low-carbon projects.

In Taiwan, internal carbon pricing is primarily adopted by the semiconductor and technology sectors. These industries are characterized by high technical complexity and capital intensity, and they face increasing pressure from global supply chains to meet low-carbon requirements. As a result, the demand for internal carbon pricing is particularly strong. In addition, several domestic financial holding companies have begun piloting internal carbon pricing mechanisms in recent years.

To further enhance internal energy-saving and carbon-reduction performance, Taiflex has introduced an internal carbon pricing mechanism. At the current stage, a benchmark internal carbon price of NT\$300 per metric ton of CO₂e has been adopted, in line with the carbon fee rate announced by Taiwan's Ministry of Environment for 2025. When assessing the investment benefits of energy-saving and carbon-reduction projects, the Company monetizes the associated environmental benefits and includes the implied cost of carbon fees in the decision-making process. This approach not only improves the effectiveness of internal carbon reduction efforts but also supports the Company's long-term commitment to sustainability.



2.5 Sustainable Supply Chain

The extraction of natural resources involves risks such as energy consumption, water pollution, land degradation, and potential human rights violations. In addition to ensuring the quality, delivery, and cost of raw materials, Taiflex is committed to working with suppliers that uphold environmental protection, energy conservation and carbon reduction, workplace safety and hygiene, and respect for human rights. These efforts are essential to meeting both customer expectations and regulatory requirements, while jointly fulfilling corporate social responsibility.

2.5.1 Procurement Policy

Taiflex firmly believes that the sustainable growth of its supply chain plays a critical role in the Company's long-term development. Therefore, we actively encourage suppliers to fulfill their corporate social responsibilities by implementing environmental protection measures, promoting energy conservation and carbon reduction, improving workplace safety and hygiene, and upholding human rights. In addition, suppliers are expected to maintain robust risk management and sustainable operation plans, working together with Taiflex to build a stable and resilient sustainable supply chain.



Our Commitments

- ✓ All products comply with conflict minerals regulations and are procured in accordance with green product standards.
- ✓ We adhere to the principles of fair trade and comply with all applicable laws and regulations. We are committed to respecting human rights, safeguarding the physical and mental well-being of workers, protecting the environment, and fulfilling our social responsibilities.
- ✓ We uphold the ethical principle, commit to fulfilling corporate social responsibilities in our procurement activities and pursue sustainability.

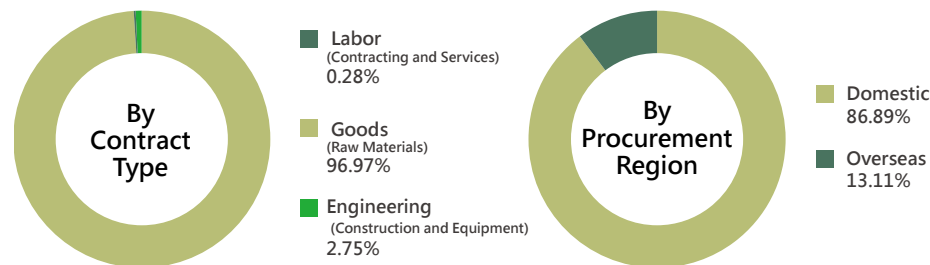
Supplier Overview

Over 95% of the Company's procurement consists of goods used in production (raw materials) and packaging (materials). Key raw materials include copper, PI (polyimide), TPI (thermoplastic polyimide), and PET film, most of which are imported. The Company is actively working to increase the use of recycled copper. For packaging materials, recycled paper is widely used, and wooden pallets are reused to promote circular practices.

In recent years, the Company has continued to expand its supplier base for key raw materials and process equipment. As of 2024, domestic procurement accounted for 86.89% of total purchases. For detailed information on procurement categories and their respective proportions, please refer to Appendix I: ESG Information – Economic Data in this report.



