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Developer of Innovative Materials

3.1 Product R&D and Innovation

[Feature] Taiflex Earns TIPS Level-A Recertification, Bolstering Global Competitiveness

3.2 Information Security and Customer Privacy



3.3 Customer Demand and Quality Management



Developer of Innovative Materials

□ 3.1 Product R&D and Innovation

Material Topic: Innovative R&D and Patents

Main Reason	"Becoming a world-class FPC materials company" is the vision that drives Taiflex. We have long dedicated ourselves to the field of flexible circuit board materials, with a strong focus on supporting customers' new product applications and exploring emerging markets. To that end, we continuously refine our three core technologies: formula development, precision coating, and testing methodologies. Through ongoing optimization of formulations and processes, we aim to develop materials that meet evolving market demands and position ourselves as a global leader in FPC materials.		
Effect and Impact	<ul style="list-style-type: none"> ● Actual positive impact : <p>Economic: Achieve a leading technological advantage and create more opportunities for customer collaboration.</p> <p>Social: Facilitate the advancement and upgrading of technological products to improve everyday convenience.</p>	<ul style="list-style-type: none"> ● Potential positive impact : <p>Environmental: Develop green products using biomass-based materials or increase the use of recycled content to help reduce environmental impact.</p>	
Policy	<ul style="list-style-type: none"> ● Innovative R&D : <p>The R&D Center formulates research and development plans by integrating market trends and customer feedback gathered by other departments.</p>	<ul style="list-style-type: none"> ● Patent management : <p>Coordinated by the Legal and Intellectual Property Center, the IP management and review system is established based on TIPS, aligned with the Company' s business strategies, operational goals, and core technologies, and adopts the Plan-Do-Check-Act (PDCA) approach.</p>	
Strategy	<ul style="list-style-type: none"> ● Prior to the commencement of any R&D project, the Legal and Intellectual Property Center conducts patent searches to help R&D personnel identify and mitigate potential patent risks. This enables early planning and the implementation of design-around strategies to ensure freedom to operate. During the course of the project, the Center also supports the transformation of R&D outcomes into intellectual property. ● To protect R&D achievements, Taiflex files patent applications and has established an internal Intangible Asset Security Committee. The Company has also adopted the ISO 27001 Information Security Management System and implemented a "Confidential Information Protection Policy" to manage and safeguard confidential information. 		
Goal and Objective	<ul style="list-style-type: none"> ● Short-term goals (2025-2026) : <ul style="list-style-type: none"> - File 2 new product patent applications per year - Obtain TIPS Level-A recertification 	<ul style="list-style-type: none"> ● Medium-term goals (2027-2030) : <ul style="list-style-type: none"> - File 2 new product patent applications per year - Establish a strategic IP portfolio and enhance the Company' s IP management system 	<ul style="list-style-type: none"> ● Long-term goals (2031-2040) : <ul style="list-style-type: none"> - File 2 new product patent applications per year - Align R&D and IP development directions with corporate business strategy - Activate corporate resources through IP strategies such as technology sales, transfers, or licensing
Management Assessment Mechanism	<ul style="list-style-type: none"> ● The R&D Center conducts monthly phase reviews based on project progress under the Product Life-cycle Management (PLM) system and adjusts the execution details as needed. ● The Legal and Intellectual Property Center conducts annual patent statistics and reports the results to the Board of Directors. 		
2024 Goals and Achievements	<ul style="list-style-type: none"> ● File 2 new product patent applications per year <p>→  Achieved. 3 applications were filed in 2024, reaching an achievement rate of 150%.</p>		
	<ul style="list-style-type: none"> ● Obtain TIPS Level-A recertification <p>→  Achieved. The Company obtained TIPS Level-A certification in 2024.</p>		

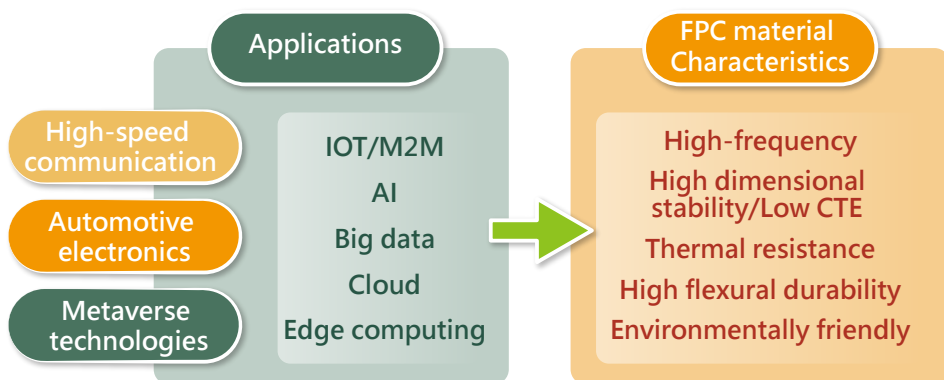
★ 3.1.1 Commitment to Long-Term R&D

Taiflex was co-founded by professionals from the Industrial Technology Research Institute (ITRI) and experts in Taiwan's electronic materials sector. With industry-leading technology, the Company is now the largest supplier of FPC materials in the Greater China region. In addition to investing substantial resources in in-house R&D, Taiflex maintains close partnerships with leading international material manufacturers and advanced equipment design firms. The Company also collaborates with ITRI and National Sun Yat-sen University on R&D projects focused on coating technology transfer and formula analysis. By integrating resources from industry, government, academia, and research institutions, Taiflex works hand in hand with end customers to develop next-generation products. We are committed to providing advanced flexible materials and integrated innovative application solutions. For more information on Taiflex's participation in external industry associations, please refer to Appendix I: ESG Information - Economic Data in this report.

