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CHINA MAN-MADE FIBER CORPORATION

2024 Annual Report

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The Company's website: www.cmfc.com.tw**

- (I) Company Spokesman
Name: Hung-Yang Wu
Title: Assistant Vice President
Tel: (02)2393-7111
E-mail address: tom-wu@cmfc.com.tw
- Company acting spokesman
Name: Chang-His Yang
Title: Senior project manager
Tel: (02)2393-7111
E-mail address: vincent-yang@cmfc.com.tw
- (II) Address and telephone number of the company and factory
Company: No. 8, Jingjian Rd., Dashe Dist., Kaohsiung City 815
Tel: (07)351-2161
Taipei office: 10F., No. 50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City 100
Tel: (02)2393-7111
Kaohsiung Plant: No. 8, Jingjian Rd., Dashe Dist., Kaohsiung City 815
Tel: (07)351-2161
Institution handling the stock transfer
Name: Shareholder Services Section of China Man-Made Fiber
Address: 11F., No. 50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City
TEL: (02)2393-7111
<http://www.cmfc.com.tw>
- (III) Name of CPAs, accounting firm, address and TEL for the financial reports of the most recent year
Firm Name: Deloitte and Touche
Name of CPAs: Shu-Lin Liu and Pan-Fa Wang
Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City
Tel: (02)2725-9988
<http://www.deloitte.com.tw>
- (IV) Name of the trading venue for overseas listed securities and method for obtaining information on such overseas listed securities:
None.
- (V) Company Website
<http://www.cmfc.com.tw>

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One. A Message to the Shareholders

I. The 2024 Business results

(I) Business plan execution and achievement

* The Company

In 2024, standalone operating revenue amounted to NT\$5,681,459 thousand, while non-operating income totaled NT\$2,064,269 thousand. Unrealized losses from subsidiaries and affiliates were NT\$2,090 thousand, and realized gains from subsidiaries and affiliates were NT\$27 thousand. Operating costs and expenses amounted to NT\$7,051,127 thousand, and non-operating expenses totaled NT\$665,019 thousand, resulting in a pre-tax net profit of NT\$27,519 thousand. Profit for 2024 is \$27,521 thousand.

*Consolidated companies

In 2024, the consolidated revenue is NT\$45,380,155 thousand, the expense is NT\$37,446,485 thousand, and the net income before tax is NT\$7,933,670 thousand. In 2024, the consolidated net profit of the period is NT\$6,300,813 thousand.

(II) Budget implementation situation

* The Company

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company does not need to disclose the financial forecast of 2024, so there is no analysis of budgeting.

*Consolidated companies

1. Pan Asia Chemical Corporation(PACC): For the 2024 budgets, the financial forecast is not required to be announced according to the requirements.

2. Taichung Commercial Bank Co., Ltd.: Budget implementation in 2024:

(1) In 2024, the average balance of foreign currency deposits in Taiwan was NT\$795.1 billion, achieving 104% of the budget and representing an increase of NT\$75.9 billion or 10.60% compared to the previous year.

(2) The average balance of foreign currency loans in Taiwan in 2024 was NT\$605.9 billion, reaching 105% of the budget and increasing by NT\$62.9 billion or 11.59% compared to the previous year.

(3) In 2024, foreign exchange transactions amounted to US\$24.8 billion, achieving 114% of the budget and growing by US\$650 million or 2.68% from the previous year.

(III) Financial income and expense and profitability analysis (individual information)

*The Company

Item		2024	2023
Financial structure (%)	Debt to assets ratio	45.13	44.68
	Ratio of long-term capital to property, plant and equipment	425.32	363.00
Solvency analysis	Current ratio (%)	37.45	31.91
	Quick ratio (%)	21.64	16.52
	Interest coverage ratio	1.08	(4.30)
Profitability analysis	Return on assets (%)	0.77	(3.48)
	Return on equity (%)	0.13	(7.40)
	As a percentage of paid up capital (%)	Operating profit (8.14)	(13.40)
		Net profit before tax	0.16 (9.41)
	Net profit margin (%)	0.48	(27.16)
	Earnings per share (NT\$)	0.02	(1.18)

*Consolidated companies

Financial income and expense and profitability analysis (consolidated information)

Item		2024	2023
Financial structure (%)	Debt to assets ratio	91.57	91.19
Profitability analysis	Return on assets (%)	1.79	1.36
	Return on equity (%)	7.71	4.68
	Pre-tax profits to paid-up capital ratio (%)	47.06	29.95
	Net profit margin (%)	60.34	34.38
	Earnings per share (NT\$)	0.02	(1.18)

(IV) Research and development

* The Company

1. Completed mass produce of eco-friendly pellets derived from recycled PET bottle chips, which can be provided to the spinning section and false twist section to manufacture eco-friendly yarns to boost the added values. By this, we virtually minimized waste, saved on energy and reduced carbon emission to be friendly toward the global environment.
2. Total implementation of our efforts toward refurbishment of double-suction pumps for cooling water circulation and the ceramic coating projects that would significantly save on power, boost efficiency and minimize power consumption.
3. The motor for the supply of dry compressed air system for spinning manufacturing was changed to the variable-frequency drive type to benefit the increase in operating rate, raising the quality and energy-saving performance.
4. The QAC-1N and 3N windmill motor for spinning manufacturing was changed to the variable-frequency drive type to stabilize wind pressure, improve quality, and achieve power-saving performance.
5. In the false twisting process, the pipeline GA air system is added to the IA air system to reduce the frequency of turning on machines of the IA system and save electricity and energy consumption.
6. The addition of an inverter to the bottom pump motor of the EO stripper in the EG3 Plant to reduce speed, save power, reduce equipment noise, prolong bearing life, reduce the wear and tear of mechanical pump blades, and extend equipment's useful life.
7. Activate the application of polyester scrap and waste. A waste recycling machine is added to process the scrap into polyester pellets for recycling and reuse, which is not only environmentally friendly but also reduces production costs.

*Consolidated companies

1. Pan Asia Chemical Corporation:
 - (1) Development of POY/SDY spinning oil agent
 - (2) Development of esterified non-ionic surfactants
 - (3) Development of anionic and cat-ionic surfactants
 - (4) Development of nonionic surfactants for special products
 - (5) Development of esterified products and surfactants for cosmetics and personal cleansing products
 - (6) Development of esterified products for a variety of purposes
2. Taichung Commercial Bank Co., Ltd.:

The Bank is actively promoting digital transformation, with "Digital Innovation," "Fair Customer Treatment," and "Sustainable Development" as its three core strategies, continuously enhancing its digital financial services. By convening irregular "Digital Financial Technology Strategy Meetings" and regular "Business Coordination Meetings," the Bank conducts in-depth analysis of market trends and integrates information technology. Looking ahead, the Bank will continue to deepen its focus in the digital finance sector, aiming to become customers' top choice as a digital financial partner and to set a new benchmark for the financial industry.

II. Summary of the 2025 business plan

(I) Operating strategies

* The Company

1. Reduce costs and inventory and improve operating efficiency.
2. Research and develop value-added products, accelerate the vertical integration of products and improve competitiveness.
3. Computerize the operations management, inspect various operating procedures, strengthen internal control and improve efficiency.
4. Strengthen marketing efforts and market development, and improve service quality and customer satisfaction.
5. Actively and prudently assess various investments and adjust the portfolios in a timely manner.
6. Control customers' credit line to reduce the occurrence of bad debts.
7. In line with global trends, the move toward net-zero emissions, low carbon and plastic reduction, and sustainability and environmental protection goals.
8. Pay attention to employee welfare, promote labor-management coordination, emphasize occupational safety and fulfill social responsibilities.

*Consolidated companies

1. Pan Asia Chemical Corporation
 - (1) Focus on core businesses, improve quality and enhance customer service.
 - (2) Improve operational performance, integrate resources, study value-added products and improve competitiveness in the market.
 - (3) Strengthen organizational operations, promote labor-management coordination and improve advantages for the Company's sustainability.
2. Taichung Commercial Bank Co., Ltd.: Please see page 4 for key production and sales policies.

(II) 2025 operational objectives and prospects

* The Company

In 2024, the global economy continued to be affected by geopolitical conflicts (the Russia-Ukraine war, the Israel-Palestine conflict, and the Taiwan Strait crisis), the rise of protectionism, and other factors. The global economic growth rate was 3.2%, slightly lower than the 3.3% recorded in 2023. The global economy saw a slowdown in recovery amid multiple challenges, with insufficient growth momentum. Taiwan, located in a sensitive geopolitical position, experienced notable effects from supply chain and order shifts, resulting in an underwhelming performance.

The current global economic uncertainty has further intensified market demand volatility. Compared with other international competitors, our progress in signing free trade agreements has been relatively slow. Meanwhile, the international trend toward sustainable development is placing greater demands on our environmental protection and carbon reduction efforts. At the same time, we are facing a talent gap brought on by declining birth rates and intensified competition among high-tech industries for skilled labor, as well as increased electricity costs putting pressure on manufacturing expenses—all of which add to the challenges of corporate operations. In response, the Company has adopted a meticulous and pragmatic strategy: on one hand, enhancing production efficiency and product added value through digital transformation; on the other, leveraging industry chain integration to deepen upstream, midstream, and downstream collaboration to meet international market demands.

This year, according to new policies under the Trump administration, changes can be anticipated in trade agreements, tariffs, supply chain management, and consumer behavior. Looking ahead to 2025, global economic growth will continue to face challenges from geopolitical conflicts and the U.S.-China technology dispute. Overseas overcapacity will further squeeze the export performance of traditional industries. However, with inflationary pressures gradually easing in various countries, end-market demand is expected to recover. The rapid development of emerging technologies such as artificial intelligence will also inject momentum into related products. In addition, with expectations that the Russia-Ukraine war will end this year and Trump's proactive crude oil policies likely to reduce global energy costs, the tariffs imposed on Mainland China may lead to a

return of orders. Furthermore, order growth from U.S.-based clients is expected. We hold a cautiously optimistic outlook for 2025.

Regarding ethylene glycol (EG), although China has significantly expanded production of its primary raw material, ethylene, and downstream demand remains weak, resulting in oversupply, the high storage standards and transportation difficulties of ethylene mean the oversupply has limited impact on market prices. While ethylene prices are no longer soaring, their decline has also been limited. EG's downstream textile fiber consumption has been slow to recover due to inflation, leading to continued oversupply and difficulty raising selling prices. The ex-factory price fails to cover variable costs. In recent years, the chemical and synthetic fiber industries have faced severe challenges. EG has been affected by China's ongoing capacity expansion, which has severely disrupted the supply-demand balance and caused overcapacity. In response, manufacturers have reduced output, and market prices are bottoming out and consolidating at low levels. Currently, the Company primarily sells EG domestically to reduce export-related losses. Production is adjusted in coordination with sales to maintain marginal benefits.

In terms of polyester yarn, end-market demand was still impacted by inflation last year, leading to reduced consumer willingness to spend. Following the easing of the pandemic, global apparel consumption recovered only slowly, and geopolitical factors further triggered order shifts, resulting in an underperformance. However, after restructuring our production capacity, the proportion of environmentally friendly and green products increased significantly from 1% in 2023 to 4% in 2024, effectively reducing the scale of losses. Over the next year, whether the market recovers will depend on factors such as when the Russia-Ukraine war ends, whether inflation continues to ease, and the extent to which brand inventories are cleared. Externally, the polyester market still faces pressure from dumping by Mainland China and the rise of supply chains in Southeast Asia, making the business environment more challenging. The Company will flexibly adjust production and sales strategies, improve product structure, and move toward refinement and customization. By producing environmentally friendly and recycled products, we aim to increase profits and create niches. In response to the threat of low-price competition from China's capacity expansion, we will implement market segmentation and enhance competitiveness. In addition to developing high-value-added products, we will also transition toward circular plastic reduction and sustainable carbon reduction, expand the sales volume of recycled environmental products, and increase operating profit. Looking ahead to this year, as many unfavorable factors gradually recede and domestic competitors exit the market (Note 1), the supply-demand balance in the polyester market is expected to improve.

In 2025, the Company expects to sell 119,188 metric tons of ethylene glycol (EG), 21,690 metric tons of ethylene oxide (EO), 17,523 metric tons of nonylphenol (NP), 23,197 metric tons of partially oriented yarn (POY), 8,175 metric tons of fully drawn yarn (SDY), 14,608 metric tons of draw textured yarn (DTY), and 18,067 metric tons of polyester chips (CHIP), totaling 222,448 metric tons.

Note 1: The major synthetic fiber company "Fung An" successively shut down its polymerization, spinning, and textured yarn factories in October 2024.

*Consolidated companies

1. Pan Asia Chemical Corporation
EOD plant makes petrochemical EOD, esterification plant transforms them into new products, and the total expected sales is about 4.081 tons.
2. Taichung Commercial Bank Co., Ltd.

Item	2025 objectives
Deposits (including foreign currencies)	NT\$845.9 billion
Lending (including foreign currencies)	NT\$647.4 billion
Foreign Exchanges Operations	Annual amount USD 23.1 billion

(III) Important production and marketing policy

* The Company

1. Ethylene Glycol: With additional new production capacities coming online, market supply continues to outpace demand. The Company is closely monitoring price fluctuations and adjusting production levels in coordination with sales strategies.
2. Ethylene oxide: Maintain quality and steady production supply.

3. Nonylphenol: Due to increasing environmental awareness, restrictions on the use of this product persist. Market expansion remains challenging, and demand from existing users continues to decline. The Company focuses on maintaining stable sales.
4. Polyester yarns:
 - (1) The polyester polymerization process aims to extend operating hours, with adjustments planned for the summer electricity demand season. As for polyester filament, sales are being managed flexibly in accordance with the downsized internal workforce allocation. Full-scale sales will resume when the peak season for polyester filament demand arrives in the second half of the year, with timely and flexible price strategy adjustments to achieve a balance between production and sales.
 - (2) Strict control of inventories, production, sales and receiving purchase order.
 - (3) The Company continues to adjust its product mix flexibly, making every effort to expand the eco-friendly yarn market. Selling prices for eco-yarn will be increased at appropriate times to boost profitability and respond quickly to market demand.

*Consolidated companies

1. Pan Asia Chemical Corporation
 - (1) Retain old customers, explore potential customers to co-develop new products and expand sales volume.
 - (2) Esterification plant continues to develop and transform to develop products and markets which offer better return to improve the overall efficiency.
 - (3) Continue to develop the market for spinning oil agents.
 - (4) Coordinate the bargaining of purchase price of raw materials to reduce cost.
2. Taichung Commercial Bank Co., Ltd.
 - (1) The Bank is actively expanding its deposit base and increasing market share, while attracting stable funding to reduce liquidity risk and concentration of deposits. A robust deposit foundation is being built in parallel with adjustments to credit strategies, including prudent evaluation of high-risk weighted loan exposures, to ensure stable core profitability and avoid excessive capital consumption.
 - (2) In alignment with the New Southbound Policy, the Bank is working to expand accounts receivable and actively seeks mandates as lead bank for foreign syndicated loans, aiming to increase the scale of foreign currency financing. Efforts are also ongoing to enhance overseas branch services, launch new trade finance products, and cooperate with peers on trade-related transactions to reduce credit risk exposure.
 - (3) Through differentiated marketing services—such as the VIP wealth management membership program—the Bank offers tiered business and service benefits based on customer contribution, enhancing customer experience and loyalty. It continues to introduce and develop customized products and builds a comprehensive product line to support clients' asset planning in sync with market conditions.
 - (4) The Bank promotes green lending initiatives and projects supporting disadvantaged groups, following ESG-based credit review principles to guide enterprises in prioritizing sustainability. It is planning to increase investments in green and sustainable bonds year by year and build positions in ESG-focused ETFs to support sustainable, low-carbon, and green initiatives.
 - (5) Keeping pace with global regulatory compliance trends, the Bank strengthens corporate governance and establishes a financial crime prevention and conduct risk management framework. It applies five key control measures—identification, protection, detection, response, and recovery—to ensure information security, implement consumer protection systems, and safeguard intellectual property rights, all aimed at achieving full regulatory compliance.
 - (6) The Bank is fostering an accessible financial environment by enhancing various financial services and providing more user-friendly online interfaces to lower access barriers for the elderly and persons with disabilities. It remains committed to respecting and fairly addressing the needs of all communities, advancing financial inclusion, and creating a barrier-free environment that embodies the value of universal access.

III. Development strategy of the Company in the future

* The Company

1. Investment in the manufacturing of products related to the upstream and downstream industries.
2. Improve the integration of upstream, midstream and downstream products.

*Consolidated companies

1. Pan Asia Chemical Corporation
 - (1) EOD plant continues to promote value-added products.
 - (2) Strengthen long-term collaboration with foreign customers to retain partners and expand sales channels to increase product sales.
 - (3) Increase domestic market share by boosting sales of specialty products and newly developed products tailored to customer needs, thereby indirectly tapping into customers' export markets; also, collaborate with downstream customers to develop new products.
 - (4) Vertical industry development. Continue to develop markets for esterification products, spinning oil agents and cleaning agents to improve revenue and standards and image of the industry and technologies.
 - (5) Cooperate with customers to import related products for sales in order to increase profits, sales, and sales volume.

2. Taichung Commercial Bank Co., Ltd.

Looking ahead at the international economic landscape, inflation in major countries has gradually improved, trade growth has returned to positive territory, and overall economic activity remains resilient. However, numerous uncertainties continue to cloud the global economic outlook, including geopolitical risks, the evolving dynamics of U.S.-China relations, monetary policy shifts, climate change impacts, and industry development trends. These factors may increase financial market vulnerability, intensify economic fragmentation, and drive supply chain reorganization. Against this backdrop, and with stability as the foundation, the Bank will pursue future business development based on three core pillars: strengthening operational resilience, co-creating a financial ecosystem, and embedding sustainability—actively building a prosperous and mutually beneficial financial ecosystem.

IV. Subject to competition of external environment

* The Company

1. Due to the large-scale construction and completion of new plants in China, the EG market supply has increased. Coupled with weak domestic demand in China, its reliance on imported ethylene glycol may shift toward exports, seizing market share in other international markets. Meanwhile, Taiwan is experiencing a shortage of ethylene. Given the difficulty of transportation and strict storage requirements, ethylene prices remain high, which is unfavorable for competitiveness.
2. Over the past decade, the petrochemical and synthetic fiber industries have been actively developed in China. However, while market demand has only grown by 5%, production capacity has increased by 20%. This long-term imbalance has led to persistent overcapacity. With weak domestic demand and slower digestion of inventory, prices for related petrochemical and synthetic textile products have declined, plunging the entire industry into an overly competitive environment.
3. RECP was launched last year. Under tariff considerations, brand customers require the supply chain to move to Southeast Asia. The textile industry chain in Vietnam and other ASEAN countries has taken shape and has significant price advantages, for which brand orders will prioritize these areas. After occupying the full production capacity of such areas, the orders may have the chance to turn to Taiwan. In the future, it may trigger the transfer of the textile industry chain and cause an imbalanced supply and demand. The local textile industry in Taiwan is facing great operating pressure from upstream to downstream, and it shall keep abreast of the development and respond early.
4. The fragility of global supply chains has been exposed by the pandemic, and Trump is expected to leverage this reality to advocate for further supply chain restructuring. With the emergence of new tariffs and trade restrictions, brands will further diversify their supply chains to avoid costly tariffs. Global supply chains are shifting toward shorter, regionalized, and localized models.

*Consolidated companies

1. Pan Asia Chemical Corporation

Faced with the continuing expansion of production capacity by both the foreign and domestic competitors, we will continue to develop new products and maintain quality to remain competitive and offer product diversification.

2. Taichung Commercial Bank Co., Ltd.

With the rise of generative AI driving innovation, technological advancement is accelerating the development of various sectors. Financial institutions are keeping pace by incorporating AI into their operations, optimizing processes such as data-driven insights, marketing, risk forecasting and decision-making, operational workflows, and core system transformation. The integration of finance and technology has significantly enhanced work efficiency. Conversely, while embracing technological applications, institutions must carefully examine the direction of their strategic implementation, ensure robust information security mechanisms, and enforce the protection of personal data and consumer rights. In June 2024, the Financial Supervisory Commission issued the “Guidelines on the Application of Artificial Intelligence by Financial Institutions,” which follow six core principles across four stages of the AI lifecycle to strengthen data resilience, maintain financial stability, and enhance competitiveness in financial services.

Amid increasing global environmental volatility and frequent natural disasters, the green transition is progressively reshaping the global economic order. Since the UN Rio Earth Summit and the adoption of the United Nations Framework Convention on Climate Change, countries worldwide have committed to climate mitigation and adaptation efforts. Taiwan also declared its commitment to the “2050 Net Zero Emissions” goal in April 2021, followed by the enactment of the “Climate Change Response Act,” the “Sustainable Development Roadmap,” and the “Green Finance Action Plan 3.0.” In August 2024, Taiwan officially entered the era of carbon pricing with the announcement of three sub-laws on carbon fees and, in October, launched the “Green and Transition Finance Action Plan” to support corporate net-zero transitions, advance sustainability talent development, and promote the disclosure of nature-related financial information—fostering a circular ecosystem rooted in corporate, social, and environmental dimensions.

Following housing market control measures such as the “Equalization of Land Rights Act” and “Housing and Land Tax 2.0,” the government continues to implement regulatory measures to manage the real estate market. Although the “Enhanced Preferential Housing Loan Program for Young First-Time Buyers” has stimulated demand, tighter future regulations may adversely affect the banking sector’s mortgage business. Looking ahead to 2025, major national development policies are expected to be backed by sound fiscal support. The arrival of the carbon fee era and the drive for corporate net-zero transitions will favor the growth of green financing. In addition, stronger domestic economic momentum, increased private consumption capacity, and a revitalized tourism industry will support gains in foreign exchange and credit card fee income. A vibrant investment market and abundant liquidity are also expected to boost wealth management services. Despite easing inflation and modest economic growth in Taiwan, potential downside risks remain. These include capital expenditures related to the energy transition, which present significant transformation pressures and risks for traditional industries such as steel, construction materials, and utilities.

V. Regulatory and macroeconomic environment impacts

* The Company

1. Wage hikes will increase labor costs for enterprises. At the same time, a labor shortage persists, and fewer talents are willing to engage in traditional industries such as petrochemicals and textiles, creating new pressures and challenges for business operations.
2. The continuous rise in domestic electricity prices and raw material costs, coupled with the impending implementation of a carbon fee, will make operations even more difficult for traditional industries, which already operate on thin profit margins.

3. Domestic environmental awareness and the related regulations still have many restrictions on enterprises investing in new equipment. Communication with the neighboring residents often faces great resistance.
4. In recent years, the output of chemical fiber upstream raw materials, e.g., PX and PTA, has rapidly increased in China, leading to the highly suppressed prices of downstream processed products. The personnel engaged in chemical fiber operations technology and management are aging. We are facing increasing tariffs and anti-dumping factors, which puts us at a disadvantage amidst mounting challenges.
5. The Regional Comprehensive Economic Partnership (RCEP) officially took effect on January 1, 2022. As the ASEAN countries and other member states have already established FTAs, over 90% of goods are already subject to liberalization. The additional liberalization under RCEP is therefore limited. Attention should be paid to the effects of China, Japan, and South Korea on Taiwan, as it may place Taiwan at a competitive disadvantage in relevant markets. Another trade agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), came into force on December 30, 2018, with more than 70% of products already subject to zero tariffs. Taiwan has officially applied for membership. Together, CPTPP and RCEP, after excluding overlapping member countries, account for nearly 70% of Taiwan's total foreign trade value. If Taiwan cannot participate in regional economic integration, it will have a significant impact on the development of Taiwan's external trade and its participation in regional industrial competition.
6. Impact of ECFA Cancellation: Mainland China has suspended certain preferential tariff treatments. As tariffs on petrochemical exports rise, China has also imposed anti-dumping sanctions since 2024, exerting considerable downward pressure on Taiwan's petrochemical exports to China. Furthermore, with China expanding its own petrochemical capacity, Taiwan's exports to China have dropped to 20%. Business pressures have increased for Taiwanese companies. Chinese products, backed by price advantages, are flooding into Taiwan, severely impacting local synthetic fiber manufacturers, which may lead to factory closures, supply chain disruptions, and even threaten the survival of the broader textile industry.
7. Competitors in those emerging countries that have always taken advantage of economies of scale in the competition. Notably, the competitors in Mainland China have, as well, begun to differentiate their products. The companies in Taiwan should continually develop high-end specific products, in a small number of diverse, environmentally-friendly and functional products with high-level functionality to deal with the challenges. Under such policies, we should be able to continually maintain the advantages in the global polyester filament industry supply chains.
8. (1) The Green Deal Industrial Plan was officially promulgated by the EU on December 11, 2019, revealing the goal of carbon neutrality by 2050 and the implementation of carbon border taxes in 2023, making the concept of "net zero carbon emissions" a popular international topic. In order to achieve the carbon reduction target, the government adopted carbon taxes as the policy tool for carbon reduction. The purpose is to reflect the social cost of carbon emissions and accelerate the development of low-carbon energy. Textile Exchange is highly concerned about carbon emissions in the textile industry. With 2020 as the baseline, it aims for a 45% reduction in global textile industry greenhouse gas emissions by 2030. In the face of the impending implementation of domestic carbon fees and the gradual rollout of the EU's CBAM mechanism, enterprises should promote in-depth energy-saving initiatives within their industries. This is the most fundamental solution—not only can it lead to preferential carbon fee rates through voluntary reduction programs, but it can also reduce the CBAM certificate costs for exporting products to the EU. Achieving zero carbon emissions and zero waste is an unavoidable trend. Greater attention should be paid to brands' requirements regarding carbon reduction targets, waste reuse, hazardous chemicals, and renewable energy within the supply chain.
(2) With the rise of global environmental consciousness, the EU announced the Ecodesign for Sustainable Products Regulation (ESPR) on June 28, 2024. The regulation aims to make sustainable products the norm in the EU market—designing products to be more durable, energy- and resource-efficient, easier to repair and recycle, and made with more recyclable

content. Businesses will face more sustainability requirements from international brand clients, including demands for bio-based materials, 100% single-material products, and 100% recycled content.