Purchases overview over the years



Raw Material Control

The development of the electronics industry relies heavily on a wide range of minerals. In response to growing global concerns over human rights, avoiding the use of conflict minerals has become an international trend. To fulfill its corporate social responsibility, Taiflex complies with Rule 13p-1 of the U.S. Securities Exchange Act of 1934, issued by the U.S. Securities and Exchange Commission (SEC), as part of its conflict minerals management. The Company implements self-audits on social responsibility practices and takes proactive measures to avoid sourcing minerals from conflict-affected and high-risk areas.

All suppliers of raw materials that use or contain minerals are required to comply with the Company's conflict minerals policy and submit investigation results using the Conflict Minerals Reporting Template (CMRT). The requirement to avoid sourcing conflict minerals from conflict-affected regions is enforced from the outset of new supplier selection. For existing suppliers, Taiflex requires the signing of a conflict-free minerals agreement or submission of a declaration. The Company also conducts due diligence through annual supplier audits and traceability management across the supply chain.

Copper is the primary metal used in Taiflex's production of FPC materials. In addition to the extraction of new mineral resources, recycling from existing applications or electronic products has become an industry trend. Approximately 90% of copper foil manufacturers worldwide use recycled copper as a raw material. In line with this shift, Taiflex collaborates with major copper foil suppliers to incorporate recycled copper foil at a consistent proportion, contributing to resource reuse and global sustainability. In addition, the use of recycled copper offers advantages in production costs. The electrodeposited (ED) copper foil manufacturing process provides high precision and supports flexible specification adjustments in width and thickness, making it suitable for a wide range of electronic applications. In 2024, the total weight of recycled copper used in FCCL finished products, regardless of copper type, reached 346 metric tons.

• Green Procurement

GP (Green Product) documentation must be provided or updated for both the introduction of new materials and the routine procurement of existing materials. Taiflex integrates green supply chain practices to better serve its customers and has initiated efforts to reduce and reuse packaging materials across its supply chain. Since 2020, the Company has communicated its green procurement principles to suppliers alongside purchase orders through the e-procurement system. At the same time, Taiflex actively promotes green procurement awareness throughout the supply chain. By adopting standards that exceed regulatory requirements, the Company seeks to prevent or reduce negative environmental impacts and strengthen its operational resilience in the face of the climate change crisis.

Taiflex has established a supply chain management framework to control related risks and foster mutual growth with suppliers, creating greater shared value and broader impact. Since 2017, the Company has adopted the Responsible Business Alliance (RBA) Code of Conduct as its supplier assessment standard, covering areas such as labor, health and safety, environmental protection, and business ethics. Beginning in 2020, Taiflex also incorporated the Supplier Relationship Management (SRM) platform to streamline supplier interactions. Through the platform, suppliers can more efficiently manage tasks such as order maintenance, delivery confirmation, shipment and acceptance tracking, and return order processing, thereby reducing information gaps and improving communication accuracy.

In addition, Taiflex has established risk control mechanisms to address potential supply chain disruptions. In the event of disruptions caused by external factors (such as natural disasters, disease outbreaks, or major global events), emergency response procedures are activated immediately. Relevant departments, including Procurement, Quality Assurance, and Production Planning, promptly assess key areas such as raw material stocktaking, coordination with backup suppliers, increasing inventory levels, and material consumption in production processes, and jointly develop a contingency plan.

★ 2.5.2 Evaluation and Audit

Taiflex regularly conducts Supplier Green System Evaluations for key suppliers using two primary methods: on-site audits and document reviews. These evaluations aim to strengthen suppliers' sustainability management systems and ensure the effective implementation of sustainability practices. The evaluation covers three key dimensions: the quality system (economic), the HSPM system (environmental), and ESG (social). Suppliers are required to report on the implementation status of their sustainability initiatives and provide relevant management system certifications. This process not only enables Taiflex to assess the supplier's sustainability performance but also helps suppliers enhance their management of sustainability-related risks. In 2024, a total of 30 raw material suppliers were audited (16 through on-site audits and 14 through document reviews). A total of 111 deficiencies were identified, all of which have been resolved, resulting in a 100% improvement rate. No suppliers were disqualified as a result of the audits.