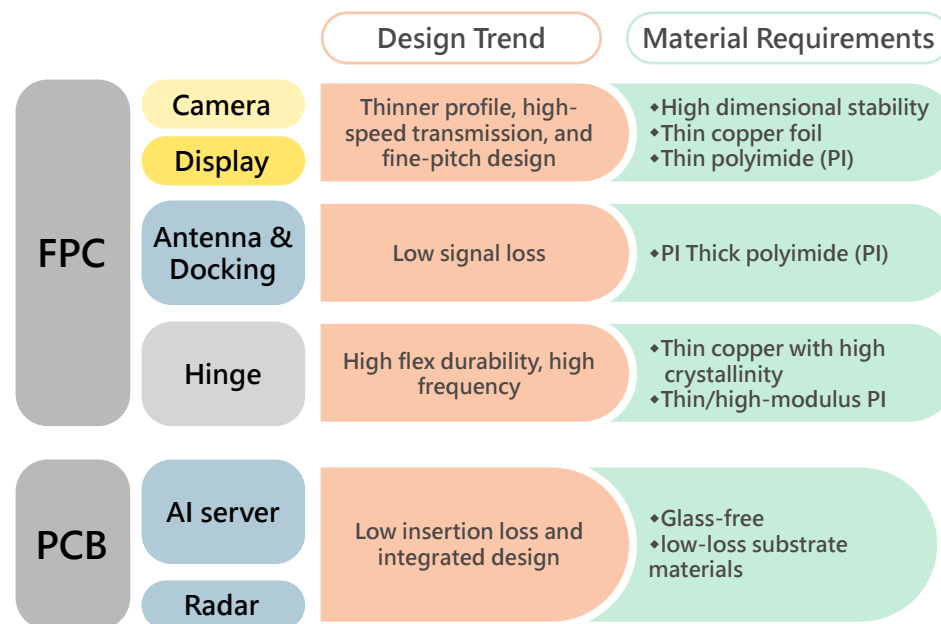
In addition to its continued focus on FPC materials, Taiflex has leveraged years of accumulated expertise in its three core technologies: formula development, precision coating, and testing methods, to expand into advanced packaging materials for semiconductors and displays, as well as high-precision coating manufacturing services. To provide more diversified and customized solutions, the Company established Taichem Materials Co., Ltd., a wholly owned subsidiary, through a spin-off in September 2020.



• Development of Low-Loss Materials



With the increasing adoption of 5G communication, the growing demand for high-volume data transmission and the rapid development of the new energy vehicle market have driven leading material manufacturers and end-product brands to focus on high-bandwidth, low-latency applications. As high-speed signal transmission inherently involves greater insertion loss, material selection has increasingly prioritized low dielectric constant (Dk) and low dissipation factor (Df) properties. In addition to developing widely used LCP and MPI materials, Taiflex's R&D Center is actively advancing the development of fluoro-based materials with lower Dk and Df values.



Nevertheless, successful product development requires more than a thorough understanding of material properties. It must also take into account downstream processability and market economic value. Fluoro-based materials, due to their high electronegativity and minimal susceptibility to external polarization, offer outstanding performance in high-frequency applications. However, these same characteristics also make subsequent processing more challenging.

Taiflex possesses advanced expertise in materials science and coating technologies, supported by world-class lamination capabilities. We employ the most rigorous testing equipment and quality control standards to ensure excellence in product appearance and the performance of FCCLs. With extensive research resources, cutting-edge facilities, and a highly skilled team, Taiflex is well-positioned to deliver high-performance, high-frequency materials that meet the evolving demands of the next-generation information era.

• Five-Year Strategic Plan

As electronic products continue to evolve toward thinner profiles, enhanced functionality, and higher performance, demand for FPCs is steadily increasing, creating substantial business opportunities. Taiflex remains committed to technology-driven innovation and allocates over 3% of annual revenue to research and development each year. Through continuous R&D efforts, we strive to deliver superior and diversified material solutions tailored to a broad spectrum of applications. Looking ahead, we anticipate significant growth for our new products in the automotive, metaverse, and wearable technology sectors.



R&D Expenses Over the Years

(In Thousands of New Taiwan Dollars)

Item \ Year	2020	2021	2022	2023	2024
Revenue	7,491,041	7,671,215	7,287,918	6,837,677	8,215,429
R&D Expenses	260,938	284,484	350,360	314,812	331,626
Percentage (%)	3.48%	3.71%	4.81%	4.60%	4.04%

Note: The percentage is calculated as: (R&D expenses for the year / Taiflex' s parent company only revenue for the same year) × 100%



Projected R&D Headcount Plan

Year	2024	2025	2026	2027	2028
Headcount	41	44	46	48	50
New Hires	4	3	2	2	2
Growth Rate	9.75%	7.3%	4.5%	4.3%	4.1%

Note: Growth rate is calculated as: (New hires for the year / R&D headcount of the previous year) × 100%

✦ 3.1.2 Intellectual Property Management

Taiflex places great emphasis on research and development and recognizes intellectual property (IP) as a core organizational asset. During the technology development process, the Legal and Intellectual Property Center collaborates with the R&D Center to conduct patent searches and literature analyses, enabling a clear understanding of the existing patent landscape. This helps prevent potential infringement and ensures the Company' s freedom to operate. Upon completion of development, R&D outcomes are properly safeguarded through internal management or secured via formal IP protections such as patent applications, thereby strengthening Taiflex' s competitive advantage.

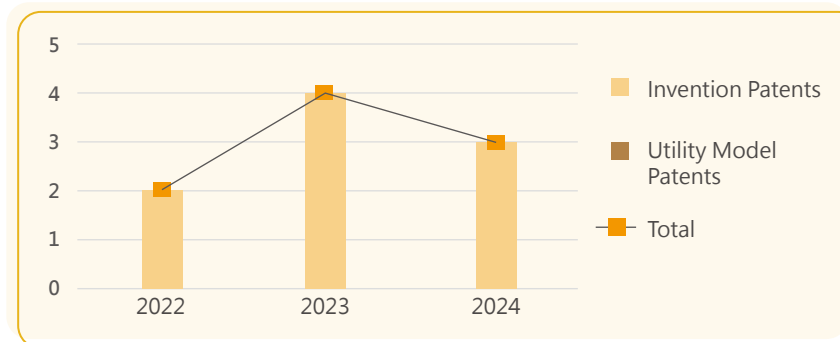
In addition, the Legal and Intellectual Property Center conducts regular maintenance assessments of granted patents and protected R&D outcomes. It evaluates the value of IP based on collected intelligence, and promotes commercialization through licensing or technology transfer. These efforts enhance the economic value of the Company' s intellectual assets while reducing their associated operating costs.

• Patent Portfolio

To strengthen Taiflex' s value among international brands, enhance corporate goodwill, and maintain the competitive edge of our product technologies, we continue to build a robust global patent portfolio. As of 2024, Taiflex had filed a total of 250 patent applications worldwide, with invention patents accounting for 84.40% of the total. These applications span key markets including Taiwan, the United States, Japan, Europe, and mainland China. A cumulative total of 151 patents have been granted. We remain committed to further expanding the IP landscape of our core technologies and R&D innovations.



Patents from Product Development Over the Years



• IP Protection System

Amid intensifying global competition and increasingly complex supply chain dynamics, the protection of trade secrets has become a key strategy for safeguarding core competitiveness. Trade secrets encompass technologies, methods, processes, formulas, software, designs, or other information applicable to production, sales, or operations, provided such information meets the criteria of confidentiality, economic value, and the implementation of reasonable protective measures. In 2023, Taiflex registered four trade secret cases related to key formulas and processes for internal management (with no risk of customer data exposure). As of 2024, a total of 15 cases had been registered. Taiflex implemented an Electronic Lab Notebook (ELN) system in 2021, thereby reinforcing the management of research records and further enhancing our technological edge.