9. The new Trump administration may impose heavier tariffs on China. This could result in a favorable tariff gap for Taiwan in exports to the U.S., potentially causing a shift in orders. This shift would positively impact the entire textile industry supply chain.
10. The U.S.-China trade war has driven international supply chains to move toward ASEAN. Taiwan may continue supplying high-end raw materials, but without new-generation differentiated products, the model of receiving orders in Taiwan, producing overseas, and supplying locally will become even more prevalent.

*Consolidated companies

1. Pan Asia Chemical Corporation
The domestic product control policies on NP/NPEDO affect the Company's domestic sales of NPEOD. Attempt the development of NPEOD substitutes to maintain customer relationship and increase the development and sales of other new products to maintain a balance between production and sales.
Increase the Company's export sales to other regions and continue collaborating with customers to develop specialty products in order to achieve a balance between production and sales.
2. Taichung Commercial Bank Co., Ltd.: Please see pages 5-6 for external competitive environment.

Chairman: Kuei-Shiang Wang

Two. Corporate Governance

I. Background information of the Director, President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

(I) Information on the directors

February 28, 2025 Unit: Shares / %

Title	Nationality or place of registration	Name	Gender, age	Date elected	Duration	Date of initial election	Shareholding as of elected date		Current shareholding		Current number of shares held by spouse and minors		Shareholding under the title of a third party		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remark
							Quantity	Shareholding ratio	Quantity	Shareholding ratio	Quantity	Shareholding ratio	Quantity	Shareholding ratio			Title	Name	Affiliation	
Institutional Director	Taiwan R.O.C.	Chuang Chien Investment Co., Ltd.	N/A	2022.6.16	3 years	2007.06.21	43,929,431	2.61%	43,929,431	2.61%	0	0	0	0	Director of PACC	Director of PACC	N/A	N/A	N/A	N/A
Institutional Director	Taiwan R.O.C.	Pan Asia Investment Corporation	N/A	2022.6.16	3 years	2007.06.21	52,393,736	3.11%	52,393,736	3.11%	0	0	0	0	Director of PACC	N/A	N/A	N/A	N/A	N/A

Chairman	Taiwan R.O.C.	Pan Asia Investment Corporation Representative: Kuei-Shiang Wang	Male, 51~60 years old	2022.6.16	3 years	2004.06.25	0	0	0	0	0	0	0	0	Chairman of Taichung Securities Investment Trust and CMFC, vice chairman of Taichung Commercial Bank Co., Ltd., Department of Finance at Boston University and Department of Finance at New York University.	Chairman of PACC, Chou Chin Industrial, Pan Asia Investment, Yu Hui, Bang Yu, Feng Chi Investment, Pan Xu Investment Co., LTD., General Pride Enterprise, Dah Fa Investment, Greenworld, Chou Chang, Sheen Ren Knitting Factory Co., LTD., Formosa Imperial Wineseller, De Xing Investment Company, and China Man-Made Fiber Investment and director of Nan-Chung Petrochemical.	Director	Kuei-Feng Wang	Second degree kinship	N/A
Vice Chairman	Taiwan R.O.C.	Chuang Chien Investment Co., Ltd. Representative: Ming-Shan Chuang	Male, 81~90 years old	2022.6.16	3 years	2011.5.6	0	0%	0	0	789	0.00%	0	0	Vice chairman of Pan Asia, ITOCHU Taiwan Corporation, National Taiwan University.	N/A	N/A	N/A	N/A	N/A
Managing Director (Independent Director)	Taiwan R.O.C.	Te-Wei Li	Male, 51~60 years old	2022.6.16	3 years	2013.6.19	0	0	0	0	0	0	0	0	Director of Hong Ying Investment, president of the Taiwan branch of the World Youth Alliance, president of Taipei Youth Labor Alliance, lecturer of Hsuan Chuang University. The Department of Political Science at the University of Northern Iowa	Director of Wei Chi Investment Co., LTD., the company remuneration committee members.	N/A	N/A	N/A	N/A

Independent director	Taiwan R.O.C.	Li-Yeh Hsu	Male, 41~50 years old	2022.6.16	3 years	2016.6.8	0	0	0	0	0	0	0	0	Researcher of J.P. Morgan Chase's Hong Kong branch Bachelor's degree from the Department of Business Management, Tatung University	Chairman of GJS Co., Ltd, Ching Hsing Capital Investment, and Chinyi Investment; Director of North American Exercise Co., LTD., Limax International Aling., and Kali Fores INC.; Supervisor of Light Hostel, Glotex International AI Co., LTD., Seaker Dellago Inc., Seaker & Sons Real Estate Investment Inc., Fujen Investment, and Hotel Sun-Moon Lake Co., LTD.; and Member of the Company's Remuneration Committee.	N/A	N/A	N/A	N/A
Independent director	Taiwan R.O.C.	Chih-Ming Shih	Male, 61~70 years old	2022.6.16	3 years	2020.6.2	0	0	0	0	0	0	0	0	The KGI Commercial Bank Co., Ltd. Audit Office and branch manager; Aletheia University Department of Accounting and Statistics.	Committee member of the Company's Remuneration Committee.	N/A	N/A	N/A	N/A
Director	Taiwan R.O.C.	Pan Asia Investment Corporation Representative: Kuei-Fong Wang (Note 1)	Male, 51~60 years old	2022.6.16	3 years	2010.9.10	29,725	0.00%	29,725	0.00%	0	0	0	0	Chairman of CMFC, director of Taichung Commercial Bank Co., Ltd., chairman of PACC. VP, Corporate Financing Dept., BNP Paribas Hong Kong; MBA of NYU	Executive Chairman of Taichung Commercial Bank Co., Ltd., director of Pan Asia Investment, and supervisor of Syuten Investment Co., LTD., Chi Ta Investment, Hsu Yi Investment, and Yao Shang Investment.	Chairman	Kuei-Shiang Wang	Second degree of kinship	N/A

Director	Taiwan R.O.C.	Pan Asia Investment Corporation Representative: Ya-Chi Lin (Note 1)	Female 41 - 50 years old	2024.2.26	3 years	2024.2.26	0	0	3,120	0.00%	0	0	0	0	Master's degree in Information and Communications from Shih Hsin University.	Special Assistant to the Office of the President of the Company; Director of PACC; Chairperson of Lay Coffee CO., LTD.; Supervisor of China Man-Made Entertainment, Pan Hsu Investment, and Storm Entertainment.	N/A	N/A	N/A	N/A
Director	Taiwan R.O.C.	Pan Asia Investment Corporation Representative: Ming-Hsiung Huang	Male, 71-80 years old	2022.6.16	3 years	2011.5.6	0	0	38,394	0.00%	0	0	0	0	Assistant general manager of Cosmos Bank. Department of International Trade at Tamkang University.	Director of Chou Chin Industrial and supervisor of Greenworld and CHOU CHANG CO., LTD..	N/A	N/A	N/A	N/A
Director/President	Taiwan R.O.C.	Chuang Chien Investment Co., Ltd. Representative: Jeh-Yi Wang	Male, 41-50 years old	2022.6.16	3 years	2022.6.16	0	0	15,983	0.00%	0	0	0	0	Project manager of the Production Services Department of this Company; Department of Business Administration, Fu Jen Catholic University.	President of the Company, director and president of PACC, and supervisor of Nan-Chung Petrochemical and De Xing Investment Company	N/A	N/A	N/A	N/A
Director	Taiwan R.O.C.	Chuang Chien Investment Co., Ltd. Representative: Hung-Yang Wu	Male, 51-60 years old	2022.6.16	3 years	2011.5.6	0	0	0	0	0	0	0	0	Assistant VP of CHINA MAN-MADE FIBER CORPORATION; Department of Agricultural Machinery Engineering at National Chung Hsing University	Assistant vice president of the Company and director of PACC, Nan-Chung Petrochemical, Taiwan Filament Weaving Development, and De Xing Investment Company	N/A	N/A	N/A	N/A

Note 1: On February 26, 2024, Pan Asia Investment Corporation appointed Mrs. Ya-Chi Lin as the corporate Director representative instead of the initial Mr. Kuei-Fong Wang.

Remarks: Where the chairperson of the board of directors and the general manager or person of an equivalent post of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto in the remarks column: NA

Major shareholders of legal person directors and supervisors

February 28, 2025

Corporate shareholder Name	Major shareholder of corporate shareholder and shareholding Ratio of Shareholding thereof
Chuang Chien Investment Co., Ltd.	Dah Fa Investment Co.,Ltd (28.08%); Pan Asia Chemical Corporation (17.67%); General Pride Enterprise co., Ltd. (15.64%); Chin-Yuan Huang (14.72%); Yu Hui Co.,Ltd (10.52%); Syuten Investment Co., Ltd. (9.57%); Kuei-Shiang Wang (1.75%); Kuei-Fong Wang (1.81%); Sheen Ren Knitting Factory Co., Ltd. (0.44%).
Pan Asia Investment Corporation	Pan Xu Investment Co., Ltd. (47.42%), Dah Fa Investment Co.,Ltd (42.63%), General Pride Enterprise Co., Ltd. (9.44%), and Kuei-Shiang Wang (0.51%).

Major Shareholders of Major Corporate Shareholder:

February 28, 2025

Corporate shareholder Name	Major shareholder of corporate shareholder and shareholding Ratio of Shareholding thereof
Dah Fa Investment Co.,Ltd	Yu Hui Co.,Ltd (99.25%) and Kuei-Shiang Wang (0.75%).
Pan Asia Chemical Corporation	China Man-made Fiber Corporation (44.40%), Sheen Ren Knitting Factory Co., Ltd. (6.20%), Chuang Chien Investment Co., Ltd. (5.12%), Yu Hui Co.,Ltd (1.76%), Pan Asia Chemical Corporation employee Welfare Committee (0.60%), Hsiu-Cheng Wu (0.47%), Teng-Fang Tseng (0.26%), Zhao-Ru Chen (0.23%), Ji-Lin Chen (0.20%), and Kun-Hsiang Chen (0.20%).
Yu Hui Co.,Ltd	Kuei-Shiang Wang (99.99%), Chia-Ying Chen (0.01%)
General Pride Enterprise Co., Ltd.	Pan Xu Investment Co., Ltd. (44.44%), Chuang Chien Investment Co., Ltd. (31.46%), Pan Asia Investment Corporation (17.30%), Chao-Chang Wang (5.16%), Kuei-Shiang Wang (1.12%), and Ku-Yeh Wang (0.51%)
Pan Xu Investment Co., Ltd.	Yu Hui Co.,Ltd (99.93%) and Kuei-Shiang Wang (0.07%).
Syuten Investment Co., Ltd.	Chia-Chun Chiang (50%), Kuei-Fong Wang (50%).
Sheen Ren Knitting Factory Co., Ltd.	Chuang Chien Investment Co., Ltd. (53.47%), Yu Hui Co.,Ltd (40.40%), Chao-Chang Wang (5.57%), Kuei-Shiang Wang (0.3%), Shang-Jr Chiang (0.15%), Shi-Yi Chiang (0.10%).

2. Information on the directors

(1) Information disclosure on the professional qualifications of the Directors and status of independence of the Independent Directors

Name	Condition	Professional Qualifications and Experience	Status of Independence	Number of public companies where the person holds the title as independent director
Chairman, Kuei-Shiang Wang		Acts as the Company's Chairman for many years, specializes in leadership decision-making, operational judgements, management, crisis handling, petrochemical industry knowledge, risk management and international market perspectives and so on experiences and capabilities. None of the circumstances stated in subparagraphs of Article 30 of the Company Act has occurred.	Not applicable	None
Ming-Shan Chuang, Vice Chairman		Acts as the Company's Vice Chairman for many years, possesses operations and decision-making judgements, petrochemical industry knowledge, risk management capability and so on practical experiences. None of the circumstances stated in subparagraphs of Article 30 of the Company Act has occurred.	Not applicable	None
Director, Ming-Hsiung Huang		Possesses background in financial industry, specializes in financial analysis capability and risk management knowledge and capability. Does not meet any descriptions stated in Article 30 of the Company Act.	Not applicable	None
Director Jeh-Yi Wang		The Director is the president of the subsidiary, and possesses petrochemical industry knowledge, risk management capability, and other practical experiences. None of the circumstances stated in subparagraphs of Article 30 of the Company Act has occurred.	Not applicable	None
Director, Hung-Yang Wu		Acts as the Company's Director of General Affairs Department, possesses petrochemical industry knowledge, risk management capability and so on practical experiences. None of the circumstances stated in subparagraphs of Article 30 of the Company Act has occurred.	Not applicable	None
Director Ya-Chi Lin		She has been the secretary to the Company's Chairman for years and has the ability to coordinate and communicate cross-department affairs. None of the circumstances stated in subparagraphs of Article 30 of the Company Act has occurred.	Not applicable	None
Te-Wei Li, Managing Director and Independent director		Possesses work experiences in business and politics, specializes in leadership decision-making, crisis handling, and risk management knowledge and capability. None of the circumstances stated in subparagraphs of Article 30 of the Company Act has occurred.	1. Does not have spouse or relatives within second degree of kinship holding position as the director, supervisor or employee of the Company or its affiliates. 2. Does not hold the Company's shares by self, spouse, relatives within second degree of kinship, or in the name of others. 3. Does not hold position as a director, supervisor or employee of a designated company that has specified relationship with the Company. 4. Has not obtained compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.	None
Li-Yeh Hsu, Independent director		Possesses work experiences in business, specializes in operational judgement, management administration, and risk management knowledge and capability. None of the circumstances stated in subparagraphs of Article 30 of the Company Act has occurred.		None
Chih-Ming Shih, Independent director		Possesses experiences in bank industry, specializes in accounting analysis capability and risk management knowledge and capability, is an Audit Committee member and possesses educational background in accounting related degree. None of the circumstances stated in subparagraphs of Article 30 of the Company Act has occurred.		None

(2) Diversity and independence of the Board of Directors

A. The implementation of the diversity policy for the Board members is as follows:

Name	Condition		Basic composition					Ability								
	Nationality	Gender	Age			Term of office and seniority of Independent Directors		Business judgement ability	Accounting and financial analysis ability	Business management ability	Risk management ability	Crisis management ability	Industry knowledge	International market viewpoint	Leadership	Decision-making ability
			40 49 years old	50 59 years old	More than 60 years old	Less than 3 years	3 9 years									
Kuei-Shiang Wang	Taiwan R.O.C.	Male		✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Ming-Shan Chuang	Taiwan R.O.C.	Male			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Ming-Hsiung Huang	Taiwan R.O.C.	Male			✓			✓	✓	✓	✓	✓		✓	✓	✓
Jeh-Yi Wang	Taiwan R.O.C.	Male	✓					✓	✓	✓	✓	✓	✓	✓	✓	✓
Hung-Yang Wu	Taiwan R.O.C.	Male		✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Ya-Chi Lin	Taiwan R.O.C.	Female	✓						✓		✓	✓	✓	✓		✓
Te-Wei Li	Taiwan R.O.C.	Male		✓			✓	✓		✓	✓	✓		✓	✓	✓
Li-Yeh Hsu	Taiwan R.O.C.	Male	✓				✓	✓		✓	✓	✓		✓	✓	✓
Chih-Ming Shih	Taiwan R.O.C.	Male			✓		✓	✓	✓	✓	✓	✓		✓	✓	✓

Explanation of reason and measures adopted to improve board gender diversity when the number of directors of either gender does not reach one-third:

(A) Reason:

The Company, in accordance with its Articles of Incorporation, has established nine board seats. The current board of directors was elected at the shareholders' meeting on June 16, 2022. However, only one of the directors is female. While this complies with the applicable

laws and regulations at the time, it still falls short of the one-third requirement. This is primarily due to the difficulty of recruiting suitable talent given the characteristics of the industry.

(B) Measures taken:

Prior to the expiration of the current board term and the next re-election, the Company will actively seek candidate recommendations through various channels, including from industry and academia, to enhance corporate governance effectiveness and implement the board diversity policy.

B. Independence of the Board of Directors

The Company has three Independent Directors which account for one-third of the Board. Board members are not spouses or relatives within the second degree of kinship as regulated under paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.

(II) Information of the President, Vice President, associated director, and supervisor of the various units and branches

February 28, 2025 Unit: Shares / %

Title	Nationality	Name	Gender	Date elected	Quantity of Shares		Number of shares held by spouse and minors		Shareholding under the title of a third party		Major career (academic) achievements	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remark
					Quantity	Shareholding ratio	Quantity	Shareholding ratio	Quantity	Shareholding ratio			Title	Name	Affiliation	
President	Taiwan R.O.C.	Jeh-Yi Wang	Male	2020.1.13	15,983	0.00%	0	0	0	0	Project manager of the Production Services Department of this Company Department of Business Administration, Fu Jen Catholic University	President of the Company, director and president of PACC, and supervisor of Nan-Chung Petrochemical and De Xing Investment Company	N/A	N/A	N/A	N/A
Director of General Affairs Department	Taiwan R.O.C.	Hung-Yang Wu	Male	2009.09.01	0	0	0	0	0	0	Department of Agricultural Machinery Engineering at National Chung Hsing University	Assistant vice president of the Company and director of PACC, Nan-Chung Petrochemical, Taiwan Filament Weaving Development, and De Xing Investment Company	N/A	N/A	N/A	N/A
Chief financial officer	Taiwan R.O.C.	Po-Nien Lin	Male	2005.04.01	20,928	0.00%	0	0	0	0	Department of Economics, National Taiwan University	The Taichung Bank Securities Inv. Trust Co., Ltd. directors and Nan Chung Petrochemical Corporation supervisors.	N/A	N/A	N/A	N/A
Chief accountant	Taiwan R.O.C.	Tzu-Wei Huang	Female	2022.6.13	0	0	0	0	0	0	Department of Public Finance and Tax Administration, National Taipei University of Business	N/A	N/A	N/A	N/A	N/A
Corporate Governance Officer	Taiwan R.O.C.	Lai-Hsiang, Tsai	Female	2024.8.13	197	0.00%	0	0	0	0	Audit, Wan Tai Commercial Bank; Department of Business Administration, National Taiwan University.	Appointed by the Company as the Corporate Governance Officer of Pan Asia Chemical Corporation.	N/A	N/A	N/A	N/A

II. Remuneration paid to Directors, President and Vice President in the most recent year

1. Remuneration of directors and independent directors

Unit: NT\$ thousand/ thousand shares

Title	Name	Remuneration to Directors								The sum of A, B, C, and D and as a percentage of net profit after tax		Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G and as a percentage of net profit after tax (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		Director fees (A)		Pension (B)		Remuneration to directors (C)		For services (D)				Salaries, bonus and special subsidies (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
																Cash	Stock	Cash	Stock			
Institutional Director	Chuang Chien Investment Co., Ltd.	0	0	0	0	43.58	632	0	0	43.58 0.002	632 0.023	0	0	0	0	0	0	0	0	43.58 0.002	632 0.023	0
	Pan Asia Investment Corporation	0	0	0	0	43.58	43.58	0	0	43.58 0.002	43.58 0.002	0	0	0	0	0	0	0	0	43.58 0.002	43.58 0.002	0
Director	Kuei-Shiang Wang	3,324	3,324	0	0	0	0	0	0	3,324 0.12	3,324 0.12	0	0	0	0	0	0	0	0	3,324 0.12	3,324 0.12	0
	Ming-Shan Chuang	1,190	1,190	0	0	0	0	0	0	1,190 0.043	1,190 0.043	0	0	0	0	0	0	0	0	1,190 0.043	1,190 0.043	0
	Kuei-Fong Wang	0	1,255	0	0	0	0	0	1,220	0	2,475 0.090	0	0	0	0	0	0	0	0	2,475 0.090	0	
	Ming-Hsiung Huang	0	0	0	0	0	0	0	0	0	0	0	1,208	0	58	0	0	0	0	0	1,266 0.046	0
	Hung-Yang Wu	0	0	0	0	0	0	0	0	0	0	1,489	1,489	66	66	36	0	36	0	1,591 0.058	1,591 0.058	0
	Jeh-Yi Wang	0	0	0	0	0	0	0	0	0	0	0	2,318	0	0	0	0	127	0	0	2,445 0.089	0
	Ya-Chi Lin	0	0	0	0	0	0	0	0	0	0	732	732	38	38	36	0	36	0	806 0.029	806 0.029	0
	Independent t director	Te-Wei Li	450	450	0	0	0	0	0	0	450 0.016	450 0.016	0	0	0	0	0	0	0	0	450 0.016	450 0.016
Li-Yeh Hsu	450	450	0	0	0	0	0	0	0	450 0.016	450 0.016	0	0	0	0	0	0	0	0	450 0.016	450 0.016	0
Chih-Ming Shih	450	450	0	0	0	0	0	0	0	450 0.016	450 0.016	0	0	0	0	0	0	0	0	450 0.016	450 0.016	0

- Please describe the policy, systems, standards and structure of remuneration of independent directors; also, describe the relationship with the amount of remuneration according to the responsibilities, risks and invested time:
Pursuant to the provisions set forth in Article 40 of the Articles of Incorporation, the Company shall appropriate 1% to 5% of its profits of the respective year as employee compensations. The board of directors shall determine the distribution ratios and methods (stocks or cash) and may appropriate a sum not exceeding 0.05 % of the aforementioned profits as director compensations. The amount of director compensations shall be adjusted in line with variations in pre-tax income. No director compensations were paid out due to a recorded loss this year. Directors therefore only received their fixed salaries, which is deemed reasonable.
- Pay for services (such as non-employee consultant for the parent company/all of the companies in the financial statements/non-consolidated affiliates) specified in the financial statements provided by directors in the most recent year not specified above: none.

2. Remuneration to the President and Vice President

Unit: NT\$ thousand/ thousand shares

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc (C)		Remuneration to employees (D)				The sum of A, B, C, and D and as a percentage of net profit after tax (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
President	Jeh-Yi Wang (Note 1)	0	1,580	0	0	0	738	0	0	127	0	0	2,445 0.089	0

Note 1: Jeh-Yi Wang is the President of the Company and only receives the compensation as the President of the consolidated companies.

3. Individual remuneration paid to each of the top five management personnel

Unit: NT\$ thousand/ thousand shares

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc (C)		Remuneration to employees (D)				The sum of A, B, C, and D and as a percentage of net profit after tax (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
President	Jeh-Yi Wang (Note 1)	0	1,580	0	0	0	738	0	0	127	0	0	2,445 0.089	0
Assistant VP	Hung-Yang Wu	1,004	1,004	66	66	485	485	36	0	36	0	1,591 0.058	1,591 0.058	0
Vice Chairman	Ming-Shan Chuang	931	931	0	0	259	259	0	0	0	0	1,190 0.043	1,190 0.043	0
Chief financial officer	Po-Nien Lin	824	824	55	55	159	159	0	0	0	0	1,038 0.038	1,038 0.038	0
Chief Plant Manager	Ming-Hsien Tsai	1,113	1,113	23	23	349	349	0	0	0	0	1,485 0.054	1,485 0.054	0

Note 1: Jeh-Yi Wang is the President of the Company and only receives the compensation as the President of the consolidated companies.