In addition, the Company conducts annual assessments of suppliers across five key aspects: quality, procurement, research and development, technology, and shipment fulfillment rate. For raw material suppliers who fail the assessment, transactions are suspended, and the supplier is required to make improvements within a specified timeframe. A follow-up audit is conducted six months later, and if no improvement is made, the supplier is disqualified. For material suppliers who fail the assessment, transactions are suspended for at least one year, except in cases involving sole-source suppliers. In 2024, a total of 95 suppliers were assessed, including 30 raw material suppliers and 65 material suppliers. No suppliers were found to be non-compliant.

• Supplier Quality Management

Taiflex requires all raw material suppliers, both new and existing, to comply with quality management systems, environmental, safety, and health (ESH) management systems, and to undergo evaluation under the Authorized Economic Operator (AEO) framework. Through the supplier procurement process, Taiflex conducts a comprehensive review of each supplier based on a set of criteria, including: basic corporate information, relevant licenses and certifications, quality assurance records, ESH management practices, operational performance, product information, manufacturing processes, upstream raw material sources, financial condition under business continuity planning, contractual obligations, green product management (GPM), and corporate social responsibility (CSR) performance.

Supplier quality assessment criteria include the total return rate of incoming materials, the number of major nonconformities, the number of unresolved cases, and green supplier performance (evaluated based on the timeliness of responses within the GPM system). Assessments are conducted by the Quality Assurance unit and incorporated into the overall supplier audit, with a weighting of 35% in the audit criteria. In 2024, a total of 44 suppliers were assessed, all of whom received an "Excellent" rating.

• Corporate Social Responsibility Commitment

As part of the selection process for raw material suppliers joining Taiflex' s supply chain, suppliers are required to obtain third-party certification for ISO 9001 and ISO 14001. In addition, to ensure suppliers understand and uphold corporate sustainability principles, Taiflex has established the Supplier/Contractor Corporate Social Responsibility Commitment (hereinafter referred to as the "CSR Commitment"). The CSR Commitment outlines the Code of Conduct for suppliers and contractors and incorporates the RBA Code of Conduct, as well as requirements related to conflict-free minerals. Suppliers must agree to the terms of the CSR Commitment prior to contract execution.

The CSR Commitment addresses labor rights, requiring suppliers to comply with internationally recognized human rights standards, respect each worker' s dignity, privacy, and legal rights, and foster a harmonious, inclusive, and equitable workplace. It mandates the protection of labor rights, including freedom of career choice, freedom of association, and full compliance with laws governing minimum wage and working hours, and strictly prohibits any involvement in or support for human rights violations, such as the use of child labor, discrimination, or harsh and inhumane treatment. Taiflex currently works with 63 raw material suppliers, all of whom have signed the CSR Commitment or submitted relevant declaration documents. The Company aims to achieve 100% CSR Commitment coverage across all suppliers moving forward.

• Supplier Conference

Taiflex places great importance on the sustainable development of its supply chain and works to improve management performance through systemic measures such as supplier evaluations, audits, corrective action guidance for audit deficiencies, performance assessments, and recognition conferences, all grounded in cooperation and mutual support. Through ongoing engagement and communication, the Company promotes awareness of corporate social responsibility and business ethics among its suppliers. Taiflex also takes appropriate measures to ensure that suppliers comply with legal requirements related to environmental protection, health and safety, and labor practices. Suppliers are expected not only to meet local minimum wage laws, but also to provide employees with fair and appropriate levels of compensation, and to uphold the highest standards of ethical and moral conduct in their business operations.

At the 2024 Supplier Conference, Taiflex expressed its sincere appreciation for the support and outstanding contributions of its supplier partners over the past year, and recognized eight outstanding suppliers for their performance. During the event, the Company's Supply Chain Center shared Taiflex's future outlook and conveyed its expectations regarding quality, technology, delivery, service, cost, and sustainable operations. The Company also emphasized its commitment to working hand in hand with suppliers to overcome challenges and achieve continued success.