Taiflex has adopted the Taiwan Intellectual Property Management System (TIPS) since 2014 to establish a systematic approach to IP management. In recent years, we have continued to strengthen our practices in IP acquisition, protection, maintenance, and utilization. These ongoing enhancements have led to a more robust IP management framework, helping to mitigate risks associated with intangible assets and ultimately contributing to improved profitability and operational performance.

• Protection of Trade Secrets

Taiflex recognizes the significant commercial value and strategic importance of trade secrets to corporate operations. In addition to safeguarding R&D outcomes through patent applications, we adopted the ISO 27001 Information Security Management System in 2016, established the Intangible Assets Security Committee, and implemented the Confidential Information Protection Policy to ensure the effective management of proprietary information. To strengthen our trade secret protection framework, Taiflex has developed a comprehensive management mechanism that includes the inventory, classification, and tiered labeling of confidential information; clear definition of intellectual property ownership and execution of confidentiality agreements; implementation of robust information security controls; retention of records and early warning systems; internal audits and investigations; annual evaluations of confidential information protection practices; and ongoing employee training and awareness programs on information security. These measures are designed to minimize the risk of trade secret misappropriation.





Feature SPECIAL COLUMN

[Feature] Taiflex Earns TIPS Level-A Recertification, Bolstering Global Competitiveness

To ensure that all employees at Taiflex have a clear understanding of intellectual property (IP) management, the Company has adopted the Taiwan Intellectual Property Management System (TIPS) and established an Intellectual Property Management Manual. This manual follows the PDCA cycle to build a systematic management framework tailored to the nature of our R&D operations, aligning IP management with business objectives. In addition to a robust system, Taiflex has formed a dedicated IP unit to lead the related initiatives. To foster innovation, the Company offers incentive programs while also enhancing employees' IP awareness and hands-on capabilities through ongoing training and internal publications.

Backed by outstanding IP practices and ongoing innovation, Taiflex has once again achieved TIPS Level-A certification for the second consecutive year. This accomplishment reaffirms our leadership in IP strategy and risk management, while elevating our brand value and reinforcing our competitive edge in the global market. A strong foundation for future international expansion is being laid through a comprehensive patent strategy and continued R&D advancement.

To drive continuous improvement in IP management, Taiflex introduced four key IP policies in 2024:

- 1** Enhance technological capabilities and patent quality - Focus on core technology development to secure high-value, competitive patents.
- 2** Raise IP awareness and protection across the organization - Strengthen employees' understanding and application of IP through internal training and education.
- 3** Establish sound public disclosure practices - Implement clear disclosure guidelines to ensure effective protection and strategic licensing of key technologies.
- 4** Refine the IP management system and implement IP risk controls - Mitigate patent disputes and legal risks through a comprehensive IP risk management mechanism.

Through its comprehensive IP strategy, Taiflex continues to push the boundaries of innovation in high-end electronic materials and semiconductor packaging. In addition to securing essential patents, the Company leverages IP management to promote international technology licensing and deepen global collaborations. Recently, Taiflex signed a memorandum of understanding with

Japan's leading equipment manufacturer TAZMO Co., Ltd. to jointly advance next-generation semiconductor packaging technologies by integrating high-performance materials with state-of-the-art equipment development. This strategic alliance will not only elevate Taiflex's technical depth in semiconductor materials but also enhance its market position through well-planned IP deployment, expanding influence across the global semiconductor supply chain.

At the same time, as part of its strategic international expansion and in an effort to safeguard its technological edge and competitiveness, Taiflex established a new production facility in Thailand, which commenced mass production in 2024. Once fully operational, this site will serve as a benchmark for green manufacturing within the Group. Aligned with global sustainability trends, it will strengthen Taiflex's competitiveness in the ASEAN region and serve as a key production and operational hub in Southeast Asia.

Looking ahead to 2025, Taiflex will continue to place IP management at the heart of its development strategy, increasing R&D investment and accelerating technological innovation to boost global competitiveness. The successful recertification of our TIPS Level-A status not only reflects the maturity of our IP management system but also supports our global market ambitions. Through strategic technology partnerships, patent licensing, and international capacity expansion, Taiflex is building a world-class tech brand underpinned by strong IP governance, advancing confidently toward global industry leadership.



3.2 Information Security and Customer Privacy

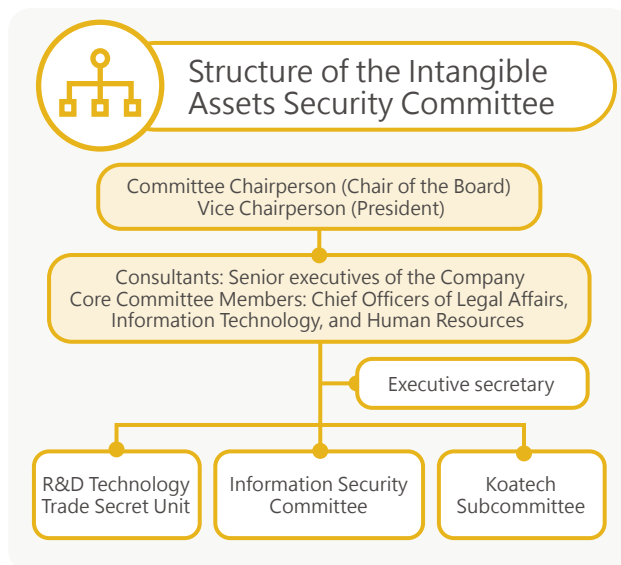
Material Topic: Customer Privacy and Information Security