Names of managers who distribute employees' remuneration and the distribution Unit: NT\$ thousand/thousand shares

	Title	Name	Stock	Cash	Total	As a percentage of net profit after tax (%)
Manager	Assistant VP	Hung-Yang Wu	0	0	0	0
	Chief accountant	Tzu-Wei Huang				
	Chief financial officer	Po-Nien Lin				
	Corporate Governance Officer	Lai-Hsiang Tsai (Note 1)				
	Corporate Governance Officer	Bing-Ru Wu (Note 1)				

Note 1: Lai-Hsiang Tsai was appointed as the new Manager and Corporate Governance Officer by resolution of the 13th meeting of the 27th Board of Directors on August 13, 2024. The original Corporate Governance Officer, Manager Bing-Ju Wu, was relieved of his duties.

4. Analysis of remunerations paid in the most recent two years by the Company and all companies included in the consolidated financial statements to the Company's Directors, supervisors, President and Vice Presidents as a percentage of net profit after tax and describe the remuneration policy, standards and packages, the procedures for determining remuneration and their link to business performance and future risks.
 - (1) Analysis of remunerations paid in the most recent two years by the Company and all companies included in the consolidated financial statements to the Company's Directors, supervisors, President and Vice Presidents as a percentage of net profit after tax:
 - A. The total remuneration for all directors of the Company in 2024 amounted to NT\$8,348 thousand, accounting for 30.33% of the 2024 net income after tax. In 2023, total remuneration was NT\$7,569 thousand, representing (0.48%) of the 2023 net loss after tax.
 - B. The total remuneration for all presidents and vice presidents of the Company in 2024 was NT\$0, representing 0% of the 2024 net income after tax. In 2023, the total remuneration was NT\$2,604 thousand, accounting for (0.16%) of the 2023 net loss after tax.
 - C. For all entities included in the consolidated financial statements, the total remuneration for all directors in 2023 was NT\$29,196 thousand, representing (1.84%) of the 2023 net loss after tax; the remuneration for all presidents and vice presidents was NT\$2,604 thousand, representing (0.16%) of the 2023 net loss after tax.
 - D. Please refer to page 14 for the 2024 information.
 - (2) The remuneration policy, standards and packages, the procedures for determining remuneration and their link to business performance and future risks.
 - A. Remuneration policy, standards and packages
 - a. According to Article 22 of the Articles of Incorporation, the Board is authorized to determine the remuneration of Independent Directors in accordance with the level of participation of Independent Directors in the Company's operations and the value of their contributions with reference to the level commonly paid in the same industry. In addition, the remuneration of the Company's Directors and managers is reported to the Remuneration Committee, then proposed to the Board for discussion, and the distribution shall be made after it is approved by the Board.
 - b. In accordance with Article 40 of the Articles of Incorporation, if the Company has a profit for the year, the Company may allocate no more than 0.3% as the remuneration of Directors and supervisors based on a resolution of the Board, and the distribution proposal shall be proposed to the shareholders' meeting for approval before distribution.
 - c. Except for receiving transportation allowances based on the actual attendance for Audit Committee meetings and Remuneration Committee meetings, Directors do not receive transportation allowances for attending Board meetings.
 - B. Procedures for determining remuneration
 - a. The Company's Remuneration Committee regularly evaluates the remuneration policy and system for Directors, President and Vice Presidents, and reviews and evaluates long-term bonuses, year-end bonuses, annual salary adjustments, evaluation ratio, and other material issues with reference to the standards within the industry. The measurement basis and scope of evaluation include net profit before tax, business management performance, implementation results of internal control, customer satisfaction, corporate governance evaluation, and other indicators in the standards.
 - b. The measurement basis and scope of evaluation of the President include net profit before tax, business management performance, implementation results of internal control, customer satisfaction, corporate governance evaluation as the achievement rate indicators. In addition, the individual "annual work targets"

include the achievement status of financial indicators and non-financial indicators. After comprehensive considerations and evaluations, the remuneration amount will be proposed to the Remuneration Committee and reported to the Board for a resolution.

- C. Link to business performance and future risks
- a. The examination of the payment standards and systems of the Company's remuneration adopts the overall operating status as the main consideration to approve the payment standards based on the performance achievement rates and the level of contribution apart from the regular Remuneration Committee meetings so as to improve the overall organizational/team functions of the Board and management departments. In addition, the Company refers to the remuneration standards within the industry to ensure the remuneration of the management of the Company is competitive to retain outstanding management talents.
 - b. The performance targets of the President and Vice Presidents are linked to "risk control" to ensure risks within their scope of duties may be managed and prevented, and are linked to relevant human resources and relevant remuneration policies with the evaluation results based on the actual performance. Material decisions of the management are made after measuring various risk factors, and the performance of relevant decisions is reflected in the profit of the Company; therefore, the remuneration of the management is related to the risk control performance.
 - c. The remuneration paid to by the Company and its subsidiaries to the President and Vice Presidents includes the fixed salary. In addition, according to the Article 40 of the Articles of Incorporation, if the Company records profit of the year, it shall appropriate 1% to 5% as the employees' remuneration, and the Board shall resolve the distribution ratio and the distribution method (in shares or in cash), which includes the remuneration paid to the President and Vice Presidents. Their business management performance and collectible cash are correlated, or the shares distributed are related to the future stock prices; that is, they jointly assume the future operating risks with the Company.

III. Corporate governance

(I) Board of Directors Operational Status:

6 Board meetings were held in 2024, and the attendance of Directors is as follows:

Title	Name	Actual number of attendance	Attend through proxy	Attendance rate (%)	Remark
Chairman	Kuei-Shiang Wang	6	0	100	N/A
Vice Chairman	Ming-Shan Chuang	6	0	100	N/A
Managing Director (Independent director)	Te-Wei Li	5	1	83.33	Please see the following page for the details of attendance at each Board meeting in 2024.
Independent director	Li-Yeh Hsu	6	0	100	Please see the following page for the details of attendance at each Board meeting in 2024.
Independent director	Chih-Ming Shih	6	0	100	Please see the following page for the details of attendance at each Board meeting in 2024.
Director	Kuei-Fong Wang	0	0	0	Dismissed on February 26, 2024; no attendance was required.
Director	Ming-Hsiung Huang	6	0	100	N/A
Director	Jeh-Yi Wang	5	1	83.33	N/A
Director	Hung-Yang Wu	6	0	100	N/A
Director	Ya-Chi Lin	6	0	100	Appointed on February 26, 2024; required to attend 6 meetings.

Other notes:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:

(I) Matters set out in Article 14-3 of the Securities and Exchange Act:

March 3, 2024 (10th Meeting of the 27th Board): Discussed the Company's 2023 Internal Control System Statement, 2023 standalone financial statements, consolidated financial statements and business report, 2023 deficit compensation proposal, procurement of a batch of cogeneration plant fuel equipment, amendments to the "Audit Committee Charter," "Board Meeting Rules," and "Compensation Committee Charter." All attending independent directors raised no objections, and the motions were approved as proposed.

May 13, 2024 (11th Meeting of the 27th Board): Discussed the sale of Taichung Commercial Bank Co., Ltd. stock, the Q1 2024 consolidated financial statements, revisions to internal control and audit procedures for "Sustainability Report Preparation and Assurance Procedures" and "Shareholder Services Internal Control System," and the lease agreements for the Sanchong building with Formosa Imperial Wineseller Corp. and Storm Entertainment. All attending independent directors raised no objections, and the motions were approved as proposed.

June 17, 2024 (12th Meeting of the 27th Board): Discussed the proposal for the Company to construct a residential building via self-owned land joint development in Wugu 1st Section, Sanchong District, New Taipei City. All attending independent directors raised no objections, and the motion was approved as proposed.

August 12, 2024 (13th Meeting of the 27th Board): Discussed the proposal to lend funds to NAN CHUNG PETROCHEMICAL CORPORATION, the Q2 2024 consolidated financial statements, the retirement and replacement of CPA Su-Huan Yu, the change of audit supervisor, and the renewal of the procurement agreement with Jih Yao United Trading. All attending independent directors raised no objections, and the motions were approved as proposed.

November 11, 2024 (14th Meeting of the 27th Board): Discussed the Q3 2024 consolidated financial statements, appointment of Deloitte Taiwan as the auditor for 2024, the 2025 internal audit plan, a lease agreement with Lay Coffee Co., LTD., and a residential joint development project with WE & WIN Development. All attending independent directors raised no objections, and the motions were approved as proposed.

December 23, 2024 (15th Meeting of the 27th Board): Discussed a lease agreement with Bang Yu and the establishment of internal control and audit procedures for sustainability information management. All attending independent directors raised no objections, and the motions were approved as proposed.

(II) Except for the aforementioned matters, any other resolutions of the Board to which Independent Directors objected or had reservations that were recorded or stated in a written statement: None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:

On August 12, 2024, when discussing the proposal to lend funds to NAN CHUNG PETROCHEMICAL CORPORATION, Chairperson Kuei-Shiang Wang, Director Hung-Yang Wu, and Director Chieh-I Wang recused themselves due to conflicts of interest. Regarding the 2024 salary adjustment proposal for insiders, Director Hung-Yang Wu recused himself due to a personal conflict of interest. In the discussion of the renewal of the procurement agreement with Jih Yao United Trading, Chairperson Kuei-Shiang Wang recused himself due to a personal conflict of interest.

On November 11, 2024, when discussing the lease agreement with Lay Coffee Co., LTD., Director Ya-Chi Lin recused herself due to a personal conflict of interest.

On December 23, 2024, when discussing the lease agreement with Bang Yu, Chairperson Kuei-Shiang Wang recused himself due to a personal conflict of interest. Regarding the 2024 year-end bonus proposal for insiders, Chairperson Kuei-Shiang Wang, Vice Chairperson

Ming-Shan Chuang, Director Hung-Yang Wu, and Director Ya-Chi Lin recused themselves due to personal conflicts of interest.

III. TWSE/TPEX-Listed Companies shall disclose the evaluation cycles, periods, scope, methods, and contents for self (or peer) evaluation of the Board and fill out the implementation status of the Board evaluation in table 2(2):

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Scoring results
2024	2024.01.01 - 2024.12.31	Board of directors	The board meeting units carried out evaluations based on the actual board operation status	There are five aspects, which are described as follows: 1) Level of participation in company operations 2) Enhancement of the board decision quality 3) Board composition and structure 4) Director election and continuing education 5) Internal control.	The total score is 4.40 points, and the evaluation results are excellent. The evaluation results show that Board's overall operations are quite comprehensive, which is in line with the corporate governance.
2024	2024.01.01 - 2024.12.31	Individual board of directors	Self-assessment by respective boards of directors.	They are divided into six aspects, as described below: 1) Firm grasp of company goals and missions 2) Clear understanding of director responsibilities 3) Level of participation in company operations 4) Management of internal relations and communication 5) Professionalism and continuing education of directors 6) Internal control.	The overall average score is 4.68, and the evaluation results are excellent. The evaluation results show that the company directors have positive evaluations of the various assessment indicators' operational efficiency and effectiveness.
2024	2024.01.01 - 2024.12.31	Audit Committee members	Self-evaluation of the respective Audit Committee members	There are five aspects, which are described as follows: 1) Level of participation in company operations 2) Clear understanding of the responsibilities of functional committees 3) Improvement of the decision-making quality of the functional committee 4) Improvement of the quality of the functional committee's decision-making 5) Internal control.	The overall average score is 4.63, and the evaluation results are excellent. The evaluation results show that the Audit Committee members have positive evaluations of the various assessment indicators' operational efficiency and effectiveness.
2024	2024.01.01 - 2024.12.31	Remuneration Committee members	Self-evaluation of the respective Remuneration Committee members	There are five aspects, which are described as follows: 1) Level of participation in company operations 2) Clear understanding of the responsibilities of functional committees 3) Improvement of the decision-making quality of the functional committee 4) Improvement of the quality of the functional committee's decision-making 5) Internal control.	The overall average score is 4.67, and the evaluation results are excellent. The evaluation results show that the Remuneration Committee have positive evaluations of the various assessment indicators' operational efficiency and effectiveness.

Note: The evaluation results have been submitted to the Board for approval and archiving on March 3, 2025.

IV. The objective of enhancing the occupational function of the Board of Directors in current year and the most recent year, and assessing its implementation: Not evaluated.

Supplementary notes: Details of attendance at each Board meeting in 2024

2024	1st meeting	2nd meeting	3rd meeting	4th meeting	5th meeting	6th meeting
Te-Wei Li	◎	◎	◎	☆	◎	◎
Li-Yeh Hsu	◎	◎	◎	◎	◎	◎
Chih-Ming Shih	◎	◎	◎	◎	◎	◎

◎: Attended in person ☆: Attended by proxy

(II) The operation of the Auditing Committee
Seven Audit Committee meetings were held in 2024, and the attendance (presence) of Independent Directors is as follows:

Title	Name	Actual number of attendance	Attend through proxy	Attendance rate (%)	Remark
Independent director	Te-Wei Li	7	0	100	N/A
Independent director	Li-Yeh Hsu	7	0	100	N/A
Independent director	Chih-Ming Shih	7	0	100	N/A
<p>Other notes:</p> <p>I. If the operation of the Audit Committee is under any of the following circumstances, the date, term, proposal content, independent directors' dissenting opinions, reserved opinions or significant recommendations, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:</p> <p>(I) Matters set out in Article 14-5 of the Securities and Exchange Act:</p> <p>March 4, 2024 (12th Meeting of the 3rd Committee): Discussed the 2023 Internal Control System Statement, 2023 standalone financial statements, 2023 consolidated financial statements, and business report; the 2023 deficit compensation proposal; the procurement of a batch of fuel equipment for Cogeneration Plant No. 1; revisions to the "Audit Committee Charter," "Board Meeting Rules," and "Remuneration Committee Charter." Agreed to submit to the Board for discussion.</p> <p>April 23, 2024 (13th Meeting of the 3rd Committee): Discussed the leasing of the Sanchong China Man-Made Fiber Building to Pan Asia Chemical Corporation, Formosa Imperial Wineseller Corp., and Chou Chin Industrial Co., Ltd. Approved the appointment of Independent Director Chih-Ming Shih as signing representative.</p> <p>May 13, 2024 (14th Meeting of the 3rd Committee): Discussed the sale of Taichung Commercial Bank Co., Ltd. shares, the Q1 2024 consolidated financial statements, revisions to the "Sustainability Report Preparation and Assurance Procedure" and "Stock Affairs Internal Control System," and lease agreements with Formosa Imperial Wineseller Corp. and Storm Entertainment for the Sanchong Building. Agreed to submit to the Board for discussion. Also discussed the re-signing of the "pure water, electricity, steam, nitrogen" agreement with Pan Asia Chemical Corporation. Approved the appointment of Independent Director Chih-Ming Shih as signing representative.</p> <p>June 17, 2024 (15th Meeting of the 3rd Committee): Discussed the proposed construction of a residential building on Wugu Wang Section, Sanchong District, New Taipei City through self-owned land joint development. Agreed to submit to the Board for discussion.</p> <p>August 12, 2024 (16th Meeting of the 3rd Committee): Discussed the proposed loan to NAN CHUNG PETROCHEMICAL CORPORATION, Q2 2024 consolidated financial statements, replacement of CPA Su-Huan You due to retirement, change in chief auditor, and re-signing of the procurement agreement with Jih Yao Trading. Agreed to submit to the Board for discussion.</p> <p>November 11, 2024 (17th Meeting of the 3rd Committee): Discussed the Q3 2024 consolidated financial statements, audit fees for Deloitte for 2024, the 2025 internal audit work plan, lease agreement with Lay Coffee Co., LTD., and a residential joint development project with Lien Shang Development. Agreed to submit to the Board for discussion. Also discussed a tank leasing contract with Pan Asia Chemical Corporation. Approved the appointment of Independent Director Chih-Ming Shih as signing representative.</p> <p>December 23, 2024 (18th Meeting of the 3rd Committee): Discussed lease agreement with Bang Yu and the establishment of internal control and audit procedures for sustainability information management. Agreed to submit to the Board for discussion. Also approved the appointment of Independent Director Chih-Ming Shih as signing representative for the lease agreement with Bang Yu.</p> <p>(II) In addition to the aforementioned proposals, other proposals without approval of the Auditing Committee but passed by the Board with 2/3 of the Directors: None.</p> <p>II. With respect to the refusal for the conflicts of interest from proposals, the names of Independent Directors, details of the relevant proposals, reasons for the refusal due to conflicts of interest, and the participation in voting shall be specified: None.</p> <p>III. The Annual Work Focus of the Audit Committee:</p> <p>IV. The operations of the Audit Committee adheres by the main objectives of supervising the appropriate expression of the Company's financial statements, the independence and performance of CPAs' appointment (dismissal), the effective implementation of the Company's internal control, the Company's legal compliance, and the Company's risk control.</p> <p>(I) Review of Financial Statements The Board have prepared the 2024 Business Report, financial statement, and the proposal for earning distribution. The financial statements have been audited by Deloitte and Touche with the independent auditor's report issued. The above business reports, financial statements, surplus distribution cases have been deemed compliant upon inspection by the Audit Committee.</p> <p>(II) CPA Appointment (Dismissal) and Independence and Performance Evaluation Supervise the election (dismissal) of CPAs and evaluate their independence on a yearly basis. The evaluation report, together with the statement issued by CPAs, have been discussed by the Audit Committee on March 4, 2024 and submitted to and approved by the Board on March 4, 2024.</p> <p>(III) Evaluation of Internal Control System Effectiveness The bank's Board of Directors Audit Office shall review the respective departments' internal control system self-</p>					

inspection reports. They along with the internal control deficiencies and abnormal mater improvement situations found by the Audit Office shall serve as references for the management level to evaluate the overall internal control system effectiveness and the Statement of Internal Control presented. In addition, the Audit Committee shall evaluate the policies and procedures of the company's internal control system.

V. Performance of communications by and between independent directors, internal audit head and Certified Public Accountant(s) (should include the Company's financial, business operation affairs, issued, methods and outcomes of communications among them):

(I) Communication policies between Independent Directors and the Chief Internal Auditor and CPAs

There are direct communication channels between the independent directors and internal auditors, and the CPAs. Communications are in good status. The Chief Internal Auditor, based on the annual audit plan and implementation status, convenes the Audit Committee report meeting for interactions with the independent directors; The internal audit plan for the subsequent year will be proposed to the Audit Committee for review. Besides attending the Shareholders' meeting, the CPA will attend the meetings of Audit Committee, Board of directors or through other methods of meeting depending on the situation. The CPA will communicate and interact with the independent directors on the financial statements review or audit situation, or finance, taxation or internal control and related topics.

1. The Audit Office will send the audit report to the independent directors on a monthly basis based on the annual audit plan.
2. For the deficiencies discovered in the audit reports, the internal deficiencies and the improvement situations of the unusual matters need to be follow-up. Create the follow-up report for sending to Independent Directors on a quarterly basis.
3. If it is discovered of major violations situations or when it is suspected that the company may suffer from major damages, shall create a report immediately for submission for review and notify the independent directors.
4. When there are questions or instructions by the independent directors after reviewing the audit report, they will make a phone call to the Chief Internal Auditor to inquire or inform of handling.

In summary, the independent directors can understand the company's operation situations (including finance and business situations) and audit situations through the audit reports provided to them on a regular basis by the Audit Committee or Board of directors and audit unit. They can also make sufficient communications on the audit execution situation and performance, and maintain good communications with the CPAs through meetings and other channels (such as: telephone, fax, emails and so on).

(II) Summary of previous communications between independent directors and internal audit managers as following:

Date	Methods of communications	Targets in communications	Communication matters	Communicate results
2024/03/04	Roundtable Discussion	CPA	The CPA communicated and discussed key matters regarding the 2023 consolidated financial statements, including: audit scope and opinion, significant accounting policies, major accounting estimates and significant events or transactions, key audit matters, as well as corrected and uncorrected adjustments.	The independent directors have no comments on the current meeting.
2024/03/04	Audit Committee	Chief Internal Auditor	Audit operations report for 2023 Q4 and internal control system declaration for 2023.	The independent directors have no comments on the current meeting.
2024/05/13	Audit Committee	Chief Internal Auditor	2024 Q1 audit report and follow-up improvement report.	The independent directors have no comments on the current meeting.
2024/08/12	Audit Committee	Chief Internal Auditor	Audit operations report for 2024 Q2 and follow-up on deficiency improvements for the 2023 internal control system declaration of subsidiary Taichung Commercial Bank Co., Ltd..	The independent directors have no comments on the current meeting.
2024/11/11	Audit Committee	Chief Internal Auditor	1. Audit operations report for 2024 Q3 and follow-up on deficiency improvements and 2023 auditor recommendations. 2. The 2025 internal audit plan.	The independent directors have no comments on the current meeting.
2024/11/11	Roundtable Discussion	CPA	Auditor's communication on key matters related to the 2024 consolidated financial statements, including: the responsibilities of those charged with governance, group audit, audit scope and methodology, significant accounting policies, major accounting estimates and significant events or transactions, identified significant risks and key audit matters, and the IFRS Sustainability Disclosure Standards.	The independent directors have no comments on the current meeting.