Significance	Our business involves advanced knowledge and technology and so do our customers; therefore, protecting the privacy of our customers and maintaining a highly secured information environment are the cornerstones for securing our long-term competitiveness and sustainable operation.		
Effect and Impact	<ul style="list-style-type: none"> ● Actual positive impact : <p>Economic: Proper management of intangible assets earns customer trust and supports long-term partnerships.</p> <p>Economic: Establishing robust privacy protection measures can position the Company as an industry leader, boost customer confidence, attract potential clients, and increase market share.</p>	<ul style="list-style-type: none"> ● Potential negative impact : <p>Economic: With the frequent occurrence of cyberattacks and hacking incidents, the leakage of confidential information could erode the Company' s competitive edge and result in customer claims or regulatory penalties.</p> <p>Economic: Protecting customer privacy may require the allocation of additional resources, leading to increased operating costs. Non-compliance with privacy regulations (e.g., GDPR) could also expose the Company to fines or lawsuits.</p>	
Policy	To strengthen information security management and ensure the confidentiality, integrity, and availability of information and information assets, Taiflex has established the Information Security Policy. The policy aims to provide a secure environment that ensures the continuity of information operations, supports the Company' s operational resilience objectives, and complies with relevant regulations. It is designed to protect against intentional or accidental threats, both internal and external, and to help fulfill the Company' s mission and vision.		
Strategy	Through comprehensive management across eight key aspects, Taiflex implements end-to-end controls to ensure the confidentiality, integrity, and availability of its information and assets. These measures are designed to protect against both internal and external, intentional or accidental threats, while ensuring compliance with relevant laws and regulations.		
Goal and Objective	<ul style="list-style-type: none"> ● Short-term goals (2025-2026) : <ul style="list-style-type: none"> - Establish an information security incident management and tracking platform - Continuously strengthen personal data and customer data protection practices - Ensure no litigation arising from breaches of customer privacy, personal data leaks, or information security incidents - Achieve a 100% pass rate in the annual assessment of Taiflex' s confidential information protection guidelines by all employees 	<ul style="list-style-type: none"> ● Medium-term goals (2027-2030) : <ul style="list-style-type: none"> - Develop an automated joint defense cybersecurity system - Conduct a comprehensive evaluation of cybersecurity maturity and implement continuous improvement plans - Ensure no litigation arising from breaches of customer privacy, personal data leaks, or information security incidents 	<ul style="list-style-type: none"> ● Long-term goals (2031-2040) : <ul style="list-style-type: none"> - Build an AI-driven joint defense cybersecurity system - Ensure no litigation arising from breaches of customer privacy, personal data leaks, or information security incidents
Management Assessment Mechanism	<ul style="list-style-type: none"> ● Conduct an annual assessment of Taiflex' s confidential information protection guidelines to ensure that employees are aware of and understand relevant company policies. ● Assist responsible departments in auditing document classification, area zoning, and equipment controls to ensure proper implementation of management measures. ● Carry out information security audits related to major clients and international information security management certification systems. 	<ul style="list-style-type: none"> ● The Intangible Asset Security Committee regularly reviews the effectiveness of the Company' s information security practices to strengthen and improve management mechanisms, thereby preventing information security risks. ● Implement risk management measures in accordance with ISO 27001, and perform stability assessments of critical internal systems. 	
2024 Goals and Achievements	<ul style="list-style-type: none"> ● Transition to ISO 27001:2022 (previous version: 2013) <p>→ Achieved. In 2024, the Information Security team, under the leadership of the CISO, successfully completed the certification upgrade to ISO 27001:2022.</p> <p>In 2024, Taiflex achieved a system stability rate of 99.98%, successfully passed information security audits conducted by key customers, and obtained ISO 27001 certification for the ninth consecutive year. In addition, the Group' s information security risk was rated Grade A (Excellent) by SSC, an external cybersecurity firm.</p>	<ul style="list-style-type: none"> ● Ensure no litigation arising from breaches of customer privacy or information security incidents <p>→ Achieved. No litigation arising from breaches of customer privacy or information security incidents in 2024.</p>	

• Information Security Risk Management Organization

With the advancement of information technology and smart manufacturing, modern enterprises increasingly rely on information systems. To uphold sound corporate governance and mitigate operational risks, Taiflex established the Intangible Asset Security Committee in 2015. The committee brings together senior leaders from legal affairs, information technology, human resources, and other key departments to facilitate cross-functional collaboration. It is responsible for coordinating the Group's information security policies, developing the information security risk management framework, formulating actionable implementation plans, and allocating the necessary resources to ensure effective execution.

As a R&D-oriented company, Taiflex engages in extensive collaboration and joint development projects with its customers. As such, effective information security risk management and the protection of trade secrets are essential for upholding customer privacy. In March 2022, Taiflex established the Information Security and Knowledge Management Division, responsible for the planning, execution, and risk oversight of policies related to information and communication security as well as trade secret protection. Each year, the Chief Information Security Officer (CISO), together with the head of information security, reports to the Board of Directors on key information security issues and the effectiveness the Company's related governance measures.










• Management Measures Across Eight Key Aspects

Information security risks are embedded in all areas of business operations and affect the daily activities of every department. To address this, Taiflex requires 100% of its employees to sign an Employment and Service Commitment upon joining the Company, through which they are fully informed of their confidentiality obligations. Upon termination of employment, all company-related information obtained during their tenure must be returned, and the confidentiality obligations must continue to be strictly observed.

To foster a strong culture of information security within the Company, Taiflex promotes its Confidential Information Protection Policy (CIPP) on a monthly basis and conducts an annual assessment of Taiflex's confidential information protection guidelines. These efforts ensure that all employees, including those of our subsidiaries, are well-informed about relevant policies and requirements. Employees are also encouraged to promptly report any potential information security threats through the designated hotline at (07) 813-9989 ext. 70110 or by email at IT_security@taiflex.com.tw.

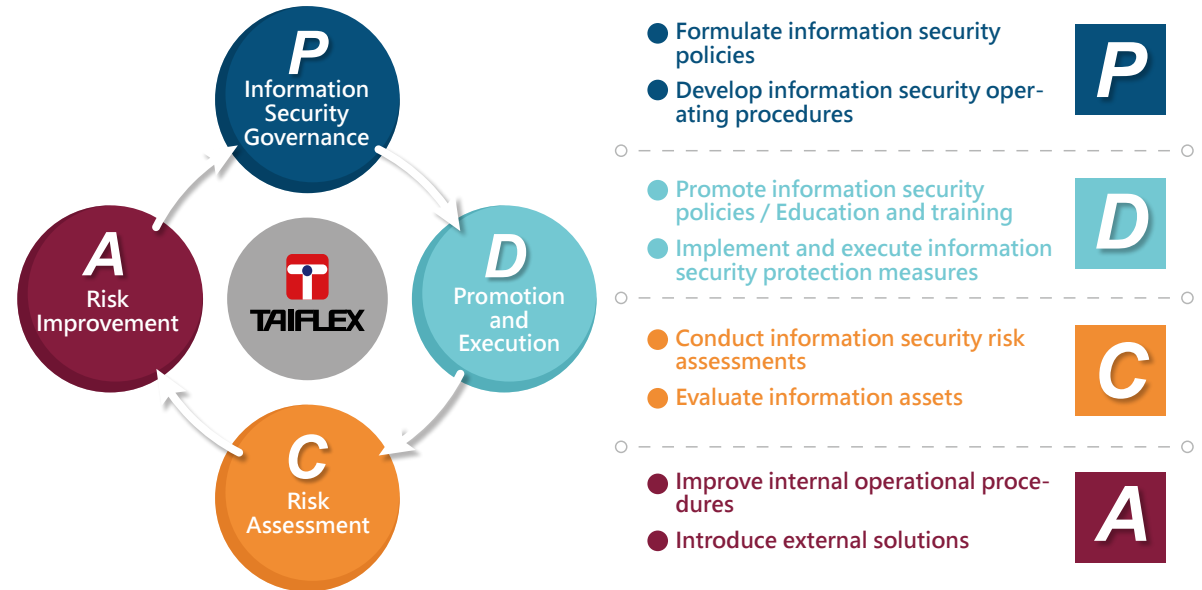
The Company has implemented management measures across eight key aspects to mitigate information security risks and safeguard customer privacy. In 2024, there were no major cyberattacks or security incidents, and no actual or potential issues were identified that could have had a material adverse impact on the Company's operations.

	Document Management	<ul style="list-style-type: none"> Established a document management platform (DMP) and implemented file classification protocols Developed procedures for the retrieval and secure destruction of confidential documents, with tracking and oversight mechanisms in place
	Risk Management	<ul style="list-style-type: none"> Conducted risk assessments and regular vulnerability scans of the server room Performed regular disaster recovery exercises and cybersecurity response drills
	Information Operation Security	<ul style="list-style-type: none"> Enforced password policy requirements and deployed Endpoint Detection and Response (EDR) software Implemented both remote and on-site backup and recovery services
	Device Security	<ul style="list-style-type: none"> Established device-level protection mechanisms (e.g., system encryption) and implemented monitoring of network activity and data access security
	Supply Chain Security	<ul style="list-style-type: none"> Required all departments to ensure that non-disclosure agreements (NDAs) are signed with suppliers Conducted non-routine supplier audits or on-site visits annually, using supplier questionnaires or digital tools such as the Security Score Card to assess the effectiveness of suppliers' information security controls, helping to prevent supply chain disruptions resulting from cybersecurity incidents
	Premises Security	<ul style="list-style-type: none"> Implemented controls over visitor devices, including restrictions on computers, 3C electronics, personal mobile phones, and USB drives within production lines and laboratories Established zone-based management for office and restricted areas, enforced access control for server rooms, and monitored anomalies for review and continuous improvement
	Human Resource Security	<ul style="list-style-type: none"> All employees of the Company and its subsidiaries have signed the Confidential Information Protection Policy (CIPP), achieving a 100% signing rate Company-wide cybersecurity education and awareness training is conducted for all employees The "Confidential Information Protection Policy" is promoted on the first day of each month to enhance overall employee awareness of information security
	Information Security Assessment	<ul style="list-style-type: none"> Successfully maintained ISO 27001 Information Security Management System certification for consecutive years Passed information security audits conducted by key customers, along with the implementation of corresponding improvement measures Conducted internal audits and self-assessments on a regular basis, including ongoing vulnerability and threat analyses, with results submitted to senior management for review and approval

• Continuous Improvement of Operational Security

Taiflex implemented the ISO 27001:2013 Information Security Management System in 2016 and has successfully maintained external certification for eight consecutive years, establishing a strong security foundation for the Company. In 2024, under the leadership of the CISO, the Information Security Team completed the certification upgrade to the ISO 27001:2022 version. By adhering to a robust and effective information security management system, the Company ensures that all information systems and digital assets operate in an environment that upholds confidentiality, integrity, and availability.

The Intangible Assets Security Committee has established a forward-looking and responsive information security management framework. By regularly applying the PDCA cycle, the Committee reviews the effectiveness of the Company's information security operations and continuously enhances related management mechanisms. These efforts ensure that corporate data and intellectual property are properly protected, while also preventing the misappropriation of trade secrets by malicious individuals. Through these measures, Taiflex reinforces its competitive advantage and contributes to maximizing the interests of its customers, shareholders, and employees.





In 2021, a former employee of Taiflex was involved in a criminal case concerning the misappropriation of trade secrets. The case was formally indicted by the prosecutor in 2022 and, as of 2024, has been transferred to the criminal division of the Intellectual Property and Commercial Court for trial. Following an internal review of the incident, Taiflex has strengthened its management measures as outlined below:

1. In response to the former employee's violation of the Company's confidentiality policy by using personal equipment to photograph confidential materials, Taiflex has strengthened awareness efforts and audits related to the management of information equipment. In addition, employees are now explicitly required to report any suspected violations without delay to their immediate supervisors as well as the legal and information security units.
2. In response to the former employee's improper acquisition of confidential information from another department in the capacity of a supervisor, Taiflex has strengthened access controls for file directories and system permissions. Proper handover procedures and anomaly checks are now required during job transfers. In addition, supervisors are instructed to reinforce the "need-to-know" principle, and employees are explicitly required to report any suspected violations without delay to their immediate supervisors as well as the legal and information security units.

3.3 Customer Demand and Quality Management

Material Topic: Product Safety and Quality

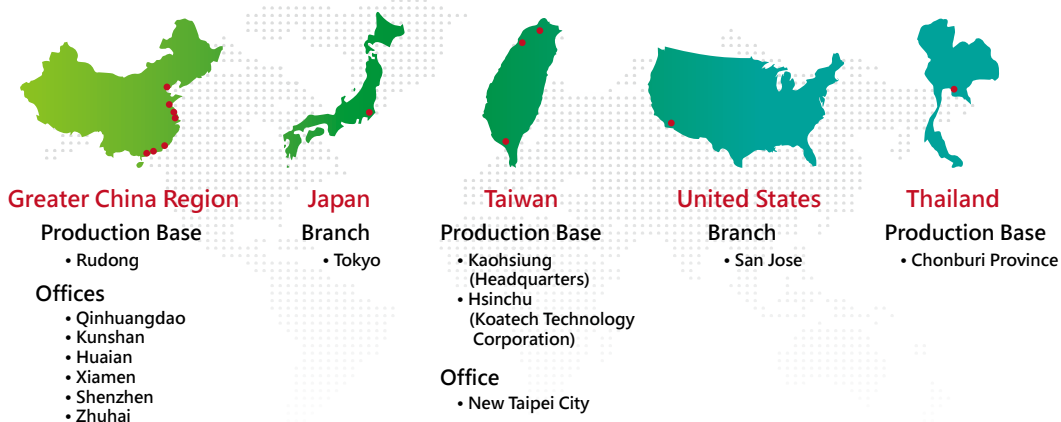
Main Reason	Meeting customer requirements for product quality is essential to Taiflex' s vision of becoming a world-class provider of FPC materials. The Company is committed to allocating appropriate resources to maintain the integrity of its quality assurance system, ensuring that all products comply with regulatory requirements. This approach aims to achieve an optimal win-win balance between Taiflex and its customers.		
Effect and Impact	● Actual positive impact : Economic: Delivering safe, high-quality products builds customer trust and increases the likelihood of securing new orders.		● Potential positive impact : Social: Promotes healthy competition within the industry by encouraging progress and reducing harmful price-cutting practices.
Policy	● Leverage strong R&D capabilities to provide timely technical support, addressing customer needs in product development, design, testing, and after-sales service.		● Establish a quality and Hazardous Substance-Free (HSF) management system with a focus on continuous improvement. Adopt industry standards such as IATF 16949 for automotive quality and IECQ QC 080000 for hazardous substance process management to align with the global trend toward green products.
Strategy	Annually, the status of target achievement is reviewed during the management review meeting. For any unmet targets, explanations and corresponding improvement measures are provided.		
Goal and Objective	● Short-term goals (2025-2026) : - Customer satisfaction score of at least 89 points - 100% compliance with regulations and customer requirements regarding hazardous substance restrictions	● Medium-term goals (2027-2030) : - Customer satisfaction score of at least 90 points - 100% compliance with regulations and customer requirements regarding hazardous substance restrictions	● Long-term goals (2031-2040) : - Customer satisfaction score of at least 91 points - 100% compliance with regulations and customer requirements regarding hazardous substance restrictions
Management Assessment Mechanism	Surveys for both automotive and non-automotive customers are conducted semi-annually using the Customer Satisfaction Monitoring Management Form and the Customer Satisfaction Survey Form. The analysis results are used as the basis for compiling the annual customer satisfaction statistics. A "Customer Satisfaction Survey Report" is then prepared, covering both general customer satisfaction results and evaluations from automotive customers. This report is reviewed by the (Assistant) Manager and submitted to the (Vice) President for approval. Both the report and the related continuous improvement recommendations are reviewed during the annual management review meeting.		
2024 Goals and Achievements	● Customer satisfaction score of at least 88 points →  Achieved. In 2024, the customer satisfaction score reached 93.25 points, representing an increase of 2.85 points compared to 90.4 points in 2023.		● 100% compliance with regulations and customer requirements regarding hazardous substance restrictions →  Achieved. In 2024, 100% of Taiflex products complied with regulations and customer requirements regarding hazardous substance restrictions.