(III) How The Company's actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why:
 * The Company

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
I. Will the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?		V	The Company has not yet developed the plan.	If there are regulatory or necessary considerations, the provisions of the relevant laws and other regulations shall apply.
II. Shareholding structure and shareholders' equity		V		
(I) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?			(I) The Company has not established any procedures. However, it has a spokesperson, an acting spokesperson and full-time shareholder services personnel responsible for handling recommendations or questions from shareholders and the official website also has an "Investor Relations" section to handle recommendations, suspicions, or disputes.	Insignificant difference.
(II) Does the Company possess a list of principal shareholders and beneficial owners of these principal shareholders?	V		(II) The Company constantly monitors the shareholdings of Directors, supervisors, managers or major shareholders with over 10% of shareholdings.	Meet the requirements.
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		(III) Transaction management of interested parties, endorsement and guarantee and capital loans between the Company and its affiliates are governed by rules, and there are internal control and audit measures developed in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, to monitor subsidiaries.	Meet the requirements.
(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(IV) The Company has established internal rules prohibiting insider trading on undisclosed information.	Meet the requirements.
III. The organization of the Board and their duties				
(I) Has the Board of Directors formulated and implemented a diversity policy on membership?	V		(I) The Board is composed of senior executives, each with different professional expertise and meeting the goals for diversification.	Meet the requirements.
(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?		V	(II) Will discuss the possibility of establishment based on the Company's actual business needs.	Insignificant difference.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(III) Has the Company established its Regulations for Performance Evaluation of the Board and the evaluation methods and conducted regular performance evaluations each year? Has the Company reported the results to the Board as the reference for individual Directors' remuneration and nomination for re-appointment?	V		(III) The Company has established a Board performance evaluation system, under which it conducts an internal self-assessment of the Board and individual directors once a year. The Board performance evaluation covers five key aspects: (1) the level of participation in the Company's operations, (2) the quality of Board decision-making, (3) Board composition and structure, (4) director selection and ongoing training, and (5) internal control. Individual director self-assessments cover six aspects: (1) understanding of the Company's goals and missions, (2) awareness of director responsibilities, (3) level of participation in the Company's operations, (4) management of internal relationships and communication, (5) professional expertise and ongoing training, and (6) internal control. The results of the aforementioned evaluations are reported to the Board and disclosed in the Company's annual report. In addition, relevant information has been disclosed through the Company's annual report, official website, or the Market Observation Post System (MOPS), including: (1) attendance of Board members at meetings, (2) Board meeting agenda items and resolutions, (3) director training records, and (4) changes in directors' shareholdings (including shareholding ratios, share transfers, and the establishment of pledges) (please refer to MOPS). The evaluation results were reported to the Board on March 3, 2025, and disclosed publicly. They serve as a reference for determining individual directors' remuneration and renomination.	Meet the requirements.
(IV) Will the Company have the independence of the public accountant evaluated regularly?	V		(IV) The Audit Committee evaluates the independence and adequacy of CPAs each year, requests CPAs to provide the "Statement of Independence" and "audit quality indicators (AQIs)," and carries out the evaluation based on the standards in (Note 1) and the 13 AQIs. It has been confirmed that, apart from attestation and tax-related service fees, the non-audit services provided by the CPA do not impair their independence. The CPA's family members are	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			also in compliance with independence requirements. In addition, based on the AQI (Audit Quality Indicators) information, the CPA and the accounting firm demonstrate a lower turnover rate among senior personnel and superior quality control compared to the industry average. The firm has also continued to adopt digital auditing tools to enhance audit quality. The evaluation results of the most recent year have been discussed by the Audit Committee and resolved by the Board on March 3, 2025 to approve that CPAs Shu-Lin Liu and Pan-Fa Wang from Deloitte and Touche comply with the independence evaluation standards of the Company.	
IV. Has the Company designated an adequate number of corporate governance personnel with appropriate qualifications and appointed a Corporate Governance Officer as the most senior officer in charge of corporate governance affairs (including, but not limited to, provision of data required for the execution of relevant operations by the Directors, assistance in legal compliance by Directors, handling of matters pertaining to Board meetings and shareholders meetings pursuant to relevant laws and preparation of minutes for Board meetings and shareholders' meetings)?	V		<p>The Company set up the Corporate Governance Officer in 2019, and the Board resolved to approve to appoint manager Lai-Hsiang Tsai as the Corporate Governance Officer on August 12, 2024. The manager has more than three years of experience as an audit department supervisor in public companies.</p> <p>Corporate governance-related matters include, but are not limited to, the following:</p> <ol style="list-style-type: none"> 1. Conduct board of directors meeting and shareholders' meeting related matters by law. 2. Produce minutes of board meetings and shareholder meetings. 3. Assist directors in taking office and continuing education. 4. Provide the board of directors with information needed for implementing businesses. 5. Assist the board of directors in legal compliance. 6. Report to the Board on whether the qualification of Independent Directors complies with the examination results based on relevant laws and regulations at the time of nomination, election, and during the term of office. 7. Matters with regard to the change in Directors. 8. Other matters set in accordance with laws and regulation, company regulations, or contracts. <p>Corporate governance business implementation situations:</p> <ol style="list-style-type: none"> 1. Assist in board of directors meeting and shareholders' meeting procedures and resolved legal compliance matters: 	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>(1) Report the corporate governance operation situations to the board of directors, independent directors, or the Audit Committee. Confirm if shareholders' meetings and board of directors' meetings convened are in line with relevant laws and norms in the Code for Corporate Governance.</p> <p>(2) Assist in and remind directors in legal compliance at the time of implementing businesses or upon official resolution by the board of directors. Suggestions shall be proposed upon board resolution of violations.</p> <p>(3) Responsible for reviewing the release of major information on important Board resolutions after the meeting. This is to ensure the compliance and correctness of important information contents and protect the equivalence of investors' transaction information.</p> <p>2. Pursuant to the legally prescribed time limits, advance registration of the date of the shareholders meeting, uploading of the meeting notice and handbook 30 days in advance, and provision of meeting minutes within 20 days after the meeting.</p> <p>3. Board of directors and Audit Committee related matters:</p> <p>(1) Agenda for the board and audit committee and other meeting information are submitted to the directors 7 days before the meeting, and the meeting minutes are completed within 20 days after the meeting.</p> <p>(2) The meeting standards have specified terms on recusal. Directors are reminded of recusal whenever topics presented have any conflict of interests.</p> <p>(3) Compile the resolutions and statements from the proceedings of each meeting, and monitor the follow-up responsive measures taken by the relevant unit and report them.</p> <p>4. Support directors:</p> <p>(1) All directors have completed the required hours of continuing professional education pursuant to the Directions for the Implementation of Continuing</p>	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>Education for Directors and Supervisors of TWSE and TPEX Listed Companies and receive constant assistance in continuing education.</p> <p>(2) Continue to advocate compliance with the laws and regulation by the Board.</p> <p>(3) In July, September, and November 2024, regulatory briefings were held for directors, managers, and other insiders to relay announcements from the Taipei Exchange regarding common deficiencies observed in insider shareholding changes.</p> <p>5. In order to establish sound corporate governance, assist the board of directors in performing duties and enhance the effectiveness of the board of directors, the company has set up the "Standard Operating Procedures for Handling Demands by Directors" in order to ensure the board procedures, all applicable laws and regulations, and rules are complied with and ensure sound information exchange among board members and between directors and the management department.</p> <p>Continuing education of the Corporate Governance Officer: Please refer to the description of the continuing education of the Corporate Governance Officer in the annual report. (Note 2)</p>	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V		The Company offers communication channels for various entities (including interested parties) based on different circumstances, and they can be found on the Company's website. (Website: http://www.cmfc.com.tw).	Meet the requirements.
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?		V	The shareholder services of the Company are handled by specialized personnel, and the services are regularly audited by both the internal and external organizations and meet all requirements.	For the purpose of saving on operating cost, outsourcing is currently not considered.
VII. Disclosures (I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(I) The Company's financials and disclosures are disclosed on the Exchange's website in accordance with the regulations, and the annual reports are also published on the Company's official website. (URL: http://www.cmfc.com.tw and accessible via the Market Observation Post System).	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(II) Has the Company adopted other methods of information disclosure (e.g., setting up an English website, designating a dedicated personnel to be responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)?	V		(II) The Company has assigned personnel responsible for the collection of disclosed information and implemented the spokesperson practice.	Meet the requirements.
(III) Has the Company announced and declared its financial report within 2 months after the end of the fiscal year, and announced and declared the quarterly financial report of Q1, Q2, and Q3 and the monthly business report before the deadline?		V	(III) As the Company's paid-in capital exceeds NT\$10 billion, it is required to file its unaudited financial information electronically within 75 days after the end of each fiscal year. In accordance with Article 36 of the Securities and Exchange Act, the Company must also announce and file its financial reports within 45 days after the end of the first, second, and third quarters of each fiscal year, and by the 10th of each month, it must announce and file its operating results for the preceding month.	In conformity with relevant laws and regulations; currently not planned due to manpower allocation considerations.
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of Directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's Directors and supervisors) that are helpful in a better understanding of the corporate governance operation of the Company?	V		<u>Employees' rights and welfare</u> : To achieve sustainable operations and growth, the Company protects employees' welfare in accordance with the Labor Standards Act and other related measures and also establishes a Staff Welfare Committee to be responsible for various welfare measures to improve its overall care of employees. Examples include: employee travel subsidies, birthday gift vouchers, holiday bonuses, wedding allowances, funeral allowances, and other welfare subsidies. <u>Investor Relations</u> : The Company treats all its investors with fairness and openness. Shareholders meetings are held annually in accordance with the requirements of the Company Act and the relevant laws and regulations. Investors are notified of attendance to shareholders meetings and encouraged to participate in the resolutions of all proposals of the meetings. In order to ensure that shareholders have full rights to know, participate and decide on key issues of the Company, a spokesperson and an acting spokesperson are assigned to properly handle all recommendations, questions and disputes. <u>Supplier relationship</u> : maintain a good relationship based on the principle of good faith.	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<u>Rights of interested parties</u> : they can contact us through the mailbox on the official homepage or directly contact us. <u>Note: Continuing education of Directors and supervisors</u> : (Note 3) <u>Implementation of risk management policies and measurement criteria</u> : the Company has established various internal management regulations in accordance with the law and conducted various risk management and assessment to effectively control the risks of the Company's operations. <u>Implementation of customer policies</u> : The Company maintains a good relationship with its customers. <u>Purchase of liability insurance for directors and supervisors</u> : the Company has purchased insurance policies in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and disclosed them on the Market Observation Post System.	
IX. State of corrective action taken for responding to the results of the corporate governance assessment announced by Taiwan Stock Exchange Corporation in the Corporate Governance Center the most recent fiscal year, and the priority for improvement on issues pending further corrective action and related measures. 1. According to the 2023 (10th) Corporate Governance Evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, the Company ranked in the 61%–100% bracket among non-financial electronics companies with a market capitalization of over NT\$10 billion, consistent with the 2022 results. The Company scored on 42 items and did not score on 40 items. Among these, “Disclosure on the Company’s website or annual report of identified stakeholders, issues of concern, communication channels, and response mechanisms” was identified as a priority area for improvement, and relevant disclosures have been made on the Company’s website. 2. Since the promulgation of the 2024 (11th) evaluation results, the unscored indicators were listed as the prioritized strengthening items in corporate governance. In the future, corporate governance will continue to be improved, focusing on sustainable development.				

Note 1:

The table of comprehensive evaluation for the independence of CPAs:

Items for evaluation	Evaluation results	Compliance with independence
Evaluate whether the appointed CPAs have direct or indirect significant financial interest with the Company.	None	Yes
Evaluate whether the appointed CPAs have significant abnormal borrowings from the Company.	None	Yes
Evaluate whether there are business relationships between the appointed CPAs and the Company, Directors, supervisors, or managers that may affect the independence.	None	Yes
Evaluate whether the appointed CPAs have served as the Directors, supervisors, managers, or positions that have direct and significant influence on the audit work of the Company, and whether their family members have served as the Directors, supervisors, managers, or positions	None	Yes

that have direct and significant influence on the audit work of the Company in the most recent two years.		
Evaluate whether the appointed CPAs are spouses, direct blood relatives, direct in-laws, or blood relatives within the second degree of kinship with the Company's Directors, supervisors, or managers.	None	Yes
Evaluate whether the appointed CPAs accept the appointment with contingent fees.	None	Yes
Evaluate whether the appointed CPAs accept presents or gifts with significant value from the Directors, supervisors, managers, or major shareholders of the Company.	None	Yes
Evaluate whether the appointed CPAs are involved in litigation with the Company.	None	Yes
Evaluate the impact of the concurrent provision of audit services and non-audit services by the CPA's firm on its independence.	Deloitte and Touche mainly provides services such as financial statement audit, income tax certification, and project review of the Company without affecting its independence.	In 2024, the Company did not engage Deloitte for any non-audit fee-based services that would affect the auditors' independence.

The table of evaluation for the adequacy of CPAs:

Evaluation indicators	Specific indicators	Evaluation standards	Remark
Compliance with relevant laws and regulations and requirements	Audits of financial statements (including consolidated financial statements)	Issuance of the independent auditor's report within three months after the end of the year according to Article 36 of the "Securities and Exchange Act"	The financial statements certification for 2023 was completed on March 4, 2024
	Assessment of profit-seeking enterprise income tax returns	Issuance of tax certification reports in accordance with the "Regulations Governing the Review and Certification of Income Tax Returns by CPA Engaged by Profit-seeking Enterprises," the "Regulations Governing Assessment of Profit-seeking Enterprise Income Tax," and other relevant laws and regulations	The tax certification for 2023 was completed on June 30, 2024
	Review of interim financial statements	Issuance of the review reports within 45 days after the end of Q1, Q2, and Q3 according to Article 36 of the "Securities and Exchange Act"	Completed within the deadline for each quarter in 2024: Issued on May 13, 2024 Issued on August 12, 2024 Issued on November 11, 2024
	Review of documents related to affiliated companies	Issuance of review opinion based on Letter Tai-Cai-Zheng No. 04449 and the "Guidelines for the Review of Consolidated Financial Statements of Affiliated Companies"	The CPAs issued a review opinion on the relationship report on March 4, 2024
	Review of annual reports	The CPAs reviewed the annual report issued by the Company in accordance with the "Regulations Governing Information to be Published in Annual Reports of Public Companies"	The CPAs completed the review of the 2023 annual report in March 2024

Note 2: Continuing education of the Corporate Governance Officer

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Corporate Governance Officer	Lai-Hsiang, Tsai	Taiwan Securities Exchange Corporation	2024 WIW Forum Thematic Lecture: “A Duet of Digital Finance and Sustainable Finance Amid the AI Boom”	3	Yes
		Taiwan Securities Exchange Corporation	Sustainability Knowledge Empowerment Program – Non-Electronics Industry	6	Yes
		Taiwan Securities Exchange Corporation	GHG Protocol Corporate Standard and Scope 3 Standard Awareness Course	7	Yes

Note 3: Continuing education of Directors

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Independent director	Te-Wei Li	Corporate Governance Association in Taiwan	Latest Trends in Corporate Governance Evaluation Indicators Every Director and Supervisor Should Know—Intellectual Property Management	3	Yes
		Corporate Governance Association in Taiwan	Corporate M&A Regulations: Practices and Case Studies Analysis	3	Yes
Independent director	Li-Yeh Hsu	Corporate Governance Association in Taiwan	Latest Trends in Corporate Governance Evaluation Indicators Every Director and Supervisor Should Know—Intellectual Property Management	3	Yes
		Corporate Governance Association in Taiwan	Corporate M&A Regulations: Practices and Case Studies Analysis	3	Yes
Independent director	Chih-Ming Shih	Corporate Governance Association in Taiwan	Global Trends and Risk Management in Digital Innovation Technology and Artificial Intelligence Development	3	Yes
		Corporate Governance Association in Taiwan	The Value of Corporate Non-Financial Performance and Climate-Related Disclosures—Global Trends and Response Strategies	3	Yes
Director	Hung-Yang Wu	Insurance Business Development Center	ESG Sustainability Trends and Implementation of Responsible Investment	3	Yes
Director	Ya-Chi Lin	Corporate Governance Association in Taiwan	How to Draw a Corporate Sustainability Roadmap	3	Yes
		Securities and Futures Development Foundation	2024 Insider Equity Transaction Legal Compliance Advocacy and Briefing Session	3	Yes
		Corporate Governance Association in Taiwan	The New Era of Artificial Intelligence: How ChatGPT is Reshaping Industry Trends	3	Yes

*Consolidated companies

1. Pan Asia Chemical Corporation

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
I. Will the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?		V	The Company has not yet developed its own "Corporate Governance Best Practice Principles."	If there are regulatory or necessary considerations, the provisions of the relevant laws and other regulations shall apply.
II. Shareholding structure and shareholders' equity		V		
(I) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?			(I) The Company has a spokesperson, an acting spokesperson and full-time shareholder services personnel responsible for handling recommendations or questions from shareholders and the official website also has an "Investor Relations" section to handle recommendations or disputes.	The difference is as stated in the summary, and the practice is mostly compliant.
(II) Does the Company possess a list of principal shareholders and beneficial owners of these principal shareholders?	V		(II) The Company constantly monitors the shareholdings of Directors, managers or major shareholders with over 10% of shareholdings.	Meet the requirements.
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		(III) Transaction management of interested parties, endorsement and guarantee and capital loans between the Company and its affiliates are governed by rules, and there are internal control and audit measures developed in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, to monitor subsidiaries.	Meet the requirements.
(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(IV) In order to maintain the fairness in the securities trading market, the Company has established the "Procedures to Prevent Insider Trading" and the "Procedures for Handling Material Inside Information."	Meet the requirements.
III. The organization of the Board and their duties				
(I) Has the Board of Directors formulated and implemented a diversity policy on membership?	V		(I) The Company values diversification of the board composition, and members are generally equipped with knowledge, skills and competencies necessary to perform their duties.	Meet the requirements.
(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee		V	(II) Will discuss the possibility of establishment based on the Company's actual business needs.	The difference is as stated in the summary, and the practice is

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
lawfully, have other functional committee set up voluntarily?				compliant.
(III) Has the Company established its Regulations for Performance Evaluation of the Board and the evaluation methods and conducted regular performance evaluations each year? Has the Company reported the results to the Board as the reference for individual Directors' remuneration and nomination for re-appointment?	V		(III) The Company has established a Board performance evaluation system, under which it conducts an internal self-assessment of the Board and individual directors once a year. The Board performance evaluation covers five key aspects: (1) the level of participation in the Company's operations, (2) the quality of Board decision-making, (3) Board composition and structure, (4) director selection and ongoing training, and (5) internal control. Individual director self-assessments cover six aspects: (1) understanding of the Company's goals and missions, (2) awareness of director responsibilities, (3) level of participation in the Company's operations, (4) management of internal relationships and communication, (5) professional expertise and ongoing training, and (6) internal control. The results of the aforementioned evaluations are reported to the Board and disclosed in the Company's annual report. In addition, relevant information has been disclosed through the Company's annual report, official website, or the Market Observation Post System (MOPS), including: (1) attendance of Board members at meetings, (2) Board meeting agenda items and resolutions, (3) director training records, and (4) changes in directors' shareholdings (including shareholding ratios, share transfers, and the establishment of pledges) (please refer to MOPS). The evaluation results were reported to the Board on March 3, 2025, and disclosed publicly. They serve as a reference for determining individual directors' remuneration and renomination.	Meet the requirements.
(IV) Will the Company have the independence of the public accountant evaluated regularly?	V		(IV) The Audit Committee evaluates the independence and adequacy of CPAs each year, requests CPAs to provide the "Statement of Independence" and "audit quality indicators (AQIs)," and carries out the evaluation based on the standards in (Note 1) and the 13 AQIs. In addition to the fees for certification and taxation matters, as	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			confirmed, there was no other financial benefits or business relationships, and family members of CPAs also comply with the independence requirements. With reference to AQLs, it is confirmed that CPAs and their firm have equivalent audit experience with their peers and are more favorable than the average level within the industry in terms of quality control. In addition, digital audit tools are continued to be introduced to improve the audit quality. The evaluation results of the most recent year have been discussed by the Audit Committee and resolved by the Board to approve the evaluation of the CPAs' independence and adequacy on March 3, 2025.	
IV. Has the listed company designated an adequate number of corporate governance personnel with appropriate qualifications and appointed a Corporate Governance Officer as the most senior officer in charge of corporate governance affairs (including but not limited to the provision of data required for the execution of relevant operations by the Directors and supervisors, assistance in legal compliance of Directors, handling matters pertaining to Board meetings and shareholders' meetings pursuant to relevant laws, and preparation of minutes for Board meetings and shareholders' meetings)?	V		<p>IV The Company has designated representatives from each department to handle corporate governance matters. On March 15, 2021, the Board of Directors resolved to appoint a Corporate Governance Officer, a role concurrently held by Accounting Manager Yu-Tao Wen. Effective August 13, 2024, the position has been reassigned to Lai-Hsiang Tsai, as designated by the parent company.</p> <p>Corporate governance-related matters include, but are not limited to, the following:</p> <ol style="list-style-type: none"> 1. Conduct board of directors meeting and shareholders' meeting related matters by law. 2. Produce minutes of board meetings and shareholder meetings. 3. Assist directors in taking office and continuing education. 4. Provide the board of directors with information needed for implementing businesses. 5. Assist the board of directors in legal compliance. 6. Report to the Board on whether the qualification of Independent Directors complies with the examination results based on relevant laws and regulations at the time of nomination, election, and during the term of office. 7. Matters with regard to the change in Directors. 	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>8. Other matters set according to company regulations or contracts.</p> <p>Corporate governance operation implementation situation:</p> <p>1. Assist in board of directors meeting and shareholders' meeting procedures and resolved legal compliance matters:</p> <p>(1) Report the corporate governance operation situations to the Board, Independent Directors, or the Audit Committee. Confirm if shareholders' meetings and Board meetings convened are in line with relevant laws and norms in the Code for Corporate Governance.</p> <p>(2) Assist in and remind directors in legal compliance at the time of implementing businesses or upon official resolution by the board of directors. Suggestions shall be proposed upon board resolution of violations.</p> <p>(3) Responsible for reviewing the release of major information on important Board resolutions after the meeting. This is to ensure the compliance and correctness of important information contents and protect the equivalence of investors' transaction information.</p> <p>(4) Report to the Board on whether the qualification of Independent Directors complies with the examination results based on relevant laws and regulations at the time of nomination, election, and during the term of office.</p> <p>2. Pursuant to the legally prescribed time limits, advance registration of the date of the shareholders meeting, uploading of the meeting notice and handbook 30 days in advance, and provision of meeting minutes within 20 days after the meeting.</p>	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>3. Board of directors and Audit Committee related matters:</p> <p>(1) Agenda for the board and audit committee and other meeting information are submitted to the directors 7 days before the meeting, and the meeting minutes are completed within 20 days after the meeting.</p> <p>(2) The meeting standards have specified terms on recusal. Directors are reminded of recusal whenever topics presented have any conflict of interests.</p> <p>(3) Compile the resolutions and statements from the proceedings of each meeting, and monitor the follow-up responsive measures taken by the relevant unit and report them.</p> <p>4. Support directors:</p> <p>(1) Continue assisting the board of directors in completing continuing education hours in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies."</p> <p>(2) Continue to advocate compliance with the laws and regulation by the Board.</p> <p>(3) In July and November 2024, regulatory briefings were held for directors, managers, and other insiders to relay announcements from the Taipei Exchange regarding common deficiencies observed in insider shareholding changes.</p> <p>5. In order to establish sound corporate governance, assist the board of directors in performing duties and enhance the effectiveness of the board of directors, the company has set up the "Standard Operating Procedures for Handling Demands by Directors" in order to ensure the board procedures, all applicable laws and regulations, and rules are complied with and ensure sound information</p>	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			exchange among board members and between directors and the management department. Corporate governance officers continuing education situation: Please refer to the annual report on the explanation of the situation of continuing education of corporate governance officers. (Note 2)	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V		The Company offers communication channels for various entities (including interested parties) based on different circumstances, and they can be found in the "Stakeholders" section on the Company's website at https://www.pacc.com.tw .	Meet the requirements.
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?		V	The shareholder services of the Company are handled by specialized personnel, and the services are regularly audited by both the internal and external organizations and meet all requirements.	For the purpose of saving on operating cost, outsourcing is currently not considered.
VII. Disclosures				
(I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(I) The Company's finance, business, and relevant disclosures are disclosed on the OTC website in accordance with the regulations, and the annual reports are also published on the Company's website. The Company's website is www.pacc.com.tw , with available links connecting to the MOPS.	Meet the requirements.
(II) Has the Company adopted other methods of information disclosure (e.g., setting up an English website, designating a dedicated personnel to be responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)?	V		(II) The Company has assigned personnel responsible for the collection of disclosed information and implemented the spokesperson practice.	Meet the requirements.
(III) Has the Company announced and declared its financial report within 2 months after the end of the fiscal year, and announced and declared the quarterly financial report of Q1, Q2, and Q3 and the monthly business report before the deadline?		V	(III) Pursuant to the provisions set forth in Article 36 of the Securities and Exchange Act, annual financial statements are publicly announced and filed within three months after the close of the given fiscal year. Financial statements for Q1, Q2, and Q3 are publicly announced and filed within 45 days after the end of the respective quarters of each fiscal year, and operational status reports for the previous	In conformity with relevant laws and regulations; currently not planned due to manpower allocation considerations.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			month are publicly announced and filed within the first ten days of each calendar month.	
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of Directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's Directors and supervisors) that are helpful in a better understanding of the corporate governance operation of the Company?	V		<p><u>Employees' rights and interests</u>: comply with the Labor Standards Act and establish communication channels with employees, encourage employees to directly communicate with the management, directors and supervisors, properly reflect employees' opinions on the Company's operations and financial conditions or major decisions related to employees' interests.</p> <p><u>Employee care</u>: comply with the Labor Standards Act, respect and maintain employees' legitimate rights and interests and establish communication channels.</p> <p><u>Investor relations</u>: In operating its normal business and maximizing the shareholder interest, the Company respect and maintain investor's interests, conduct business operations with good faith, pay attention to the trading order on the securities market and have a high regard for the social responsibility of the Company.</p> <p><u>Supplier relationship</u>: Maintain a good relationship based on the principle of good faith.</p> <p><u>Rights of interested parties</u>: they can contact us through the mailbox on the official homepage or directly contact us.</p> <p><u>Continuing education of Directors and supervisors</u>: Please refer to the continuing education of Directors in the annual report (Note 3).</p> <p><u>Implementation of risk management policies and measurement criteria</u>: the Company has established various internal management regulations in accordance with the law and conducted various risk management and assessment to effectively control the risks of the Company's operations.</p> <p><u>Implementation of customer policies</u>: in addition to regular visits to customers and convening distributor meetings, the Company conducts annual customer satisfaction surveys to understand customers' actual responses to marketing, logistics management and technical support. Customers are invited to provide their recommendations to ensure that their needs are understood and met.</p>	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			Purchase of liability insurance for directors and supervisors: the Company and its parent (China Man-Made Fiber Corporation) jointly take out professional liability insurance for directors, supervisors and key employees and disclose relevant information on the Market Observation Post System (MOPS).	
<p>IX. State of corrective action taken for responding to the results of the corporate governance assessment announced by Taiwan Stock Exchange Corporation in the Corporate Governance Center the most recent fiscal year, and the priority for improvement on issues pending further corrective action and related measures:</p> <p>1. The Corporate Governance Center of Taiwan Stock Exchange Corporation has recently announced the results of the 10th corporate governance evaluation in 2023. The Company's ranking in the ranking range of listed companies is the 36%-50% companies, and the items not being scored were disclosed. The following improvements have been implemented based on the 10th evaluation in 2023: The Company's Board of Directors shall include at least one female director</p> <p>2. As of the annual report publication date, the 2024 (11th session) evaluation results have not yet been released. The Company will list the unscored indicators as the prioritized strengthening items in corporate governance based on its importance and evaluated rate of achievability.</p>				

Note 1: The independence and adequacy evaluation standards of CPAs:

Independence

The CPAs have no direct or significant indirect financial interest with the Company.
The CPAs have no loans with the Company.
The CPAs have no significant and close business relationships with the Company or its Directors, supervisors, or managers.
The CPAs, their spouses or dependents, or their audit team have not held any positions as the Directors, managers, or positions that have significant influence on the audits of the Company during the audit period or in the most recent two years, and are also determined not to hold the aforementioned positions during future audit periods.
The CPAs are not spouses, direct blood relatives, direct in-laws, or blood relatives within the second degree of kinship with the Company's responsible person or managers.
The CPAs did not accept the appointment with contingent fees.
The CPAs have no litigation with the Company.
As of today, the CPAs have not been punished or harmed the independence principle.
Whether the CPAs have complied with the requirements of independence as stated in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10, and whether the "Statement of Independence" issued by the CPAs is obtained.
The CPAs have not provided audit services to the Company for seven consecutive years.