★ 3.3.1 Efficient Services

Taiflex is committed to the research, manufacturing, and sales of FCCL. In the industry value chain, our upstream suppliers include polyimide (PI) and copper foil material providers, while our downstream customers are FPC manufacturers. We maintain ongoing communication with customers throughout the production and sales processes, providing weekly forecasts of global demand to our Headquarters. These insights are then incorporated into production planning. By closely collaborating with both upstream and downstream partners, we help establish a robust and integrated industry value chain, maximizing corporate value while effectively fulfilling customer needs.

Customer satisfaction is central to Taiflex' s business philosophy. We remain committed to delivering innovative products and services while upholding core values of responsibility and enthusiasm. To support this, Taiflex has established dedicated units to provide product-related support, working in close coordination with the Quality Assurance department to address customer concerns, whether related to product appearance or functionality. In response to the global expansion of our downstream customers' production bases, Taiflex has deployed service personnel not only in Taiwan but also in key locations such as Kunshan, Shenzhen, Zhuhai, Xiamen, and Nantong. This enhances our service flexibility and responsiveness. In addition, Taiflex has established offices in the United States and Japan to serve as local hubs for timely product support and sales services.

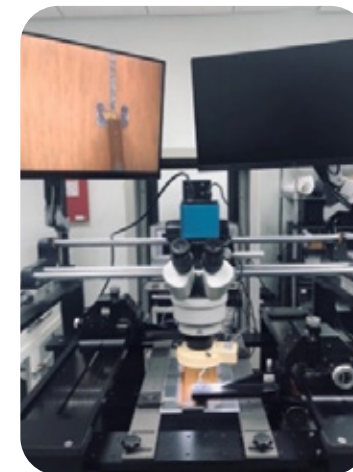
Upstream	Midstream	Downstream
PI/ Copper Foil Materials	FCCL	FPC
<ul style="list-style-type: none"> Raw materials Chemicals Equipment vendors 	<ul style="list-style-type: none"> FCCL manufacturing CVL coverlays Stiffeners Chemical synthesis 	<ul style="list-style-type: none"> FPC & PCB Insulating tape



• Technical Support

Taiflex provides technical support to customers across Taiwan, mainland China, Europe, the United States, Japan, and South Korea. We collaborate with customers through on-demand technical exchanges and offer targeted assistance to help resolve challenges encountered during product design and testing.

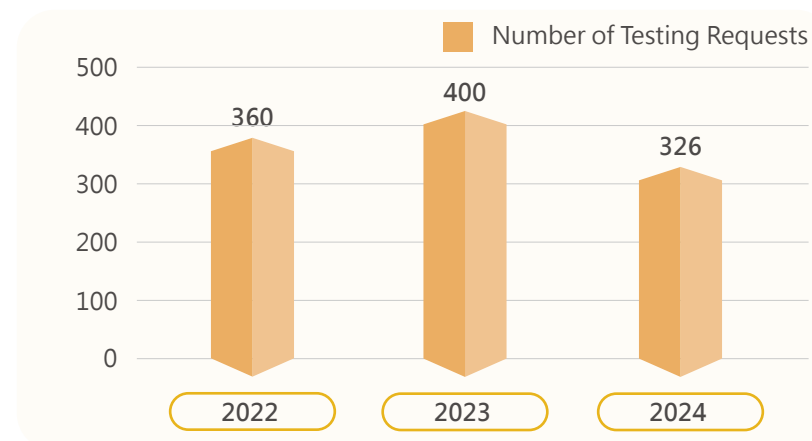
Taiflex is equipped with a comprehensive range of laboratory testing equipment, including SEM/EDS, FTIR, metallographic microscopes, TMA/DSC/DMA thermal analyzers, and tensile testing machines. These facilities are available for internal use and are also accessible to customers for commissioned testing, supporting their needs in material analysis and property evaluation. In addition to accelerating product validation for our customers, this setup allows our technical team to gain deeper insights into product characteristics, thereby fostering closer collaboration and mutual understanding with our customers.



PNA Microwave Network Analyzer



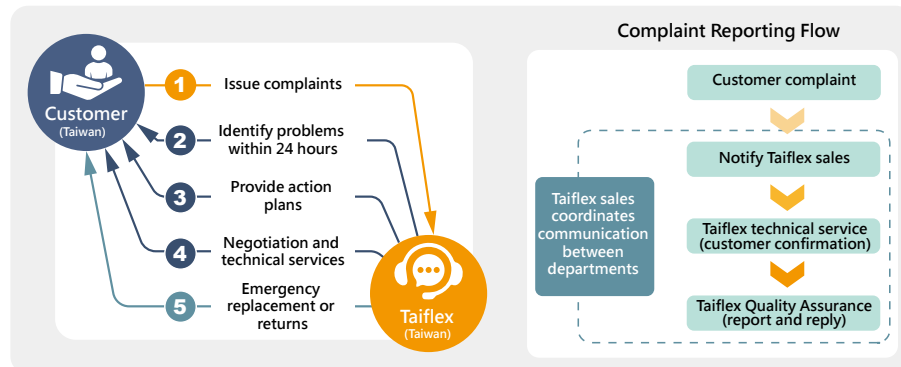
Number of Customer-Commissioned Tests Over the Years



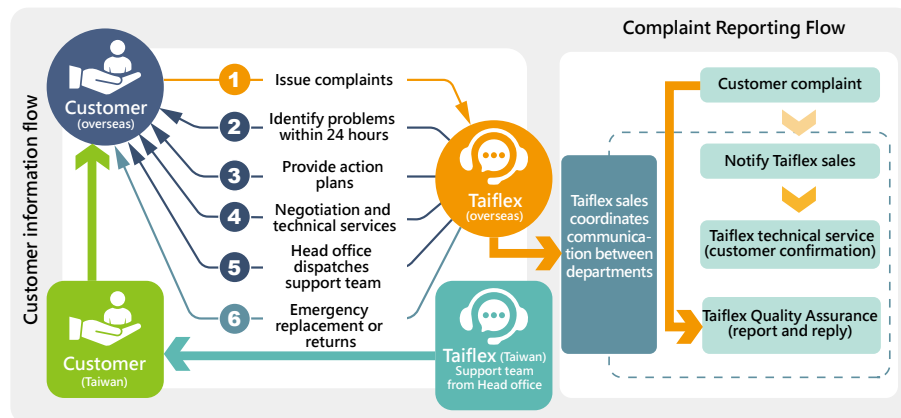
• Customer Complaint Handling

When customer feedback, inquiries, or concerns are identified as major complaints, Taiflex promptly forms a cross-functional task force to address the issue. Relevant departments, including Production, Technology, R&D, and Quality Assurance, take immediate and coordinated action in accordance with their respective responsibilities. Timely corrective measures are implemented to assist customers in resolving the issue and to minimize potential losses related to labor, materials, or equipment utilization. This responsive approach enables Taiflex to continuously enhance product service quality, protect its corporate reputation, and ensure customer satisfaction.

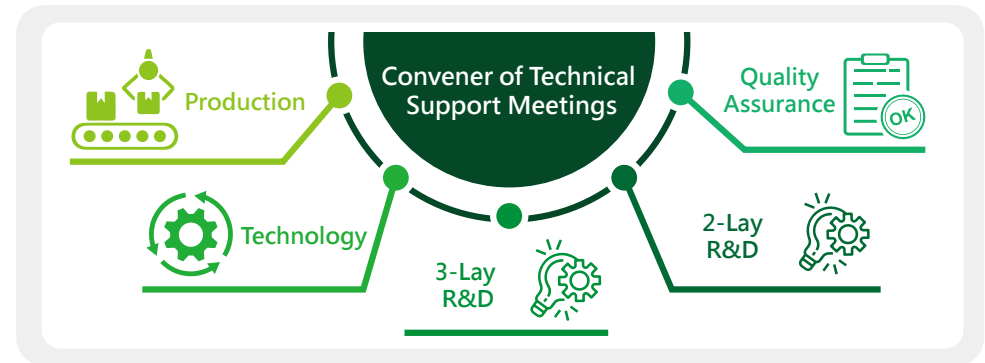
Customer Complaint Handling Procedures - Taiwan



Customer Complaint Handling Procedures - Overseas



In the event of a major customer complaint, the customer service officer convenes a technical support meeting attended by department heads from Production, Quality Assurance, Technology, and both 2-Layer and 3-Layer R&D, along with the responsible engineers. The team jointly investigates and discusses significant product defects. A preliminary response, including the initial cause and immediate corrective actions, is provided within three days. A comprehensive report, including test data, root cause analysis, improvement actions, preventive measures, and a reasonable resolution, is submitted within seven days to reassure the customer and ensure acceptance of the proposed solution.



✦ 3.3.2 Quality Control

Taiflex' s quality and HSF objectives are guided by the principle of achieving customer satisfaction. In line with the requirements of the IATF 16949 and HSPM systems, appropriate focus areas and quantitative targets are set during management review meetings. These are regularly reviewed for both compliance and applicability.

To address customer feedback, we pursue continuous improvement through cross-departmental technical meetings, quality improvement proposals, 5S^{Note} activities, and defect rate review meetings, ensuring that customer needs are met as promptly as possible.

In 2024, a total of 156 quality improvement proposals were submitted. 5S activities are assigned on a rotating basis by engineers or supervisors to assess workplace implementation across areas such as environment, safety, and operational practices, thereby supporting both quality and safety standards.

Note: 5S refers to sort, set in order, shine, standardize and sustain.



• Quality Certification

To ensure product quality, Taiflex conducts rigorous inspections and testing at every stage, including incoming material, manufacturing, in-process, finished goods, and shipment, based on our quality control plans and relevant standards. All inspection and testing processes are thoroughly documented to verify compliance with specified requirements. The Company is certified under the IECQ QC 080000:2017 Hazardous Substance Process Management System and manages hazardous substance control in accordance with this system to ensure continued compliance with RoHS and REACH regulations.

In compliance with international regulatory standards and Taiflex' s internal "WI-QA-199 Hazardous Substance Management Procedure for Raw Materials and Packaging Materials," all products are clearly labeled with expiration dates and affixed with markings indicating compliance with Halogen-Free (H.F.) and RoHS standards.

In 2024, there were no incidents in which the quality of Taiflex' s products impacted the safety or health of downstream manufacturers or end customers. The Company also recorded no violations of regulations related to product and service labeling or marketing practices. For details regarding substances of concern and related international safety standards, please refer to Section 4.1.1, "Building a Green Industry Chain."



Statistics on Safety Certifications for Products or Services

Product or Service	Safety Certification	Percentage of Evaluated Products or Services Provided to Customers
2L FCCL	Flammability: ISO 9773, IEC 60695-11-10 Comparative Tracking Index: IEC 60112 REACH/RoHS/ISO 9001/IATF 16949	100%
3L FCCL	Flammability: ISO 9773, IEC 60695-11-10 Comparative Tracking Index: IEC 60112 REACH/RoHS/ISO 9001/IATF 16949	100%
CVL	Flammability: ISO 9773, IEC 60695-11-10 REACH/RoHS/ISO 9001/IATF 16949	100%
Stiffeners & Composite Sheet	REACH/RoHS/ISO 9001/IATF 16949	100%
Bonding Sheet	REACH/RoHS/ISO 9001/IATF 16949	100%

Note: Percentage = (Total quantity of products or services evaluated and provided to customers / Total quantity of products or services provided to customers) × 100.