Competence

Evaluation indicators	Specific indicators	Evaluation standards
Compliance with relevant laws and regulations and requirements	Audit of Financial Statements	Issuance of the independent auditor's report within three months after the end of the year according to Article 36 of the "Securities and Exchange Act".
	Review of interim financial statements	Issuance of the review reports within 45 days after the end of Q1, Q2, and Q3 according to Article 36 of the "Securities and Exchange Act".
	Review of documents related to affiliated companies	Issuance of review report based on Letter Tai-Cai-Zheng No. 04449 and the "Guidelines for the Review of Consolidated Financial Statements of Affiliated Companies".
	Review of annual reports	The Company prepares its annual report in accordance with the Regulations Governing Information to be Published in Annual Reports of Public Companies and the report has been reviewed by a certified public accountant.
	Assessment of profit-seeking enterprise income tax returns	Issuance of tax certification reports in accordance with the "Regulations Governing the Review and Certification of Income Tax Returns by CPA Engaged by Profit-seeking Enterprises," the "Regulations Governing Assessment of Profit-seeking Enterprise Income Tax," and other relevant laws and regulations.
	Audit of Value-Added Tax (VAT) Direct Deduction Method	Pursuant to Article 8-2, Subparagraph 6 of the Regulations Governing the Calculation of Business Tax Amounts by Dual-Status Taxpayers, Tax Agentthe Company must engage a CPA for audit and attestation.
	Issue a verification form for full-time employees who do not hold managerial positions	Pursuant to Article 3 of the Taipei Exchange Rules Governing the Information Reporting of Companies with Listed Securities, a CPA must issue the verification form to ensure the reliability and comparability of information disclosure.

The CPAs completed the certification of financial statements of each period for the Company as scheduled and provided the Company with financial and taxation consulting services from time to time.

Based on the evaluation results of the aforementioned assessment forms, the appointed CPA complies with the independence requirements and suitability standards outlined therein.

Note 2: Continuing education of the Corporate Governance Officer:

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Corporate Governance Officer	Lai-Hsiang, Tsai	Taiwan Securities Exchange Corporation	2024 WIW Forum Thematic Lecture: "A Duet of Digital Finance and Sustainable Finance Amid the AI Boom"	3	Yes
		Taiwan Securities Exchange Corporation	Sustainability Knowledge Empowerment Program – Non-Electronics Industry	6	Yes
		Taiwan Securities Exchange Corporation	GHG Protocol Corporate Standard and Scope 3 Standard Awareness Course	7	Yes

Note 3: Continuing education of Directors:

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Independent director	Lung-Teng Chen	Corporate Governance Association in Taiwan	Sharing of Trends in AML/CFT Management in the Financial Industry	3	Yes
		Corporate Governance Association in Taiwan	The Role and Responsibilities of the Board of Directors and Senior Management in ESG Governance	3	Yes
Independent director	Kuo-Ming Chang	Corporate Governance Association in Taiwan	Sharing of Trends in AML/CFT Management in the Financial Industry	3	Yes
		Corporate Governance Association in Taiwan	The Role and Responsibilities of the Board of Directors and Senior Management in ESG Governance	3	Yes
Independent director	Kuo-Fu Hsiao	Corporate Governance Association in Taiwan	Sharing of Trends in AML/CFT Management in the Financial Industry	3	Yes
		Corporate Governance Association in Taiwan	The Role and Responsibilities of the Board of Directors and Senior Management in ESG Governance	3	Yes
Director	Hung-Yang Wu	Insurance Business Development Center	ESG Sustainability Trends and Implementation of Responsible Investment	3	Yes
Director	Ya-Chi Lin	Corporate Governance Association in Taiwan	How to Draw a Corporate Sustainability Roadmap	3	Yes
		Securities and Futures Development Foundation	2024 Insider Equity Transaction Legal Compliance Advocacy and Briefing Session	3	Yes
		Corporate Governance Association in Taiwan	The New Era of Artificial Intelligence: How ChatGPT is Reshaping Industry Trends	3	Yes

2. Taichung Commercial Bank Co., Ltd.

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
I. Equity structure and shareholders' equity (I) Has the Bank instituted an internal procedure for handling recommendations, queries, disputes of the shareholders and legal actions and comply with the procedure properly?	✓		(I) The Bank has established its "Corporate Governance Best Practice Principles," which has a chapter dedicated to the topic of "Protect Shareholders Rights." (II) The Company has assigned a spokesperson and an acting spokesperson to properly handle all recommendations from shareholders and a designated shareholder service organization responsible for handling questions and disputes. The contact information is listed on the Company's official webpage.	no difference
(II) Has the bank secured the list of main shareholders of the actual bank of control and the final controller of the main shareholders?	✓		Equity increase/decrease or changes in mortgage of shareholders with more than 5% shareholding and shareholders serving as directors shall be monitored at all times; the said information shall be entered into the "Market Observation Post System" and publicly disclosed in accordance with the provisions.	no difference
(III) Has the Bank established and implemented the risk control mechanism and firewall between the corporate headquarters and the affiliates?	✓		(I) The Company has formulated the "Information Management of Interested Parties and Credit Policies," "Management Standards of Non-credit Transactions with Interested Party," "Regulations for Deposits and Remittance of NTD and Foreign Currencies with Stakeholders," and co-developed a database on interests with the affiliated companies to comply with the requirements of Article 32 and 33 of the Banking Act and other related regulations. (II) Establish "Guidelines for Supervision of Subsidiaries" to regulate the operation, finances, sales and audit management and reported to the board quarterly.	no difference
II. The organization of the Board and their duties (I) Has the Board of Directors formulated a diversity policy on membership?	✓		1. The bank's "Code of Banking Industry Corporate Governance Practice" in Chapter 4 "Strengthen Board Function," stipulates the policy of board of directors diversification; the "Regulations for Board of Directors Election and Appointment" has also been set up. The board makeup shall take diversification into consideration. An appropriate chairman candidate shall also be elected and appointed based on company operations, business type, and development needs. The standards for the chairman's election and appointment in two aspects include: basic condition and value (gender, age, etc.) and professional knowledge and skills (professional background). 2. The concrete management goals and implementation of the Company's diversity policy: (1) Not more than one-third of the directors are concurrently managers of the company: achieved. (2) Not less than one (inclusive) of female Director: Achieved, the Bank has one female Director. (3) At least one-third of the members of the Board of Directors must be of either	no difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
			gender: Not yet achieved. The term of office for the 25th Board will expire on May 14, 2026, and the new board members will be elected at the 2026 shareholders' meeting. For the implementation status of the Board of directors' diversity policy, please refer to page 12 of the "Diversity and independence of the Board of Directors ." The information has been disclosed on the company official website under About us/Corporate Governance Area.	
(II) Further to the establishment of the Remuneration Committee and the Auditing Committee, has the Bank voluntarily established other functional committees?	✓		<ol style="list-style-type: none"> 1. The Company has set up the Remuneration Committee, Audit Committee and Risk Management Committee according to the laws and regulations. 2. To strengthen the mechanism for the election of Directors, the Board approved the establishment of the "Corporate Governance and Nomination Committee" on January 14, 2021 (renamed "Nomination Committee" on August 10, 2023). 3. To implement consumer protection policies, the Board passed a resolution on January 13, 2022 to establish a "Treat Customers Fairly Committee" to refine and implement the Bank's "Treat Customers Fairly Policy" and "Treat Customers Fairly Strategy." 4. To enhance the functions of the Board and implement the Bank's sustainable development, the Bank approved the establishment of the Sustainable Development Committee on July 13, 2023, and stipulated its organizational charter. 	no difference
(III) Has the TWSE/GTSM-listed Bank had the rules governing the performance evaluation of the board of directors and evaluation methods stipulated, the performance evaluation performed annually and regularly, the results of the performance evaluations reported to the board of directors, and the evaluation result applied as a reference for individual director's remuneration and nomination for re-election?	✓		<ol style="list-style-type: none"> 1. The Regulations for Board Performance Evaluation were established on December 13, 2018 to facilitate implementation of corporate governance and strengthen the functions of the Board of directors. Evaluations are conducted internally once a year. External evaluations are conducted by an independent professional institution or a team of scholars and experts at least every three years. Performance evaluations must be completed prior to the end of Q1 of the following year. A report must be delivered to the Nomination Committee and the Board, and the implementation conditions and evaluation results shall be disclosed on the Bank's official website and in the annual report. 2. The performance evaluation results of the Board and functional committees in 2024 were reported to the Nomination Committee and the Board on March 26, 2025 and March 27, 2025, respectively. The Bank continues to improve the functions of the Board and the implementation of corporate governance based on the evaluation and use it as a reference for the remuneration and nomination for re-appointment of individual Directors. 	no difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
(IV) Has the Bank assessed the independence of the CPAs regularly?	✓		<ol style="list-style-type: none"> According to paragraph 6, Article 40 of the Corporate Governance Best Practice Principles: "The appointment, dismissal or remuneration of CPAs shall be approved by the Board." The independence of the appointed CPAs shall be periodically evaluated (at least once a year). In accordance with Article 38 of the "Corporate Governance Best Practice Principles for Banks" and supervisory matters under Article 3 of the Bank's "Audit Committee Charter," and with reference to the Certified Public Accountant Act, the Bank formulated evaluation items to perform the independence evaluation. The evaluation contents include: <ol style="list-style-type: none"> Whether there are direct or significant indirect financial interests. Whether there are material abnormal loans with the Company or financing or guarantees obtained under abnormal commercial activities with the Company. Whether there are business relationships with the Company, Directors, supervisors, or managers that may affect the independence. Whether they have served as the Directors, supervisors, managers, or positions that have direct and significant influence on the audit work of the Company in the most recent two years. Whether they are spouses, direct blood relatives, direct in-laws, or blood relatives within the second degree of kinship with the Company's responsible person or managers. Whether the appointment is accepted with contingent fees Whether they are involved in litigation with the Company. Whether there are impacts of the concurrent provision of audit services and non-audit services by the CPA's firm on its independence. <p>The Bank also referred to the AQLs provided by CPAs' firm, which covered five major aspects of professionalism, quality control, independence, supervision, and innovation ability, and 13 indicators (including the firm's level and audit case level) to evaluate the audit quality of the CPAs' firm and the audit team.</p> The aforementioned evaluation report, along with the declaration issued by the CPA, was submitted to the 21st Meeting of the 4th Audit Committee on February 26, 2025, and the 21st Meeting of the 25th Board of Directors on February 27, 2025, in compliance with both internal and external independence regulations. 	no difference
III. Has the Bank designated an adequate number of corporate governance personnel with appropriate qualifications and appointed a Corporate	✓		<ol style="list-style-type: none"> The Corporate Governance Division of the Board of Directors' Office is the dedicated unit. The corporate governance dedicated (part-time) unit and personnel are responsible for corporate governance related matters. Upon 	no difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
Governance Officer as the most senior officer in charge of corporate governance affairs (including but not limited to the provision of data required for the execution of relevant operations by the Directors and supervisors, assistance in legal compliance of Directors, handling matters pertaining to Board meetings and shareholders' meetings pursuant to relevant laws, and preparation of minutes for Board meetings and shareholders' meetings)?			<p>resolution and approval by the Board on December 13, 2018, Vice President Kai-Yu Lin, who has more than three years of qualification in legal affairs, legal compliance, internal audit, finance, stock affairs, corporate governance and other management experiences served as the corporate governance senior supervisor. The main responsibilities included:</p> <ol style="list-style-type: none"> (1) Handle matters relating to board meetings and shareholders meetings according to law. (2) Produce minutes of board meetings and shareholder meetings. (3) Assist directors in taking office and continuing education. (4) Provide directors with data needed to implement businesses. (5) Assist in the legal compliance of directors. (6) Report to the Board on whether the qualification of Independent Directors complies with the examination results based on relevant laws and regulations at the time of nomination, election, and during the term of office. (7) Matters with regard to the change in Directors. (8) Other matters set according to company regulations or contracts. <p>2. The business implementation in 2024 is as follows:</p> <ol style="list-style-type: none"> (1) Drafting and amendment of corporate governance related rules and regulations. (2) Assistance to independent directors in the communication with the chief audit executive or CPA. (3) Conduct continuing education-related matters for the Board and assist the Directors in implementing the continuing education mechanism. The continuing education hours in 2024 are in compliance with the laws and regulations. (4) Assist the board of directors in performing duties and in regulatory compliance. Based on requirements proposed by the board of directors, appropriate and timely replies shall be given in accordance with the bank's "Standard Guidelines for Handling Requirements of Board of Directors." (5) Handling matters and procedures pertaining to shareholders' meetings, Board meetings, managing Director meetings and Audit Committee meetings in accordance with relevant procedures; reminders to Directors to recuse themselves in case of conflicts of interest associated with proposal contents. 	

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
IV. Has the Bank established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	✓		<ol style="list-style-type: none"> 1. The Bank has made disclosures on its intranet based on the Banking Act and requirements related to the restrictions on credit loans to stakeholders and organized regulation courses for handling personnel for their compliance and understanding from time to time. Meanwhile, the Bank also requests stakeholders to fill out the stakeholder data sheet upon their job transfer. 2. The bank not only published information on the MOPS as provisioned; information is also published on the external official website for search by investors; an open and transparent contact channel is available on the external website (About Us/Stakeholders sections). Different responsible units shall engage in exchanges with various stakeholders, actively respond to issues of concern to stakeholders and the main sources of issues of varying concern levels. The situation of communication with stakeholders is periodically reported to the Board every year. 3. The communication performance with stakeholders is reported to the Sustainability Committee and the Board and disclosed on the Stakeholders section on its website. 	no difference
V. Disclosures (I) Does the Bank have a website setup and the financial business and corporate governance information disclosed?	✓		The bank's financial businesses and corporate governance information have been disclosed on the external official website.	no difference
(II) Has the Bank adopted other methods of information disclosure (e.g., setting up an English website, designating a dedicated personnel to be responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)?	✓		<ol style="list-style-type: none"> 1. For the proper handling of materiality and disclosure, the Bank has established the "Criteria for Handling Materiality" whereby relevant departments shall appoint designated personnel to handle materiality. 2. The Bank convened four investor conferences on March 18, 2024, May 20, 2024, August 19, 2024, and November 18, 2024 and disclose relevant information on its website/About Us/MOPS, and it has established an English website to disclose information on finance, business, and corporate governance. 3. The Bank has established the spokesman system for release of information to ensure investors accessible to accurate information. 	no difference
(III) Does the bank publish and declare annual financial statements within given deadlines at the end of an accounting year in accordance with relevant provisions in the Banking Act and Securities Trading Act? Are financial statements for the first quarter, second quarter, and third quarter and monthly operation situations	✓		The Bank announced the 2024 financial statements on February 27, 2025, and announced the Q1, Q2, and Q3 financial statements and the operating status of each month within the prescribed time limit.	no difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
published and declared in advance before given deadlines?				
VI. Any other vital information that helps to understand the status of corporate governance at the Bank (including but not limited to the rights and interest of employees, concern for the employees, investor relation, the rights of the stakeholders, continuing education of the Directors and the supervisors, risk management policy and the implementation of risk assessment, the pursuit of customer policy, the liability insurance taken by the Bank for the protection of the Directors and supervisors, donations to political parties, stakeholders and social charity groups)?	✓		<ol style="list-style-type: none"> For information on the rights and interest of the employees, refer to important rights and interest of the employees, labor-capital agreements, and implementation on Page 97. For the protection of rights and obligations, stakeholders are regulated on files in accordance with the Banking Act. In addition, there is also the provision for the avoidance of the conflict of interest for Board meetings. The Bank has set up the stakeholders section on the external official website. Financial business and corporate governance related information has also been established to facilitate supplier relationships and an unobstructed communication channel with stakeholders. In reference to the needs of foreign investor, the English version of corporate governance related information is also available, which will aid in protecting the rights and interests of stakeholders. For the status of further education and board meetings attendance of directors, please refer to the MOPS and page 37-38 of the annual report under “Continuing education of directors.” According to the Bank’s “Procedures for Handling Material Internal Information,” at least one educational session per year is conducted for directors, managerial officers, and employees on regulations related to the “Self-Regulatory Guidelines for Mergers and Acquisitions Information Disclosure” and the “Procedures for Handling Material Internal Information,” which are aimed at preventing insider trading. In 2024, such sessions were held in August and December for directors, managerial officers, and employees. These sessions covered the obligation to keep financial and business information confidential in accordance with the above guidelines, the prohibition on unauthorized disclosure of information, and explanations of the scope of material internal information, confidentiality practices, and handling of violations. The relevant regulations were also posted on the internal system. All employees are required to complete annual online training courses on “Insider Shareholding Regulations and Practices” and “Procedures for Handling Material Internal Information,” which cover the Securities and Exchange Act, material internal information and insider trading, and case studies. In 2024, a total of 3,052 employees completed the training, with a combined total of 1,933 training hours. The bank emphasizes customer service quality. A consumer complaint channel 	no difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
			<p>is provided on the external official website. The protection of consumer rights and interests is implemented in the operational processes.</p> <p>7. The Bank has set up the “risk management policy” resolved and passed by the Board. The dedicated departments and offices shall compile, gain an insight into, and analyze the departments’ risk management and risk exposure situations. Monitoring and necessary measures shall be adopted to cope with different types of risks, periodically compile and analyze bank-wide risk management situations and report to the Risk Management Committee and the Board.</p> <p>8. The Bank continued the Directors and managers’ liability insurance policy, with the issued amount totaling US\$20 million (insured period: May 1, 2024 to May 1, 2025).</p> <p>9. December 24, 2020 Signed "Institutional Investors' Due Diligence and Compliance Statement" on October 21, 2020 to continue monitoring investee companies and adopting shareholder activism to fulfill the responsibility of institutional investors.</p> <p>10. The Company has formulated "Guidelines for Donation Practices" to specify donations to political parties, stakeholders and other public interest groups.</p>	

VII. State of corrective action taken for responding to the results of the corporate governance assessment announced by Taiwan Stock Exchange Corporation in the Corporate Governance Center the most recent fiscal year, and the priority for improvement on issues pending further corrective action and related measures:

(I) Taiwan Stock Exchange 2023 (10th) corporate governance evaluation results showed that the Bank is listed as 21% to 35% TWSE listed companies.

(II) The Bank has adopted the following measures to strengthen corporate governance:

1. On January 14th, 2021, the Board passed the resolution to set up the “Corporate Governance and Nomination Committee” (the “Corporate Governance and Nomination Committee” was renamed “Nomination Committee” on August 10, 2023) and disclosed its formation, responsibilities and operations.
2. The “Sustainable Development Committee” was established on July 13, 2023. There are six workforces of corporate governance, sustainable finance, human rights maintenance, environmental sustainability, climate change, and social welfare under the Committee that are responsible for establishing annual plans and coordinating the implementation of tasks related to sustainable development.
3. The Bank has established an intellectual property management plan linked to its operational goals. In 2021, it implemented the Taiwan Intellectual Property Management System (TIPS) and obtained A-level certification. On December 30, 2022, it passed the TIPS (A-level) re-certification review, with the certification valid through December 31, 2024. On December 31, 2024, the Industrial Development Administration of the Ministry of Economic Affairs officially announced that the Bank had passed the TIPS certification, with the certificate valid through December 31, 2026.
4. The Bank convened four investor conferences on March 18, 2024, May 20, 2024, August 19, 2024, and November 18, 2024 to provide opportunities for investors to express their opinions and have two-way exchanges with the Company in order to improve the quality of corporate governance.
5. The Bank continues to allocate funds to socially sustainable investment initiatives. As of the end of December 2024, it had invested in six green bonds and two sustainability bonds.
6. The certification for ISO-14001 environmental management system was obtained on October 31, 2022, and the certification is effective until October 30, 2025.

VIII. Others

(I) Continuing education of directors

Title	Name	Training date	Organizer	Course name	Hours
Chairman	Chien-An Shih	2024.5.7	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Anti-money Laundering and Treat Customers Fairly Principle	3.5
		2024.7.30	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Development Trends of Fintech and Information Security Risks	3.0
		2024.9.24	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Sustainability, ESG, and resource recycling	3.0
		2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3.0
Managing Director	Kuei-Fong Wang	2024.7.30	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Development Trends of Fintech and Information Security Risks	3.0
		2024.9.24	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Sustainability, ESG, and resource recycling	3.0
		2024.11.28	Securities and Futures Institute	Anti-Money Laundering and Countering Terrorism Financing	3.0
		2023.12.2	Taipei Foundation Of Finance	Fair Customer Treatment Principles in Financial Services Industry	3.0
		2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3.0
Independent Executive Director	Jin-Yi Lee	2024.5.7	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Anti-money Laundering and Treat Customers Fairly Principle	3.5
		2024.7.30	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Development Trends of Fintech and Information Security Risks	3.0
		2024.9.24	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Sustainability, ESG, and resource recycling	3.0
		2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3.0
Independent director	Li-Wen Lin	2024.5.7	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Anti-money Laundering and Treat Customers Fairly Principle	3.5
		2024.7.30	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Development Trends of Fintech and Information Security Risks	3.0
		2024.9.24	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Sustainability, ESG, and resource recycling	3.0
		2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3.0
Independent director	Hsin-Chang Tsai	2024.5.7	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Anti-money Laundering and Treat Customers Fairly Principle	3.5
		2024.7.30	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Development Trends of Fintech and Information Security Risks	3.0
		2024.9.24	Taiwan, Taiwan Academy of	Sustainability, ESG, and resource recycling	3.0

Title	Name	Training date	Organizer	Course name	Hours
			Banking and Finance (TABF)		
		2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3.0
Independent director	Pi-Ya Chen	2024.5.7	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Anti-money Laundering and Treat Customers Fairly Principle	3.5
		2024.7.30	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Development Trends of Fintech and Information Security Risks	3.0
		2024.9.24	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Sustainability, ESG, and resource recycling	3.0
		2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3.0
Director	Jui-Tsang Li	2024.9.24	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Sustainability, ESG, and resource recycling	3.0
		2024.11.28	Securities and Futures Institute	Anti-Money Laundering and Countering Terrorism Financing	3.0
		2024.12.2	Taipei Foundation Of Finance	Fair Customer Treatment Principles in Financial Services Industry	3.0
		2024.12.9	Taipei Foundation Of Finance	Corporate Governance - Information Security - Personal Data Security Audit	3.0
		2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3.0
Director	Shi-Yi Chiang	2024.5.7	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Anti-money Laundering and Treat Customers Fairly Principle	3.5
		2024.7.30	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Development Trends of Fintech and Information Security Risks	3.0
		2024.9.24	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Sustainability, ESG, and resource recycling	3.0
		2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3.0
Director	Ying-Hui Wu	2024.5.7	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Anti-money Laundering and Treat Customers Fairly Principle	3.5
		2024.7.30	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Development Trends of Fintech and Information Security Risks	3.0
		2024.9.24	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Sustainability, ESG, and resource recycling	3.0
		2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3.0

Note: Pursuant to Article 4 of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies," new Directors shall participate in continuing education for at least 12 hours during the year in which they took office, and re-appointed Directors shall participate in at least six hours each year during the term of office. The continuing education hours are accumulated from January 1 to December 31 of the year, in principle. If the hours are required to be accumulated over the years due to special circumstances or course designs, the reasons shall be specified when disclosing the implementation of continuing education.

(II) Continuing education and training of corporate governance senior supervisors (period: January 1, 2024 to December 31, 2024)

Training date	Organizer	Course name	Hours
2024.5.7	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Anti-money Laundering and Treat Customers Fairly Principle	3.5
2024.7.3	Taiwan Securities Exchange Corporation	2024 Cathay Sustainable Finance and Climate Change Summit	6
2024.7.30	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Development Trends of Fintech and Information Security Risks	3
2024.9.24	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Sustainability, ESG, and resource recycling	3
2024.10.1	Chinese National Association of Industry and Commerce	The Crimes and Penalties of Sustainability Reporting	3
2024.11.22	Securities and Futures Institute	2024 Insider Equity Transaction Legal Compliance Advocacy and Briefing Session	3
2024.12.10	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Treat Customers Fairly Principles (including Financial Friendliness and Ethical Corporate Management)	3

(IV) The operation of the Remuneration Committee or Nomination Committee

1. Information on Remuneration Committee members February 28, 2025

<div> <div>Condition</div> <div>Name</div> </div> <div>By identity</div>		Professional Qualifications and Experience	Status of Independence	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
Independent director (Convener)	Te-Wei Li	Has experience in both business and politics, with proven capabilities in leadership, decision-making, crisis management, and risk control. Also possesses the ability to conduct actionable evaluations of the Company's overall compensation system. Relevant professional qualifications and experience can be found on page 8.	1. Neither the individual, their spouse, nor any relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or any of its affiliated enterprises. 2. Neither the individual, their spouse, nor any relatives within the second degree of kinship, whether directly or through a third party, hold any shares in the Company.	None
Independent director	Li-Yeh Hsu	Possesses work experiences in business, specializes in operational judgement, management administration and risk management knowledge and capability. Able to conduct effective assessment and suggestions on the company's overall remuneration system. Relevant professional qualifications and experience can be found on page 8.	3. Is not a director, supervisor, or employee of any corporate shareholder that directly holds 5% or more of the total issued shares of the Company, ranks among the top five shareholders, or appoints a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act.	None
Independent director	Chih-Ming Shih	Possesses experiences in the banking industry, specializes in accounting analysis capability and risk management knowledge and capability, is an Audit Committee member and possesses educational background in accounting related degree. Able to provide reasonable suggestions on the company's overall remuneration system. Relevant professional qualifications and experience can be found on page 9.	4. Is not a director, supervisor, or employee of any other company where the same person controls more than half of the voting shares or board seats in both companies. 5. Is not a director (or trustee), supervisor, or employee of any other company or organization where the chairperson, president, or equivalent officer is the same person or the spouse of a person holding such position in the Company. 6. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company. 7. Does not receive remuneration from the Company or its affiliated enterprises for providing commercial, legal, financial, or accounting services.	None

2. Information on the operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) The term of office of current members: July 11, 2022 to June 15, 2025. Two Remuneration Committee meetings (A) were held in the most recent year, the qualification and attendance of members are as follows:

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A)	Remarks
Independent director	Te-Wei Li	2	0	100	N/A
Independent director	Li-Yeh Hsu	2	0	100	N/A
Independent director	Chih-Ming Shih	2	0	100	N/A
Other notes:					
<p>I. If the Board of declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, the content of the proposal, the resolution of the Board of directors, and the Company's response to the Remuneration Committee's opinion (e.g., the remuneration passed by the Board exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.</p> <p>II. For any objections or qualified opinions raised by a member of the Remuneration Committee against a resolution with records or written statements, the date of the Remuneration Committee meeting, session, the content of the proposals, opinions of all members, and the Company's response to the opinions of members shall be described: None.</p> <p>(I) 2024.08.12 (6th meeting of the 5th session) 1. Discussion of proposal for salary adjustment of insiders of the Company in 2024. 2. Discussion on the remuneration package for the newly appointed Corporate Governance Officer of the Company. The attending members unanimously agreed to submit the proposal to the Board of Directors for discussion.</p> <p>(II) 2024.12.23 (7th meeting of the 5th session) 1. Discussion on the year-end bonus proposal for the Company's insiders for 2024. 2. Discussion of the proposal for the 2025 remuneration policy of Directors and insiders of the Company.</p>					

3. Information on the members of the Nomination Committee and the operation: Not applicable

(V) Implementation of promoting sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

1. The Company

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
I. Has the Company established a governance framework for promoting sustainable development and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board authorized the senior management to handle related matters under the supervision of the Board?	V		<p>Based on the importance of corporate governance, economic, environmental, and social issues as key factors for future business trends, the Company has designated the Finance Department as the part-time unit responsible for promoting sustainable development since 2015. In addition to the “China Man-Made Fiber Sustainable Development Task Force,” the “China Man-Made Fiber IFRS Sustainability Disclosure Standards Task Force” was established in 2024. The Audit Committee is responsible for overseeing the implementation of the Company’s sustainability policies, systems, and related management approaches. The President serves as the head of the task force and oversees related matters. Under the task force, several working groups have been established, including the Sustainability Governance Group, Employee Care Group, Financial TCFD Group, Environmental Sustainability Group, Sustainable Supply Chain Group, Sustainable Products Group, and Internal Audit Group. These groups are staffed by personnel from relevant departments to jointly implement initiatives related to sustainable development, ensuring that the sustainability strategy is effectively integrated into daily operations.</p> <p>To establish a sound mechanism for preparing sustainability reports, the Company has formulated the “Sustainability Report Preparation and Assurance Procedure” and the “Sustainability Information Management Guidelines,” both of which have been approved by the Audit Committee and the Board of Directors and incorporated into the internal control system. In 2024, the reporting and verification schedule for consolidated subsidiaries’</p>	Not distinctive

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies									
	Yes	No	Summary										
			sustainability disclosures will be presented to the Board of Directors on a quarterly basis. In August 2024, the 2023 sustainability performance results were reported to the Board of Directors through the Sustainability Report. The Board reviewed the progress of the strategy and, when necessary, urged the management team to make adjustments.										
II. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company’s operations in accordance with the materiality principle and formulate relevant risk management policies or strategies? 1. The Company has effectively lowered the pollution emissions and its impacts to the environment through implementing manufacturing safety management and systemized management circulation.	V		<div>1.The disclosure covers the material ESG aspects and performance of the Company's main business locations from January 2024 to December 2024. The boundary of risk assessment is mainly based on the Company, including CMFC Taipei and Kaohsiung.</div> <div>2.The Company carried out analysis based on the principle of materiality, communicated with internal and external stakeholders, and examined and compiled the assessment data of different departments to establish the material issues and propose corresponding strategies for relevant risks.</div> <div>3.Establish related risk management policies or strategies based on the risks from the assessment:</div> <table><tr><th>Aspect</th><th colspan="2">Relevant risk management policies and strategies</th></tr><tr><td></td><th>Major issues</th><td></td></tr><tr><td>Environment</td><td>1. Energy management</td><td>1. The Company has obtained the "ISO 50001" environmental and energy management verification in 2018, and the subsequent certifications were obtained on a</td></tr></table>	Aspect	Relevant risk management policies and strategies			Major issues		Environment	1. Energy management	1. The Company has obtained the "ISO 50001" environmental and energy management verification in 2018, and the subsequent certifications were obtained on a	
Aspect	Relevant risk management policies and strategies												
	Major issues												
Environment	1. Energy management	1. The Company has obtained the "ISO 50001" environmental and energy management verification in 2018, and the subsequent certifications were obtained on a											

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<div>2. Water resource management</div> <div>regular basis. Establish energy usage standards for each plant, implement energy monitoring, and purchase energy-efficient labeled products to reduce corporate energy consumption. The goal is to conserve energy, reduce carbon emissions, and minimize environmental pollution.</div> <div>2. Wastewater across the entire plant area is treated and purified at the wastewater treatment plant to increase recycling and reuse rates. Additionally, condensate water from air conditioning systems is collected and reused to conserve valuable water resources.</div>	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary		
			<div>3. GHG emissions</div> <div>4. Air pollution control</div> <div>5. Wastewater and waste management</div>	<div>3. In accordance with ISO 14064-1 guidelines, a greenhouse gas inventory and management mechanism has been established to drive energy-saving and carbon-reduction improvements, thereby reducing CO₂ emissions.</div> <div>4. Pollution control measures are adopted, including the installation of continuous monitoring systems and emissions testing, to actively mitigate air pollution.</div> <div>5. ①Effluents from the entire plant purified and processed by the wastewater treatment plant</div>	Not distinctive

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<div>6. Transport safety management</div>	<p>and recycled and reused after evaluations to save precious water resources.</p> <p>② Production units manage waste classification appropriately. Valuable waste is sold through the Procurement Department for external recycling, while non-valuable waste is handled and disposed of by qualified contractors.</p> <p>6. To reduce unit transportation costs and minimize the burden on land transport, long-distance pipelines are primarily used for transporting major chemical raw materials</p>

Items for evaluation	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
					domestically, reducing CO ₂ and particulate emissions.	
			Society	1. Labor relations	1. China Man-Made Fiber is committed to creating a high-quality work environment, prioritizing employee welfare, protecting labor rights, providing on-the-job training, establishing promotion systems, and recruiting talent to enhance productivity and competitiveness. Based on principles of labor-management harmony, the Company seeks to achieve win-win outcomes. Labor regulations issued by competent	

Items for evaluation	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
				2. Occupational safety and health	authorities are strictly followed. 2. The plant completed the “ISO45001 occupational health and safety management system” verification. Occupational health and safety policies are in place to protect the safety and health of employees and relevant personnel. Fire drills and occupational safety training are held annually to cultivate emergency response capabilities and self-safety management awareness, demonstrating the	

Items for evaluation	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
				3. Customer service management	Company's commitment to continuous improvement and sustainable operations. 3. ①Production processes are improved in line with market trends and downstream customer needs, aiming to develop non-toxic, environmentally friendly, and green energy products. The Company has obtained Oeko-Tex Standard 100 certification for its yarns, which ensures that harmful substances in textiles are tested to confirm product safety. ②The Company fully complies	

Items for evaluation	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
					with chemical registration, evaluation, and authorization requirements. It has completed REACH registration for two products: ethylene glycol and nonylphenol. China Man-Made Fiber complies with national regulations on toxic and concerned chemical substances, including registration and reporting procedures for the production, storage, and shipment of nonylphenol. It also conducts domestic chemical substance registration for	

Items for evaluation	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
					ethylene glycol, diethylene glycol, and nonylphenol. ③The “Product Information” section on the China Man-Made Fiber website provides complete product specifications, packaging details, and Material Safety Data Sheets (MSDS) to help customers understand safe usage. The “Stakeholder Area” on the Company’s website includes consultation hotlines to support customers in obtaining needed information. Chemical product packaging is clearly labeled with warnings	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
				such as “Not for food use” or “Do not add to food.” All product labels comply with relevant regulations. The Company values customer privacy. To safeguard customer data, strict internal information security controls are in place. Network security mechanisms are established to ensure customer privacy is fully protected.
			Corporate Governance:	1. Corporate Governance: (1)1.① Strengthen the functions of the Board of Directors and enhance decision-making quality. ②Implement and enforce a risk management

Items for evaluation	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
					system to effectively control risks. ③Maintain harmonious labor-management relations to achieve win-win outcomes. ④Fulfill corporate social responsibility and strive to create a friendly business environment. ⑤Purchase liability insurance for directors and key personnel to mitigate financial losses resulting from decision-making errors. ⑥Uphold the principles of ethical business conduct to ensure the Company's sustainable development.	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<div>2. Financial performance</div> <div>3. Climate change risks and response</div>	<div>(II) Hold weekly meetings to report on financial income and expenditures; provide internally prepared financial statements monthly; submit financial reports quarterly to the Audit Committee and the Board of Directors for discussion. When formulating or adjusting production and sales strategies, provide cost reports and analysis to improve decision-making accuracy and cost control capabilities.</div> <div>(III) ①In response to global climate change, formulate climate adaptation</div>

Items for evaluation	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
					strategies to reduce and manage greenhouse gas emissions, promote environmental justice, and fulfill the shared responsibility of protecting the planet. ②Continuously improve energy performance and enhance energy efficiency. ③Comply with relevant laws and regulations, giving priority to the procurement of energy-saving equipment. ④Ensure the availability of organizational resources to achieve energy-	

Items for evaluation	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
				4. Regulatory compliance (environmental and socioeconomic regulations)	related goals and targets. ⑤Encourage full employee participation in energy conservation and carbon reduction, and strengthen awareness of energy-saving practices. ⑥Foster a green corporate culture and pursue long-term sustainable operations. (IV) Ensure all of the employees and processes truly comply with related laws and regulations through the establishment of the governance organization and implementing internal control system.	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
III. Environmental issues				
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		(I) The environmental impact mainly comes from the Company's manufacturing processes, and the chimney of the cogeneration plant has a 24-hour exhaust gas monitoring device which is connected to the Department of Environmental Protection in order to jointly monitor the emissions quality. An environmental quality monitoring system (DAS) has been installed within the plant facility to scan for potential sources of leakage from manufacturing processes that have hazardous gases.	Not distinctive
(II) Is the Company committed to enhance the energy efficiency and use renewable materials that are with low impact on the environmental?	V		(II) 1. The Company has adopted the use of recycled paper and online signing of internal work procedures to reduce paper use. 2. Employees are required to bring their own cups or mugs. 3. The wastewater treatment plant performs the purification treatment, and part of the wastewater can be recycled and reused.	
(III) Does the Company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address related issues?	V		(III) The Company identified relevant potential risk factors and improvement opportunities and measures. Due to the risks of climate change, the operations have been adjusted accordingly. For instance, the coal-fired boilers are installed with electrostatic precipitators and sulfur and nitrate removers, so the emissions quality can reach the national standards. The air inlet of boiler furnaces are installed with air preheaters to recover waste heat for re-use. The wastewater plant has a wastewater re-treatment and recovery system to save on huge water consumption. A reactive afterburner has been installed within the manufacturing	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies												
	Yes	No	Summary													
(IV) Has the Company prepared statistics on GHG emissions, water consumption, and the total weight of waste for the most recent two years and formulated policies for GHG emissions reduction, water consumption reduction, or other waste management?	V		<p>processes to reduce odor dissipation of VOC (volatile organic matter) and the impact on the environment.</p> <p>(IV) The Company’s annual greenhouse gas emissions for the past two years and its greenhouse gas reduction policies are detailed on pages 52–53 of this Annual Report.</p> <p>Energy policy of the Company: Continuing improvement of energy performance, enhancement of energy usage efficiency, compliance with relevant laws and regulations, preferential procurement of energy-saving equipment, guarantee of organizational resource acquisition, review of energy goals and targets, staff participation in energy conservation and carbon reduction, reinforcement of energy conservation concepts of staff members, building of a green corporate culture and pursuit of sustainability.</p> <p>Water consumption and wastewater recovery amounts in the two-year period:</p> <p style="text-align: right;">Unit: m3</p> <table><tr><th>Year</th><th>2023</th><th>2024</th></tr><tr><td>Total water consumption</td><td>2,079,902</td><td>1,975,529</td></tr><tr><td>Total amount of recovered water</td><td>122,398</td><td>135,304</td></tr><tr><td>Recovery rate (%)</td><td>5.88</td><td>6.85</td></tr></table> <p>Wastewater across the entire plant area of the Company is treated and purified at the wastewater treatment plant to increase recycling and reuse rates. Additionally, condensate</p>	Year	2023	2024	Total water consumption	2,079,902	1,975,529	Total amount of recovered water	122,398	135,304	Recovery rate (%)	5.88	6.85	
Year	2023	2024														
Total water consumption	2,079,902	1,975,529														
Total amount of recovered water	122,398	135,304														
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Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies															
	Yes	No	Summary																
			<p>water from air conditioning systems is collected and reused to conserve valuable water resources.</p> <p>Weight of solid waste over the two-year period: Unit: metric tons</p> <table><tr><th>Item</th><th>2023</th><th>2024</th></tr><tr><td>Total amount of process waste</td><td>15,244</td><td>14,735.63</td></tr><tr><td>Total amount of domestic waste</td><td>94</td><td>98.02</td></tr><tr><td>Total amount of hazardous industrial waste</td><td>0.1</td><td>0.12</td></tr><tr><td>Total amount of solid waste</td><td>15,338.1</td><td>14,833.77</td></tr></table> <p>The Company’s production units sell valuable waste through the procurement department to external vendors for recycling and reuse. “Zero waste” is the ultimate goal of the Company’s waste management. To achieve sustainable resource reutilization, the Company’s production units conduct proper waste sorting and management. Priority is given to internal recycling and reuse to reduce consumption of raw materials and packaging. Next, valuable waste is sold through the procurement department to external vendors for further recycling and reuse. Finally, waste that cannot be reused is handed over to qualified contractors for removal and treatment.</p>	Item	2023	2024	Total amount of process waste	15,244	14,735.63	Total amount of domestic waste	94	98.02	Total amount of hazardous industrial waste	0.1	0.12	Total amount of solid waste	15,338.1	14,833.77	
Item	2023	2024																	
Total amount of process waste	15,244	14,735.63																	
Total amount of domestic waste	94	98.02																	
Total amount of hazardous industrial waste	0.1	0.12																	
Total amount of solid waste	15,338.1	14,833.77																	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies								
	Yes	No	Summary									
IV. Social issues (I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		<div>(I) The Company support the compliance with the "United Nations Universal Declaration of Human Rights," "ICCPR & ICESCR," "The United Nations Global Compact," and the ILO's "Declaration on Fundamental Principles and Rights at Work." The Company has established employees work rules and complied with relevant labor regulations to protect the legal rights and interests of employees and established appropriate management approaches and procedures for implementation.</div> <div>The Company's human rights management and concrete plan summary as follows:</div> <table><tr><th>Human rights management policies</th><th>Concrete plan</th></tr><tr><td>Provide a safe and healthy working environment</td><td>1. Established safety and health policies to protect the safety and health of employees and relevant operators.</td></tr><tr><td>Assist employees to maintain physical and mental health and work efficiency</td><td>2. One hour lunch break is implemented to provide sufficient resting time for employees. 3. Regular and non-regular health examinations are arranged for employees to maintain employees' physical and mental health.</td></tr><tr><td>Prohibit forced labor, abiding</td><td>Implement the leave system, encourage employees to value work</td></tr></table>	Human rights management policies	Concrete plan	Provide a safe and healthy working environment	1. Established safety and health policies to protect the safety and health of employees and relevant operators.	Assist employees to maintain physical and mental health and work efficiency	2. One hour lunch break is implemented to provide sufficient resting time for employees. 3. Regular and non-regular health examinations are arranged for employees to maintain employees' physical and mental health.	Prohibit forced labor, abiding	Implement the leave system, encourage employees to value work	Not distinctive
Human rights management policies	Concrete plan											
Provide a safe and healthy working environment	1. Established safety and health policies to protect the safety and health of employees and relevant operators.											
Assist employees to maintain physical and mental health and work efficiency	2. One hour lunch break is implemented to provide sufficient resting time for employees. 3. Regular and non-regular health examinations are arranged for employees to maintain employees' physical and mental health.											
Prohibit forced labor, abiding	Implement the leave system, encourage employees to value work											

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?			with the government's labor act.	life balance.
			Formulate a "Supplier Commitment Letter," which suppliers are required to sign.	From the perspectives of human rights, regulatory compliance, and environmental responsibility, the Company prioritizes suppliers that have implemented occupational safety, energy, and environmental management systems such as TOSHMS, CNS 45001, and ISO 45001, under the principles of appropriate timing, quality, quantity, and pricing. The Company expects its partners to jointly commit to fulfilling corporate social responsibility.
	V		(II) <u>Employees' remuneration</u> The Company's salary policy complies with labor regulations and has a performance evaluation system in place. Individual performance is evaluated annually based on work targets and personal performance. Provide employees with a reasonable salary and bonus structure. If there is profit for the year, 1% to 5% of the profit shall be appropriated as employees' remuneration, and pension funds are appropriated pursuant to laws. <u>Staff fringe benefits</u> The Company has established the Employee Welfare Committee on December 15, 1976 and allocates 0.05% of the operating revenue for the Committee's use on a monthly basis to plan various welfare for employees (i.e., employee	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy work environment and provide safety and health education to employees regularly?	V		<p>travel subsidies, birthday gift vouchers, bonuses for three major Chinese festivals, marriage allowance, funeral condolences, and other welfare subsidies).</p> <p>On the leave system, on the basis of the fixed two-day weekend, employees are entitled to special leaves after they assume office for a specific period of time according to the Labor Standards Act. In giving employees a peace of mind in raising children below three years old, depending on one's circumstances, employees can apply for unpaid parental leave in writing after assuming post for six months. This enables them to take care of the young child and guarantees their work rights after the reinstatement.</p> <p><u>Workplace diversity and equality</u></p> <p>The Company aims to realize the remuneration conditions with equal pay for equal jobs and equal promotion opportunities for men and women. The average percentage of female employees in 2024 was 15.91%, and the average percentage of female executives was 2.45%.</p> <p><u>Operating performance is reflected in employees' compensation</u></p> <p>Article 40 of the Articles of Incorporation: Based on the Company's annual profitability (pre-tax earnings before the distribution of employee and director remuneration), and after reserving an amount to offset accumulated losses, if any balance remains, 1% to 5% shall be allocated as employee remuneration (of which no less than 35% shall be distributed to grassroots employees), and no more than 0.3% may be allocated as director remuneration.</p> <p>(III) <u>Occupational Safety and Health Policy</u></p> <p>The Company has established an occupational safety and health management system in accordance with the OHSAS</p>	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>18001 international standard and listed the safety and health of employees as an important matter to the Company in order to reduce risks to the health and safety of employees. There are occupational safety and health policies in place to protect the safety and health of employees and relevant operators and to demonstrate the Company's determination for continuous improvement and sustainable operation.</p> <p>In 2024, there were 6 cases of employee injuries involving 6 individuals, accounting for 1.12% of the Company's average total number of employees as of the end of the year.</p> <p>Relevant improvement measures</p> <ol style="list-style-type: none"> 1. In terms of workplace equipment deficiencies: Improve and implement on-site inspection points of operating environments. 2. The occupational safety incident unit proposes concrete improvement measures and formulates hazard identification and risk assessment for different operations in accordance with ISO-45001. 3. Work safety promotion and SOP education and training for the operations involving dangerous machinery and equipment. <p><u>Work safety audit</u></p> <p>The Company has established the annual work safety internal audit work plan. The factory manager acts as the chief convener. The work safety audit team will compile the audit suggestions and improvement matters and specific improvement situations of the various audit reports and enter them into the "internal audit system." Each unit will</p>	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies												
	Yes	No	Summary													
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<p>have to conduct the follow-up and improvements. Every quarter, the unit will review deficiencies at the Safety and Health Management Meetings based on the audit suggestions and improvement matters.</p> <table border="1"><tr><td>Work safety audit process</td></tr><tr><td>Daily irregular patrol inspection</td></tr><tr><td>Firefighting equipment practice and drills every quarter</td></tr></table> <p><u>Equipment safety management</u> The Company conducts equipment classification to list and control dangerous machinery and equipment in accordance with the law and conducts detailed inspections to ensure that the equipment can be operated safely. We have work safety protective equipment rules in place for laborers to wear the equipment correctly to improve operating safety, and we implement regular work safety education and training for employees. Work safety education and training and advocacy in the most recent two years</p> <table border="1"><tr><th>Year</th><th>Number of persons for education and training</th><th>Hours of education and training</th></tr><tr><td>2023</td><td>322</td><td>2,066</td></tr><tr><td>2024</td><td>425</td><td>2,813</td></tr></table> <p>Verification of the Company: The Company's plant area has obtained ISO 45001 certifications.</p>	Work safety audit process	Daily irregular patrol inspection	Firefighting equipment practice and drills every quarter	Year	Number of persons for education and training	Hours of education and training	2023	322	2,066	2024	425	2,813	(IV) The Company provide related internal and external function education and training, including new employee education
Work safety audit process																
Daily irregular patrol inspection																
Firefighting equipment practice and drills every quarter																
Year	Number of persons for education and training	Hours of education and training														
2023	322	2,066														
2024	425	2,813														

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(V) Has the Company complied with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implemented consumer protection and complaint policies?	V		<p>and training, continuing education for employees, and executive talent training, to all levels of executives and employees. It also encourages employees to evaluate their interest, skills, value, and targets so as to communicate with the managers regarding their individual career prospect and formulate their future career plans For the number of persons and total hours participating in the 2024 career development and education and training, please refer to the “CMTC Sustainability Report.”</p> <p>(V) The Company attaches great importance to customers' health and safety at all stages from raw material procurement to product sales and continues to improve production processes. In response to market trends and the needs of downstream customers, the Company focuses on the development trend of producing non-toxic and environmentally friendly products with the use of green energy.</p> <p>All products of the Company are labeled pursuant to relevant norms and specifications to ensure conformity with national and international regulations. Customer complaints are handled by relevant personnel to safeguard consumer rights and interests.</p> <p>To protect the security and use of customer data, the Company has established its cybersecurity inspection control, established a safety control system for computer network systems, installed internal anti-virus software, set up external network firewalls to control the access to data. Non-related operators are not able to access customer data. We ensure that customer privacy is protected.</p>	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(VI) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		(VI) The Company established its "Supplier Commitment Letter" and required suppliers to sign the commitment. From the human rights, legal compliance, and environment aspects, and under the principles of timely, appropriate price, appropriate volume, and appropriate price, prioritize suppliers who adopt TOSHMS, CNS-45001, ISO-45001 and other occupational safety, energy and environmental management systems. We hope to work with partners in committing to the duties of corporate social responsibilities together. In case the Company discovers specific contractor or contractor has negative social image, it shall notify the contractor to give explanation and take corrective action. If the situation is critical, terminate the purchase or proceed to return of sales. If the situation is critical, terminate the purchase or proceed to return of sales depending on the contract terms.	
V. Does the Company refer to international criteria or guidelines for the preparation of reports and compile reports on corporate non-financial information, such as, sustainable reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?	V		The Company prepares the "2024 CMFC Sustainability Report" in accordance with the internationally accepted GRI Standards. For the Sustainability Report, an opinion with limited assurance issued by the CPAs' firm based on the assurance standards promulgated by the Accounting Research and Development Foundation shall be obtained; however, as of the publication date of the annual report, the preparation of the 2024 Sustainability Report is not completed. The "CPAs' opinion with limited assurance for the 2023 CMFC Sustainability Report" has been disclosed on the Company's website. (https://www.cmfc.com.tw/social_tw.php?id=3)	Not distinctive

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary		
VI. If the Company has adopted its own Sustainable Development Best Practice Principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,” please describe any differences from the principles in the Company’s operations: The Company has established its Sustainable Development Best Practice Principles on May 8, 2023 to implement sustainable development, and its operation has no difference from the Principles. The Principles are disclosed on the Company’s website. (http://www.cmfc.com.tw)					
VII. Other important information for facilitating the understanding of Sustainable Development and its implementation: Please refer to the key information on the implementation of corporate governance and the Sustainability Report.					
(I) Amount committed to the community-friendly policy in 2024: Local give-back rewards and subsidies to the local groups and schools of NT\$3,876 thousand.					
(II) Employment opportunities to local residents in 2024:					
	Dashe	Nanzih	Renwu	Total	% of the whole plant
	77	100	42	219	45.3%

Note 1: If a check is made for “yes” for the implementation, please explain the adopted important policies, strategies, measures and implementation; If a check is made for “no,” please explain the deviation and causes in the column for “Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies,” and explain future adopted related policies, strategies and measures plan. However, for the promotion items 1 and 2, the listed company shall describe the governance and supervision structure for sustainable development, including but not limited to management guidelines, strategy and target setting, and review measures. In addition, the Company shall specify its risk management policies or strategies on environmental, social and corporate governance issues related to its operations, and its evaluation status.