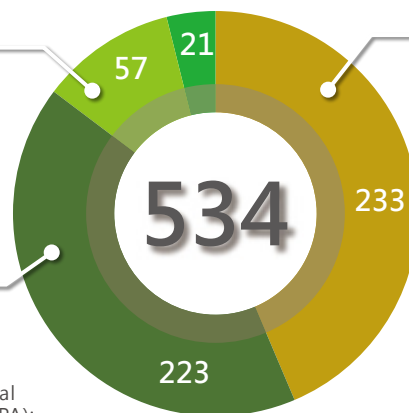
• Hazardous Substance Control Items in 2024

29 Newly Added Items

Polyacrylamide (PAM); Polyethyleneimine; Mineral oil aromatic hydrocarbons (MOAH), composed of 1 to 7 aromatic rings; Mineral oil saturated hydrocarbons (MOSH), composed of 16 to 35 carbon atoms; Tributyltin oxide; Triphenyltin fluoride; Hexabromocyclododecane, Perfluorooctanoic acid; Barium (Ba) and its compounds; Methyl bromide; Chlorofluorocarbon (CFC); Isocyanate, etc.

73 Newly Added Items

Cadmium sulfate; Phosphorus-based flame retardants; Beryllium dust and beryllium-containing fumes; Man-made vitreous (silicate) fibres containing more than 18% by weight of metal oxides of sodium, potassium, calcium, magnesium, or barium; Chlorine-bleached paper; Toluene diisocyanate (mixed isomers); Resorcinol; Toxic chemical substances designated by the Taiwan Environmental Protection Administration (EPA); Phenol, 2-(2H-benzotriazol-2-yl)-4,6-bis(1,1-dimethylethyl); Tin disulfide; N-(Hydroxymethyl) methacrylamide; Rubber antioxidants; Ammonium nitrate; Copper sulfide; N-methylformamide; 2,4-Dinitrotoluene (2,4-DNT); Germanium and its compounds; Cyclopentane; Polysulfide amines; Octamethylpyrophosphoramide (OMPA); Inorganic ammonium salts; Metal carbonyls; Nitrites; Titanium oxide, etc.



56 Newly Added Items

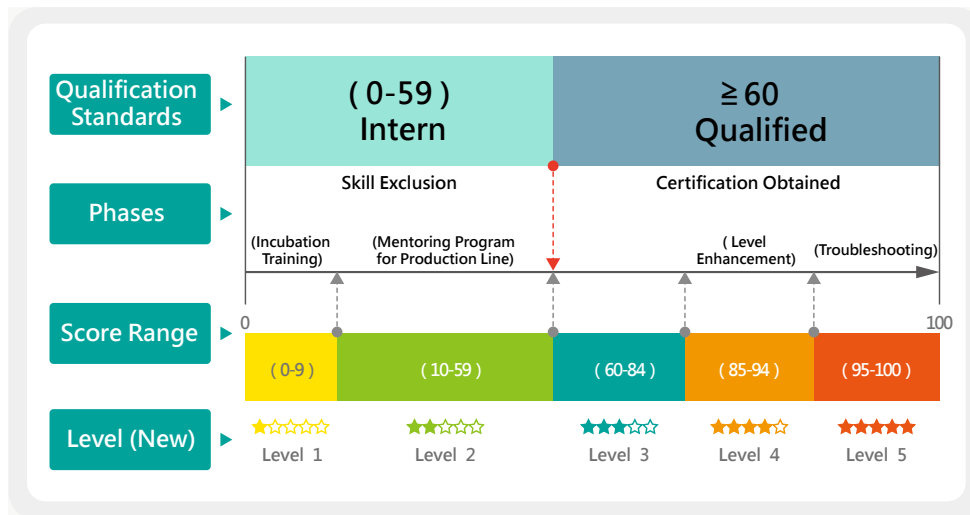
Chloromethyl methyl ether, Cobalt dichloride, Creosote (phenolic) compounds, Wood creosote, Coal tar, Pitch oil and related hydrocarbon chemicals, Benzene, Chlorinated paraffins, N,N-dimethylacetamide (DMAC), Volatile organic compounds (VOCs), Dechlorane Plus, Hexachlorobenzene (HCB), Hexachlorinated benzene, Methyl chloroform (trichloromethane), N-methyl-2-pyrrolidone (NMP), Methanol, Chlorinated organic solvents, Substances regulated under the U.S. Toxic Substances Control Act (TSCA), Global Automotive Declarable Substance List (GADSL), End-of-Life Vehicles (ELVs) Directive, Nickel and its compounds, etc.

- Level 1 Raw Materials - Mandatory testing with report provided.
- Level 2 Raw Materials - Provision of non-use declaration to meet requirements.
- Level 3 Raw Materials - With substances contained exceeding the limit, suppliers shall report to Taiflex.
- Packaging/Consumables - Mandatory compliance with relevant information provided.

Sources: EU' s Restriction of Hazardous Substances Directive, REACH, EU Packaging and Packaging Waste Directive, and customer requirements.

• Operator Training

The skill proficiency of frontline personnel in the Manufacturing Center is a key factor directly impacting the stability of production quality. To address this, the Company has implemented a certification system ranging from Level 1 to Level 5. New employees are required to complete safety and pre-employment training before commencing work. Only those who pass the evaluation at Level 3 or above are permitted to independently operate machinery on the production floor. On-the-job skill development is further supported through a mentorship program involving trainers and on-site personnel.



On-the-job skill assessments cover areas such as instrument and equipment operation, product appearance evaluation, and troubleshooting. These assessments are conducted on a quarterly and annual basis to support level advancement reviews. In 2024, Taiflex had 452 direct production personnel. Among them, 8% were certified at Level 2, 45% at Level 3, 31% at Level 4, and 16% at Level 5. Upon onboarding, new hires are paired with mentors under a structured mentorship program. This is aligned with the training mechanisms established by the Incubation Training Program to ensure that new employees meet job task requirements in a timely manner and develop a solid understanding of quality and safety expectations.

• Customer Satisfaction Survey

To effectively understand and respond to customer feedback, Taiflex conducts customer satisfaction surveys on a semi-annual basis. Sales personnel are responsible for distributing standardized survey forms to selected customers via fax or email. When necessary, additional contact is made by phone or written correspondence to ensure the purpose of the survey is clearly communicated and responses are submitted within the designated timeframe. After data collection is complete, a Customer Satisfaction Survey Report, which includes both general customer satisfaction results and evaluations specific to the automotive sector, is prepared. The report is reviewed by the (Assistant) Manager and submitted to the (Vice) President for approval.

In 2024, Taiflex achieved an average customer satisfaction score of 93.25 points, surpassing the annual target of 88 points and representing a 2.85-point increase from the 2023 score of 90.40. Evaluation criteria included product quality, sales service, customer support, logistics, and compliance with restricted substance regulations. If any customer provides explicit negative feedback or if the satisfaction target is not met, the issue is addressed during management review meetings. Relevant cross-departmental teams are tasked with proposing improvement measures and recommendations, reinforcing our commitment to becoming a trusted long-term partner to our customers.