Note 2: Materiality refers to environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

Note 3: For disclosure method, please refer to the best practice reference on the Corporate Governance Center website of the Taiwan Securities Exchange Corporation.

Climate-related information disclosure:

Item	Implementation Status	
I. Describe the supervision and governance of climate-related risks and opportunities by the Board and the management.	(I)	According to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, the climate assessment and responses shall be included in the Company's Sustainable Development Best Practice Principles, with the results presented in the Company's Sustainability Report, which was approved by the Board for implementation.
	(II)	In response to climate-related risks and opportunities, the Company's Board the highest decision-making body in terms of governance, and climate change and the management structure are directly supervised by the Board. In terms of climate change and the promotion of sustainable management strategies, the Board supervises and guides the sustainable corporate development. In 2024, the reporting and verification schedule for consolidated subsidiaries' sustainability disclosures will be presented to the Board of Directors on a quarterly basis. In August 2024, the 2023 sustainability performance results (including

Item	Implementation Status
	climate-related risks and opportunities) were reported to the Board of Directors through the Sustainability Report. The Board reviewed the progress of the strategy and, when necessary, urged the management team to make adjustments.
II. Describe the effects of climate risks and opportunities identified on the Company's business, strategy, and finance (short-, mid-, and long-term).	<p>Explanation of short-, medium-, and long-term risks and opportunities — climate risk and opportunity identification results: Based on the likelihood of occurrence and potential impact of each risk, the risks are categorized into short-, medium-, and long-term types.</p> <ul style="list-style-type: none"> ● Short-term (1 to 3 years) <ul style="list-style-type: none"> • Physical risk - immediate risk: The increased severity of extreme weather events. • Transformation risk - policy risk: Control of existing products and services. • Transformation risk - market risk: The increase in raw material costs. ● Mid-term (4 to 10 years) <ul style="list-style-type: none"> • Transformation risk - market risk: The increase in carbon management costs. • Transformation risk - reputation risk: Changes in consumer preferences. • Transformation risk - technology risk: Failure to replace existing products and services with lower emissions. • Transformation risk - market risk: Changes in customer demands and the requirements to launch low-carbon products to meet market demand. ● Long-term (10 years or above) <ul style="list-style-type: none"> • Physical risk: Changes in lifestyle and consumption patterns due to the increase in average temperature. • Physical risk: Rising sea level affecting the operation of plants. <p>Based on the risk identification process, the Sustainable Development Workforce has identified four main transformation risks, including:</p> <ul style="list-style-type: none"> • The use of renewable energy requires the increase costs. • Carbon tax/carbon fee. • Costs increase due to the shortage of raw materials caused by climate change. • The market/consumers turn to low-carbon products.

Item	Implementation Status				
III. Describe the effects of extreme weather events and transformation actions on finance.	Regarding the response to physical risks of extreme weather events (i.e., heavy rainfall, hurricanes, and floods), production plants have long been strengthening the drainage capacity of the plants and improving the response capacity for material operating mistakes; therefore, there are limited effects on finance.				
	Risks and opportunities	Description of relevant impacts	Effects on finance before action	Action taken	Type of financial impact
	Increase in cost due to renewable energy	The slow development of green energy may cause the price to rise due to the shortage in supply.	The impact will generate mid-to-high level of negative effects.	Introduce the ISO50001 system to improve energy efficiency. Replacement of energy-saving equipment.	Capital expenditure; increase in operating cost
	Carbon tax/carbon fee	The expansion of control under the CBAM effect in the EU and the follow-up of countries may affect the competitiveness of high-carbon products.	The impact will generate mid-to-high level of negative effects.	Introduce energy management. Evaluate and introduce carbon footprint and carbon risk management.	Increase in operating costs
	Rising raw material costs	Raw material prices rise due to the stringent requirements and standards and various restrictions caused by climate change.	The impact will generate mid-level of negative effects.	Evaluate and introduce carbon footprint and carbon risk management.	Increase in operating costs
	The market/consumers turn to low-carbon products	As a result of the carbon pricing, consumers are more stringently reviewing the carbon emissions of products or services, resulting in a decrease in the competitiveness of high-carbon products.	The impact will generate mid-level of negative effects.	Development low-carbon and sustainable products and the development blueprint.	Increase in operating costs
	The necessity of developing low-carbon products	The market/consumers will turn to low-carbon products, and low-carbon products at the process end are required to be developed.	The impact will generate mid-to-high level of negative effects.	Develop green chemical production technology and promote a circular economy.	Revenue from green products
	Develop carbon reduction sustainable products to users	The market/consumers will turn to low-carbon products, and low-carbon products at the process end are required to be developed.	The impact will generate mid-to-high level of negative effects.	Development sustainable products and the development blueprint.	Revenue from green products

Item	Implementation Status										
IV. Describe the incorporation method of the identification, evaluation, and management procedures of climate risks in the overall risk management system.	<div>The Company's climate risk management is as follows</div> <table><tr><th>Management system</th><th>Function</th></tr><tr><td>Board of directors Those charged with governance of climate-related risks and opportunities</td><td>Approve the risk management policy and framework. Supervise the effective operation of the risk management system.</td></tr><tr><td>Sustainable Development Promotion Taskforce Management of climate-related risks and opportunities</td><td>Review the management reports on material risk issues. Report the implementation of risk management to the Board in a timely manner.</td></tr><tr><td>Energy Management System Committee Workforce Identification, assessment and recommendation of climate-related risks and opportunities</td><td>Specialize in identifying, accessing, and processing climate change-related risks and opportunities and report the improvement recommendations via administrative channels.</td></tr><tr><td>Responsible units Operating level of climate-related risks and opportunities</td><td>Identify daily climate risk assessment, management, and reporting and adopt necessary countermeasures.</td></tr></table>	Management system	Function	Board of directors Those charged with governance of climate-related risks and opportunities	Approve the risk management policy and framework. Supervise the effective operation of the risk management system.	Sustainable Development Promotion Taskforce Management of climate-related risks and opportunities	Review the management reports on material risk issues. Report the implementation of risk management to the Board in a timely manner.	Energy Management System Committee Workforce Identification, assessment and recommendation of climate-related risks and opportunities	Specialize in identifying, accessing, and processing climate change-related risks and opportunities and report the improvement recommendations via administrative channels.	Responsible units Operating level of climate-related risks and opportunities	Identify daily climate risk assessment, management, and reporting and adopt necessary countermeasures.
Management system	Function										
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Responsible units Operating level of climate-related risks and opportunities	Identify daily climate risk assessment, management, and reporting and adopt necessary countermeasures.										
V. If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors used, and major financial impacts shall be specified.	<div>The Company will evaluate the implementation of scenario analysis in the following years.</div>										
VI. If there is a transformation plan in response to the management of climate-related risks, the content of the plan and the indicators and targets used to identify and manage physical risks and transformation risks shall be specified.	<div>The Company will discuss the transformation plan in response to the management of climate-related risks in the following years.</div>										
VII. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be specified.	<div>Starting from 2025, the Company will refer to the Ministry of Environment's carbon fee collection method and announced carbon fee collection rate, establish an internal carbon pricing (ICP) system of NTS300/metric ton of carbon dioxide equivalent, and introduce an internal carbon fee mechanism as a reference for capital investment strategies and major decisions. The Company has set a target of reducing carbon emissions by at least 1% each year starting from the base year. After evaluation by the internal carbon pricing mechanism, if the reduction in carbon emissions is achieved, the potential external carbon costs will be reduced by at least approximately NT\$1.05 million.</div>										

Item	Implementation Status
VIII. If climate-related goals are set, the activities covered, the scope of GHG emissions, the planned period, and the progress of each year shall specified; if carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, the source and quantity of carbon reduction credits or quantity of RECs used for exchange shall be specified.	The greenhouse gas reduction target period and other information have been set. Detailed description of greenhouse gas inventory information 1-2.
IX. GHG inventory and assurance, and reduction targets, strategies, and substantial action plans (fill in 1-1 and 1-2 separately).	Please refer to page 53 of the Company's annual report for information on the Company's GHG inventory and assurance.

GHG inventory information

1-1-1 Greenhouse Gas Inventory Information

Disclosure of greenhouse gas emissions (metric tons CO₂e), emission intensity (metric tons CO₂e per NT\$ million), and data coverage for the most recent two years:

Year of data	2023 Emissions (metric tons CO ₂ e)	2024 Emissions (metric tons CO ₂ e)	Data Coverage Scope
Scope 1: Direct greenhouse gas emissions	395990.925	339574.825	China Man-Made Fiber
Scope 2: Indirect greenhouse gas emissions	15580.408	11226.329	
Total emissions	411571.333	350801.154	
Intensity (tCO ₂ e/NT\$ million)	70.429	61.745	
Scope 1: Direct greenhouse gas emissions		11142.388	Subsidiaries included within the organizational boundary under the operational control approach
Scope 2: Indirect greenhouse gas emissions		24636.635	
Total emissions		35779.023	
Intensity (tCO ₂ e/NT\$ million)		0.901	
Scope 1: Total direct greenhouse gas emissions		350717.213	The Company + subsidiaries
Scope 2: Total indirect greenhouse gas emissions		35862.964	The Company + subsidiaries
Total emissions within the consolidated financial reporting boundary		386580.177	The Company + subsidiaries
Emission intensity within the consolidated financial reporting boundary (tCO ₂ e/NT\$ million)		8.518	

Note 1: The data for the 2024 inventory is based on estimates. For complete inventory information, please refer to the Company's Sustainability Report.

Note 2: In accordance with Article 10, Paragraph 2 of the relevant regulations, subsidiaries are required to disclose inventory information starting from 2025; thus, some subsidiaries did not conduct inventories in 2023.

1-1-2 GHG assurance information

Year of data	2023	2024		
Total Scope 1 and Scope 2 Emissions (metric tons CO ₂ e)	410657.173	349777.966	6126.118	357.946
Assurance Coverage	China Man-Made Fiber Kaohsiung Plant	China Man-Made Fiber Kaohsiung Plant	Entire operations of Taichung Commercial Bank Co., Ltd.	Entire operations of Taichung Bank Securities Taichung Bank Venture Capital Co., Ltd.
Percentage of inventory data disclosed under Item 1-1-1 above	The Company 99.778%	The Company 99.708%	17.12% all subsidiaries	1% all subsidiaries
Assurance institution	Bureau Veritas	DNV Business Assurance Co., Ltd.	Taiwan Testing and Certification Center	Adhering to the United Certified Public Accountants
Assurance standards	ISO 14064-3:2006	In accordance with regulations	ISO 14064-3:2019	ISO 14064-3:2019
Verification/Assurance Status	Reasonable assurance level, unqualified opinion	Not yet completed as of the date of annual report publication		

Note 1: As the 2024 inventory data is based on estimates, verification for the Company and certain subsidiaries has not yet been completed by the assurance body. For complete information on the Company's GHG inventory, please refer to the Company's Sustainability Report.

Note 2: The total emissions of the Taipei and New Taipei offices of China Man-Made Fiber Corporation in 2023 and 2024 were 914.160 metric tons (CO₂e) and 1,023.188 metric tons (CO₂e), respectively, accounting for 0.22% and 0.29% of China Man-Made Fiber Corporation's total emissions of 411,571.333 metric tons (CO₂e) in 2023 and 350,801.154 metric tons (CO₂e) in 2024. As both figures are below 5%, they are deemed excludable from the verification scope based on the GHG inventory standards.

Note 3: According to Article 10, Paragraph 2 of the relevant regulations, subsidiaries must complete GHG inventory verification disclosures starting in 2027. Therefore, some subsidiaries have not yet undergone verification in 2024.

1-2 GHG Emission Reduction Targets, Strategies, and Action Plans

I. GHG Emission Reduction Baseline Year and Targets

To formulate GHG emission reduction strategies, the Company plans to set its own boundary as the basis. Pursuant to Article 10, Paragraph 2 of the relevant regulations, the Company shall disclose consolidated financial report-based inventory data starting in 2025, with 2024 as the baseline year. The Company's Scope 1 and Scope 2 emissions amounted to 339,574.825 metric tons CO₂e and 11,226.329 metric tons CO₂e, respectively. Through the following specific actions, the Company aims to achieve an annual reduction of at least 1% from the baseline year, reaching a 6% reduction by 2030.

II. GHG emission reduction strategies and specific action plans.

To enhance energy efficiency and align with global GHG reduction trends, the Company has implemented the following energy-saving and carbon-reduction measures:

1. Replace high-energy--consumption equipment with low-energy consumption-equipment, including process facilities, electrical facilities, LED lighting, and others.

2. Replace old insulation packaging materials and use high-efficiency insulation packaging materials to reduce the need for re-heating or refrigeration due to temperature loss of equipment so as to reduce unnecessary energy consumption.
3. During the period of non-production, the Company voluntarily stops operation of the heating system of the process to reduce the consumption of energy and fuel.
4. Progressively implement energy-saving improvements such as installing inverters on motors, overhauling cooling/chilled water double-suction pumps with ceramic coating, replacing lighting equipment with LED lights, and integrating gas supply systems to ensure effective management.
5. Continue to promote waste sorting and reduction and recycling strategies to lower indirect greenhouse gas emissions volume.
6. Continue to perform the statistics analysis on the correlation of energy, output capacity, and GHG emissions to analyze energy utilization rate and reduce the direct GHG emissions.
7. Purchase and use low-pollution heat and clean fuel natural gas as the source of the Company's heat source.
8. Undertake boiler burner retrofitting projects.

*Consolidated companies

1. Pan Asia Chemical Corporation

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
I. Has the Company established a governance framework for promoting sustainable development and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board authorized the senior management to handle related matters under the supervision of the Board?	V		<p>The Company complies with the vision and mission of the ESG policy. Starting in 2015, the Finance Department has been appointed as the part-time unit for the promotion of sustainable development of the Company. In 2023, the “PACC Sustainable Development Promotion Taskforce” became the sustainable development decision-making center of the Company. The Chairman is the convener, and the Sustainable Development Taskforce serves as the cross-department communication platform for vertical integration and horizontal connection. The Taskforce is responsible for regularly discussing relevant matters with the designated personnel for sustainable development of different units to identify sustainable issues related to the Company’s operations and of concern by stakeholders, formulate countermeasures and work guidelines, and report to the Board (at least once a year) after the preparation of the Sustainability Report; the Board will urge the Taskforce to make adjustments when necessary.</p> <p>To establish a sound mechanism for preparing sustainability reports, the Company has formulated the “Sustainability Report Preparation and Assurance Procedure” and the “Sustainability Information Management Guidelines,” both of which have been approved by the Audit Committee and the Board of Directors and incorporated into the internal control system. In 2024, the reporting and verification schedule for the company’s sustainability disclosures will be presented to the Board of Directors on a quarterly basis. In August 2024, the 2023 sustainability performance results were reported to the Board of Directors through the Sustainability Report. The Board reviewed the progress of the strategy and, when necessary, urged the management team to make adjustments.</p>	Not distinctive

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies						
	Yes	No	Summary							
II. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle and formulate relevant risk management policies or strategies? (Materiality refers to environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.)	V		<div>1. The disclosed covers the Company's sustainable development performance from January 2024 to December 2024. The risk assessment boundary is based on the Company, including Kaohsiung Plant.</div> <div>2. Analysis is conducted based on the materiality principles of the Sustainability Report, communicated with internal and external stakeholders. Through review and integrate the assessment information of various departments, assess ESG topics with materiality. Corresponding risk strategies are also proposed.</div> <div>3. Establish related risk management policies or strategies based on the risks from the assessment:</div> <table><tr><th>Aspect</th><th>Major issues</th><th>Relevant risk management policies and strategies</th></tr><tr><td>Corporate Governance:</td><td>Corporate Governance:</td><td><div>1. Strengthen the functions of the Board of Directors and enhance decision-making quality.</div><div>2. Implement and enforce a risk management system to effectively control risks.</div><div>3. Maintain harmonious labor-management relations to achieve win-win outcomes.</div><div>4. Fulfill corporate social responsibility and strive to create a friendly business environment.</div><div>5. Purchase liability insurance for directors and key personnel to mitigate financial losses resulting from decision-making errors.</div></td></tr></table>	Aspect	Major issues	Relevant risk management policies and strategies	Corporate Governance:	Corporate Governance:	<div>1. Strengthen the functions of the Board of Directors and enhance decision-making quality.</div> <div>2. Implement and enforce a risk management system to effectively control risks.</div> <div>3. Maintain harmonious labor-management relations to achieve win-win outcomes.</div> <div>4. Fulfill corporate social responsibility and strive to create a friendly business environment.</div> <div>5. Purchase liability insurance for directors and key personnel to mitigate financial losses resulting from decision-making errors.</div>	Not distinctive
Aspect	Major issues	Relevant risk management policies and strategies								
Corporate Governance:	Corporate Governance:	<div>1. Strengthen the functions of the Board of Directors and enhance decision-making quality.</div> <div>2. Implement and enforce a risk management system to effectively control risks.</div> <div>3. Maintain harmonious labor-management relations to achieve win-win outcomes.</div> <div>4. Fulfill corporate social responsibility and strive to create a friendly business environment.</div> <div>5. Purchase liability insurance for directors and key personnel to mitigate financial losses resulting from decision-making errors.</div>								

Promotion item	Implementation Status				Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary			
					6. Uphold the principles of ethical business conduct to ensure the Company's sustainable development.	
				Legal Compliance	1. Pan-Asia Chemical Corporation prioritizes compliance with government regulations and the protection of both people and the environment. The Company continuously monitors regulatory updates and makes timely adjustments to ensure full compliance. 2. By implementing effective institutional controls aligned with increasingly stringent national laws and regulations, the Company aims to enhance operational efficiency, reduce labor costs, minimize environmental impact, and fulfill its corporate social responsibilities. 3. The Company continuously maintains its ISO-45001/CNS-45001 (Occupational Health and Safety Management System) certification and periodically reviews compliance with new or revised regulations.	

Promotion item	Implementation Status				Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary		
				<div>4. The goal is to ensure full compliance with environmental protection, occupational safety, and human rights-related regulations, with no major environmental leaks or impacts.</div> <div>The Company formulates organizational business models and strategies and enhances performance through sound corporate management to generate improved business outcomes and deliver value to shareholders.</div>	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary		
				Product Quality / Technology R&D	1. Stringent quality standards are applied to ensure that high-quality products meet customer needs. 2. By closely monitoring market and international policy trends, the Company proactively addresses potential risks and opportunities, leveraging its strengths to develop competitive and suitable products for customers. 3. Testing methodologies are continuously optimized, and market engagement is maintained to stay attuned to customer requirements. 4. Each department sets and tracks its annual quality targets.
				Risk Management	Corporate social responsibility is implemented as a long-term risk management approach, with ongoing risk and opportunity assessments aimed at sustainable development.

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<div>Environment</div> <div>GHG Emissions, Air Pollution Control, and Waste Management</div> <ol style="list-style-type: none"> 1. To fulfill its corporate social responsibilities and create a high-quality work environment, PACC strives toward carbon neutrality by promoting energy saving, waste reduction, and GHG mitigation. The Company strengthens its core competencies in response to energy and climate change challenges and identifies related risks and opportunities to progress toward a low-carbon industry model. 2. Environmental targets and programs are established, supported by dedicated environmental management units and personnel to ensure environmental protection and enforce pollution prevention strategies. 3. Dedicated departments and staff are assigned to oversee and manage the implementation of environmental policies and regulatory compliance. 4. Adopt pollution prevention measures, install Continuous Emission Monitoring Systems (CEMS), test the control value, committed to mitigate air 	

Promotion item	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
					<p>pollution harm to the environment.</p> <p>5. Conduct instant testing for the water quality of the wastewater for release, to ensure the release water quality complies with the competent authorities regulations.</p> <p>6. Conduct proper waste sorting management. For waste that are recyclable for reuse or of value, they can be recycled and reused through internal contacts and recycling vendor's survey, striving towards low emissions.</p> <p>7. When there are no wastes of recycling value, commission qualified clearing and treatment vendor to carry out clearance and transportation and treatment of wastes, and list under management and file as follow-up item.</p> <p>8. The Company adheres to all applicable environmental protection laws and has reported zero incidents of major environmental regulatory violations or penalties.</p>	

Promotion item	Implementation Status					Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary			
					9. Air and water pollution testing results remain below legal thresholds. 10. Regular and ad-hoc inspections are conducted on wastewater discharge quality and air pollutant emissions to ensure compliance.	

				Climate Change Response	<ol style="list-style-type: none"> 1. The Company is accelerating the identification of risks and opportunities brought about by climate change and is formulating adaptation strategies to enhance risk resilience and develop effective response measures. 2. In line with its commitment to corporate social responsibility, the Company strives to protect the environment by implementing eco-friendly management practices and complying with environmental regulations and other applicable requirements set forth by competent authorities to reduce its environmental footprint. 3. Continue to use clean natural gas fuel as the Company's source of energy. 4. Continue to promote waste sorting and reduction and recycling strategies to lower indirect greenhouse gas emissions volume. 5. Continue statistics analysis on the correlation of energy and output capacity, and greenhouse gas emissions to analyze energy utilization rate. 6. Continue to improve annual energy utilization efficiency. 7. Statistical parameters are used as the basis for greenhouse gas control strategies and energy use adjustment indicators for the following year. 8. Energy, waste, and other data are continuously compiled and 	
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Promotion item	Implementation Status				Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary			
					analyzed annually for comparison.	
			Society	Occupational safety and health	1. PACC follows the concept of environmental, safety, and health (ESH) policy, fulfills regulatory obligations, reduces hazard risks, and provides all workers with a safe and healthy workplace, aiming to achieve safety, friendliness, and health, and to pursue sustainable business operations. 2. Prevent occupational hazards and diseases, strengthen the physical and mental health of workers, ensure a safe working environment, supply high-quality products, reduce production costs, and improve employee productivity. 3. A safety and health policy has been established to protect the safety and health of employees and relevant operational personnel, and to demonstrate the Company's determination for continuous improvement and sustainable operations. The Company commits to the following in its safety and health activities:	

Promotion item	Implementation Status						Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary				
					(1) Compliance with laws and regulations (2) Implementation of risk management (3) Continuous equipment improvement (4) Education and training promotion (5) Strengthening consultation and communication (6) Ongoing performance improvement (7) Health promotion and overwork prevention 4. Zero violations of occupational safety and health regulations; zero workplace safety incidents.		

				Employee Welfare and Compensation / Labor Relations	<p>The Company values employees' labor rights, is committed to creating a healthy, safe, and gender-equal working environment, and has established development and training plans for employees, aiming to build a positive and proactive work atmosphere through improved welfare, workplace conditions, and organizational enhancement, allowing employees to achieve work-life balance.</p> <ol style="list-style-type: none"> 1. Provide comprehensive and high-quality compensation and benefits. Salaries comply with local labor laws and regulations. 2. Realize equal pay for equal work between male and female employees for rewards and compensation conditions and equal promotion opportunities, driving sustainable and inclusive economic growth. 3. Regular and irregular health examinations for employees are arranged to maintain employees' health. 4. Employees are encouraged to enrich their knowledge and skills and improve work quality and efficiency. A training management policy has been established as the foundation for the Company's sustainable operations and development. 	
				Customer service management	<p>For product sales, the Company must take responsibility for ensuring product quality meets customer requirements. Develop more suitable and cost-competitive products for customers. Product specifications must be confirmed before transactions; after</p>	

Promotion item		Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies			
		Yes	No	Summary				
				<table><tr><td></td><td></td><td>production, samples are analyzed to avoid discrepancies in product specifications.</td></tr></table>			production, samples are analyzed to avoid discrepancies in product specifications.	
		production, samples are analyzed to avoid discrepancies in product specifications.						
III. Environmental issues								
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		(I) The Company will comply with the government's environmental protection regulations and policies, adopt countermeasures in advance, and reduce GHG emissions step by step to achieve sustainable operations in line with international standards. At present, the self-inventory of the Company has not been verified by external party; Although it has not been assured by external third party, we assure the accuracy of the information data in the report through rigorous internal control and audit mechanism. At this stage, the Company will follow the government's laws and regulations and the schedule of the FSC, and refer to the ISO-14064-1 specifications to conduct its GHG inventory and third-party verification. The GHG inventory and verification schedule are planned to be completed in 2025, and the verification in 2027.	Not distinctive				
(II) Is the Company committed to enhance the energy efficiency and use renewable materials that are with low impact on the environmental?	V		(II) Policies to improve energy efficiency: 1. Replace high-energy--consumption equipment with low-energy consumption-equipment, including process facilities, electrical facilities, LED lighting, and others.					

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(III) Does the Company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address related issues?	V		<p>2. Replace old insulation packaging materials and use high-efficiency insulation packaging materials to reduce the need for re-heating or refrigeration due to temperature loss of equipment so as to reduce unnecessary energy consumption.</p> <p>3. During the period of non-production, the Company voluntarily stops operation of the heating system of the process to reduce the consumption of energy and fuel.</p> <p>Policy on the use of recycled materials:</p> <p>1. Strengthen the recycling rate of secondary finished product packaging.</p> <p>2. Strengthen the transfer of recyclable waste to recycling companies as raw materials or materials to implement a circular economy.</p> <p>(III) The Sustainable Development Promotion Taskforce is the highest level of organization responsible for the management of potential risk factors related to climate change and relevant improvement opportunities and measures. The Chairman is the convener. The Taskforce formulates relevant improvement opportunities and measures based on the potential risk factors identified (i.e., GHG emission cost, low-carbon operating cost, and extreme weather risks), adopts the overall GHG emission reduction, air pollutant reduction, water conservation and energy conservation, waste reduction, and recycling and reuse as the indicators of opportunities, and actively makes implementation for the target value and examinations on a rolling basis. It also regularly compiles</p>	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(IV) Has the Company prepared statistics on GHG emissions, water consumption, and the total weight of waste for the most recent two years and formulated policies for GHG emissions reduction, water consumption reduction, or other waste management?	V		<p>the Sustainability Reports to report to the Board and make disclosures to stakeholders.</p> <ol style="list-style-type: none"> 1. Continue to purchase and use low-pollution heat and clean fuel natural gas as the source of the Company's heat source. 2. Continue to promote waste sorting and reduction and recycling strategies to lower indirect greenhouse gas emissions volume. 3. Continue to perform the statistics analysis on the correlation of energy, output capacity, and GHG emissions to analyze energy utilization rate and reduce the direct GHG emissions. <p>(IV) The Company's annual greenhouse gas emissions for the past two years and its greenhouse gas reduction policies are detailed on pages 52–53 of this Annual Report. Implement factory site pollution and emissions control in accordance with regional environment changes and policies from the authority. Set temperature control policies for indoor air-conditioning to prevent waste of electricity. Carry out inspection of greenhouse gas emissions from the manufacturing processes and conduct energy-saving and carbon-reduction measures based on policies from the authority. Use automatic detection devices to change the time of using supplementary lightning depending on the season. Garbage sorting is promoted and implemented to reduce the amount of generated waste. Processes are improved to decrease the amount of process waste. A constant pursuit of technical feasibility of waste re-use in Taiwan serves the</p>	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>purpose of minimizing environmental burdens.</p> <p>To ensure the sustainable management of the Earth's environmental resources, environmental protection has become one of the most pressing global issues. Reducing energy and resource consumption and greenhouse gas emissions while enhancing the Company's production efficiency and competitiveness is essential—even during economic downturns. At this stage, the plant has set a target of reducing emissions by at least 1% annually starting from the base year 2024, aiming for a 6% reduction by 2030, along with a 5% reduction in waste. These goals reflect the Company's commitment to energy conservation, carbon reduction, and waste recycling, and to fulfilling its responsibility as a global citizen.</p> <p>The Company has not yet use renewable energy. Other efforts in response to climate change and driving the Company's sustainable management are eliminating equipment with high energy consumption and replacing with equipment with low energy consumption, including manufacturing equipment, electronic equipment, and lightings, eliminating old temperature insulating packaging materials and using high efficiency insulating packaging materials. Such measures can lower the times the equipment renew the heating or cooling due to temperature loss, which increases unnecessary energy consumption. By doing so, the Company can improve the energy usage efficiency.</p> <p>On using recycled materials, enhance the recycling rate of recycled secondary product packaging, and enhance the recycling of recyclable wastes for re-manufacturing transferring them to recycling vendors for use as raw</p>	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies																								
	Yes	No	Summary																									
			<p>materials in implementing the circular economy.</p> <p>The Company’s water consumption in the two-year period: Unit: metric tons</p> <table><tr><th>Year</th><th>2023</th><th>2024</th></tr><tr><td>Running water amount</td><td>80,040</td><td>86,063</td></tr><tr><td>Water intensity (water consumption/p roduct)</td><td>3.0322</td><td>2.9740</td></tr><tr><td>Wastewater amount</td><td>50,386</td><td>45,827</td></tr></table> <p>The Company has invested in many improvement measures, which include improvements to the manufacturing equipment eliminating and reducing water use, concentrated production of products of the same nature, reducing usage of cleaning and cleaning water for the systems, and reduce the wastewater generation at the same time. Under the implementation of the 2024 water resource utilization management and water saving technology, the water consumption intensity reduced by approximately 1.9% from 2023.</p> <p>The Company’s total weight of waste in the two-year period: Unit: metric tons</p> <table><tr><th></th><th>2023</th><th>2024</th></tr><tr><td>General domestic waste</td><td>43.58</td><td>38.16</td></tr><tr><td>General industrial waste</td><td>188.7</td><td>188.58</td></tr><tr><td>Special industrial waste</td><td>0.13</td><td>0</td></tr></table>	Year	2023	2024	Running water amount	80,040	86,063	Water intensity (water consumption/p roduct)	3.0322	2.9740	Wastewater amount	50,386	45,827		2023	2024	General domestic waste	43.58	38.16	General industrial waste	188.7	188.58	Special industrial waste	0.13	0	
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Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies									
	Yes	No	Summary										
			<table><tr><td>(hazardous)</td><td></td><td></td></tr><tr><td>Recycled and reused waste</td><td>0</td><td>0</td></tr><tr><td>Waste intensity (ton/ton)</td><td>0.0088</td><td>0.0078</td></tr></table> <p>The Company’s ultimate goal for waste management is “Zero Waste.” To achieve sustainable resource and recycling, the Company adopts the strategy of reduction in overall waste volume and turning waste into resource as its strategy, prioritize recycling and reuse for use within the plant, and reduce the consumption volume of raw materials and packaging; followed by engaging external vendors for recycling and re-use. Lastly, the wastes that cannot be recycled and re-used are sent for burning at an incinerator or for landfill. The various paths as major policies. In line with ongoing process optimization and manufacturing improvements, the Company has taken action at the source to reduce waste generation. In 2024, production capacity increased by approximately 9.6% compared to 2023, while the overall waste intensity reached 0.0078 (metric tons/metric ton), representing a decline of approximately 11% from the 2023 waste intensity of 0.0088 (metric tons/metric ton), rather than an increase.</p> <p>The above information are based on self-inventory and has not been verified by external party; Although it has not been assured by external third party, we assure the accuracy of the information data in the report through rigorous internal control and audit mechanism.</p>	(hazardous)			Recycled and reused waste	0	0	Waste intensity (ton/ton)	0.0088	0.0078	
(hazardous)													
Recycled and reused waste	0	0											
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Promotion item		Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies						
		Yes	No	Summary							
IV.	Social issues	V		(I) The Company complies with relevant government regulations and supports and respects internationally recognized human rights standards, including the Universal Declaration of Human Rights, the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization. The Company upholds the protections outlined in these conventions and has established corresponding policies, which are published on its official website. Each year, the Company regularly examines its operations, value chain, new business activities (such as mergers and acquisitions, joint ventures), and other related activities by monitoring major social issues, analyzing data, and conducting surveys. This process aims to identify and assess vulnerable groups and potential human rights risks. Based on identified risks, the Company formulates control plans addressing human rights issues and continues to monitor and improve the implementation outcomes of such plans. The Company’s human rights management and concrete plan summary as follows: <table> <tr> <th>Human rights management policies</th> <th>Concrete plan</th> </tr> <tr> <td>Provide a safe and healthy working environment</td> <td>* Established safety and health policy to guarantee employees and related process personnel’s safety and health.</td> </tr> <tr> <td>Assist employees to maintain physical</td> <td>* One hour lunch break to give sufficient resting time for</td> </tr> </table>	Human rights management policies	Concrete plan	Provide a safe and healthy working environment	* Established safety and health policy to guarantee employees and related process personnel’s safety and health.	Assist employees to maintain physical	* One hour lunch break to give sufficient resting time for	Not distinctive
Human rights management policies	Concrete plan										
Provide a safe and healthy working environment	* Established safety and health policy to guarantee employees and related process personnel’s safety and health.										
Assist employees to maintain physical	* One hour lunch break to give sufficient resting time for										
(I)	Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?										

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies						
	Yes	No	Summary							
			<table><tr><td>and mental health and work-life balance</td><td>employees. * Regular and irregular health examinations for employees are arranged to maintain employees' health.</td></tr><tr><td>Prohibit forced labor, abiding with the government's labor act.</td><td>Implement the leave system, encourage employees to value work life balance.</td></tr><tr><td>Formulate a "Supplier Commitment Letter," which suppliers are required to sign.</td><td>From the human rights, legal compliance, and environment aspects, and under the principles of timely, appropriate value, appropriate volume, and appropriate price, prioritize suppliers who adopt TOSHMS, CNS-45001, ISO-45001 and so forth occupational safety, energy and environmental management systems. We hope to work with partners in committing to the duties of corporate social responsibilities together.</td></tr></table> <p>In addition, in 2024, the Company also conducted human rights protection awareness programs for all employees. Going forward, the Company will continue to focus on human rights protection issues and promote related education and training initiatives to raise awareness and reduce the likelihood of associated risks.</p>	and mental health and work-life balance	employees. * Regular and irregular health examinations for employees are arranged to maintain employees' health.	Prohibit forced labor, abiding with the government's labor act.	Implement the leave system, encourage employees to value work life balance.	Formulate a "Supplier Commitment Letter," which suppliers are required to sign.	From the human rights, legal compliance, and environment aspects, and under the principles of timely, appropriate value, appropriate volume, and appropriate price, prioritize suppliers who adopt TOSHMS, CNS-45001, ISO-45001 and so forth occupational safety, energy and environmental management systems. We hope to work with partners in committing to the duties of corporate social responsibilities together.	
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Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		<p>(II) <u>Employees' remuneration</u> The Company's employee compensation policy takes into account factors such as individual seniority, performance evaluation, work performance, and contribution to the Company's operational results, with discretionary incentive bonuses awarded accordingly. In years where the Company reports profit, 1% to 5% shall be allocated as employee compensation. The Company appropriately shares its operational results or achievements with employees.</p> <p><u>Staff fringe benefits</u> An Employee Welfare Committee has been established, and 0.05% of annual revenue is allocated each year to support various welfare initiatives, such as employee travel subsidies, birthday gift vouchers, marriage grants, maternity grants, education subsidies for children, and funeral subsidies. In terms of leave policy, in addition to regular two-day weekends, employees are granted annual leave after a certain period of service. For those facing parental responsibilities, major illnesses, or significant life events requiring extended leave, employees may apply for unpaid leave to better accommodate personal and family care needs.</p> <p><u>Workplace diversity and equality</u> The Company upholds equal pay and promotion opportunities for men and women, ensuring equal compensation for equal work and maintaining a higher-than-standard proportion of women in management positions to promote inclusive and sustainable economic</p>	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy work environment and provide safety and health education to employees regularly?	V		<p>growth. In 2024, the average proportion of female employees was 17.31%, and the average proportion of female managers was 22.58%.</p> <p>The Company values employee rights and benefits, shares profits with employees, and maintains a healthy working environment.</p> <p><u>Operating performance is reflected in employees' compensation</u></p> <p>Article 19 of the Articles of Incorporation: In years where the Company reports profit, 1% to 5% shall be allocated as employee compensation, and no more than 0.3% shall be allocated as compensation for directors and supervisors. However, if there are accumulated losses, such losses must first be covered.</p> <p><u>Overall Compensation Policy</u></p> <p>The Company participates annually in market salary surveys. Salaries are adjusted based on market compensation levels, economic trends, and individual performance to maintain the overall competitiveness of employee remuneration.</p> <p>(III) <u>Occupational Safety and Health Policy</u></p> <p>The Company has established the safety and health policies and respected the request of related stakeholder groups on occupational safety and health, in order to build a safe and healthy work environment.</p> <p>The Company's core philosophy is based on disaster prevention and response. By using suitable management tools and mature technology and usable resources, integrate the occupational safety and health problems within the plant area, to propose effective policies and continue to</p>	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>improve the promotion of occupational safety culture. Furthermore, heighten prevention management of operation personnel to create a zero disaster environment.</p> <p>In 2024, there was one occupational injury incident, involving one individual, accounting for 1% of the total number of employees. The annual target of zero workplace injuries was not achieved.</p> <p>There was no case of fire incident in 2024, and the number of casualties and the proportion of casualties to total employees were zero.</p> <p><u>Workplace environmental monitoring</u> To guarantee labors are free from harm from hazardous substances in the work place, provide labors a healthy and comfortable work environment. Each year, will carry out 2 times the work environment monitoring to gradually understand the state of exposure of the employees.</p> <p>Regular health examination for employees.</p> <p><u>Work safety audit</u> The Company has established the annual work safety internal audit work plan. The factory manager will act as the chief convenor. The work safety audit team will compile the audit suggestions and improvement matters and specific improvement situations of the various audit reports and enter them into the “internal audit system.” Each unit will have to conduct the follow-up and improvements. Every quarter, the unit will review deficiencies at the Safety and Health Management Meetings based on the audit suggestions and improvement matters.</p> <div>Work safety audit process</div>	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies																
	Yes	No	Summary																	
			<table border="1"><tr><td>Daily irregular patrol inspection</td></tr><tr><td>Firefighting equipment practice and drills every quarter</td></tr><tr><td>General inspection of large size public hazardous materials from time to time</td></tr><tr><td>Annual follow-up and audit by external experts on the health and safety management system</td></tr></table> <p><u>Equipment safety management</u></p> <p>Conduct comprehensive safety check and testing once a year for high-risk machinery and equipment.</p> <p>We have work safety protective equipment rules in place for laborers to wear the equipment correctly, and we implement regular in-service work safety education and training for employees.</p> <p><u>In-service work safety education and training and advocacy in the most recent three years</u></p> <table border="1"><tr><td>Year</td><td>Number of persons for education and training</td><td>Hours of education and training</td></tr><tr><td>2022</td><td>180</td><td>381</td></tr><tr><td>2023</td><td>232</td><td>704</td></tr><tr><td>2024</td><td>219</td><td>658</td></tr></table> <p>Verification of the Company:</p> <p>The Company’s plant area has obtained ISO 45001 certifications.</p>	Daily irregular patrol inspection	Firefighting equipment practice and drills every quarter	General inspection of large size public hazardous materials from time to time	Annual follow-up and audit by external experts on the health and safety management system	Year	Number of persons for education and training	Hours of education and training	2022	180	381	2023	232	704	2024	219	658	
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Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		(IV) The Company provide related internal and external professional educational trainings to all management and employees to enhance employees' occupational training for career skills. Trainings include new employees orientation, professional occupational trainings, managerial skills training, and so on. It is hoped to support employees to continue to learn and grow through diverse learning methods and to encourage employees assess their own interests, skills, values, and goals. They can communicate their personal career intention to their managers for future career plans. For the number of persons and total hours participating in the 2024 career development and educational training, please refer to the "2024 PACC Sustainability Report."	
(V) Has the Company complied with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implemented consumer protection and complaint policies?	V		(V) Every stage from the raw materials procurement to product sales, the Company values the importance of the customer's health and safety. Continuous improvement of the production procedures and align with the market trends and demands of downstream customers, moving towards no toxic production, environmental friendly and green energy products, and development. The Company's products for production and sales, their function specifications and attention on use are listed in the physical properties and safety data sheet (SDS) to enable customers to understand safety use method. The inquiry hotline is listed. We put in all efforts in supporting customers in acquiring the required information. All products are labeled 100% in compliance of relevant laws and regulation. The Company strives to achieve "Customer Satisfaction"	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(VI) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		<p>and “Customer privacy” and values and immediately handles customer complaints to provide customer with comprehensive product quality.</p> <p>The customers’ customized products or processed product information are kept confidential to avoid customer transaction related-information leaks. Strictly comply with the government’s relevant laws and regulations to manage and protect the customer’s privacy.</p> <p>Before transaction, the Company must confirm the product specification. After production, there will be analysis for random samples. Business employees will handle customer’s appeal cases to better maintain the work for protecting customers’ rights.</p> <p>(VI) The Company established its “Supplier Commitment Letter” and required suppliers to sign the commitment. From the human rights, legal compliance, and environment aspects, and under the principles of timely, appropriate value, appropriate volume, and appropriate price, prioritize suppliers who adopt TOSHMS, CNS-45001, ISO-45001 and other occupational safety, energy and environmental management systems. We hope to work with partners in committing to the duties of corporate social responsibilities together.</p> <p>In case the Company discovers specific contractor or contractor has negative social image, it shall notify the contractor to give explanation and take corrective action. If the situation is critical, terminate the purchase or proceed to return of sales.</p>	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies										
	Yes	No	Summary											
V. Does the Company refer to international criteria or guidelines for the preparation of reports and compile reports on corporate non-financial information, such as, sustainable reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?	V		The Company referred to the spirits of the core options of GRI Standards of the Global Reporting Initiative (GRI) and the disclosures of information on industry indicators under the standards of the Sustainability Accounting Standards Board (SASB) and the content index in the report corresponding to SASB indicators to prepared the “2024 PACC Sustainability Report” to disclose non-financial information of the Company. For the 2024 Sustainability Report, an the assurance report issued by the CPAs based on the standards promulgated by the Accounting Research and Development Foundation shall be obtained; however, as of the publication date of the annual report, the preparation of the 2024 Sustainability Report is not completed. The "CPAs' opinion with limited assurance for the 2024 CMFC Sustainability Report" has been disclosed on the Company's website. (https://www.pacc.com.tw/_i/assets/upload/files/pacc_112_reportbooks.pdf)	Not distinctive										
VI. If the Company has established its Sustainable Development Best Practice Principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancies between the implementation and the Principles: There is no significant difference between the "Sustainable Development Best Practice Principles" established by the Company and the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."														
VII. Other important information for facilitating the understanding of Sustainable Development and its implementation: Please refer to the Sustainability Report of the Company. https://www.pacc.com.tw/social_tw.php?id=4														
(I) Amount committed to the community-friendly policy in 2024: Local give-back rewards of NT\$981 thousand and subsidies to the local groups and schools of NT\$3,388 thousands.														
(II) Employment opportunities to local residents in 2024:														
<table border="1"> <thead> <tr> <th>Nanzih</th><th>Renwu</th><th>Dashe</th><th>Number of people in Kaohsiung.</th><th>% of the whole plant</th></tr> </thead> <tbody> <tr> <td>15 persons</td><td>4 persons</td><td>3 persons</td><td>89 persons</td><td>24.72%</td></tr> </tbody> </table>					Nanzih	Renwu	Dashe	Number of people in Kaohsiung.	% of the whole plant	15 persons	4 persons	3 persons	89 persons	24.72%
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Table: Implementation of climate-related information:

Item		Implementation Status																														
I.	Describe the supervision and governance of climate-related risks and opportunities by the Board and the management.	<p>(I) According to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the climate assessment and responses shall be included in the Company's Sustainable Development Best Practice Principles, with the results presented in the Company's Sustainability Report, which was approved by the Board for implementation.</p> <p>(II) In response to climate-related risks and opportunities, the Company's Board the highest decision-making body in terms of governance, and climate change and the management structure are directly supervised by the Board. In terms of climate change and the promotion of sustainable management strategies, the Board supervises and guides the sustainable corporate development. In 2024, the reporting and verification schedule for the Company's sustainability disclosures will be presented to the Board of Directors on a quarterly basis. In August 2024, the 2023 sustainability performance results (including climate-related risks and opportunities) were reported to the Board of Directors through the Sustainability Report. The Board reviewed the progress of the strategy and, when necessary, urged the management team to make adjustments.</p>																														
II.	Describe the effects of climate risks and opportunities identified on the Company's business, strategy, and finance (short-, mid-, and long-term).	<p>To identify the impact of climate change on the Company's finance and conduct effective information disclosure, the Company identified the transformation risks of low-carbon economy in climate risks and physical risks due to the effects of climate change, described such risks, and assessed their impacts (short-, mid-, long-term) for the Company to strengthen the climate risk management and monitoring.</p> <table><tr><th>Risk category</th><th>Risk item</th><th>Risk description</th><th>Financial impact or influence</th><th>Time of influence</th></tr><tr><td rowspan="3">Physical risk</td><td>Immediate risk</td><td>Wind and rainstorms caused by extreme climates result in the increase in equipment wear and tear harming product quality.</td><td>Maintenance costs and damages.</td><td>Short-term</td></tr><tr><td rowspan="2">Long-term risk</td><td>Effects of extreme weather on durability of the quality of equipment and products.</td><td>Rising maintenance costs and shortened shelf life.</td><td>Long-term</td></tr><tr><td>Extreme weather resulting in the increase in production energy consumption (cooling/heating).</td><td>Increase in production cost.</td><td>Long-term</td></tr><tr><td rowspan="2">Transformation risks</td><td>Risks associated with policies and regulations</td><td>GHG reduction requirements or energy conservation policies.</td><td>Penalties incurred for failure to comply.</td><td>Mid-term</td></tr><tr><td>Technical risk</td><td>The technologies for carbon reduction or energy-saving practices may be immature, and the recoverable period is</td><td>Constant launches of better approaches causing unnecessary investments.</td><td>Mid-term</td></tr></table>					Risk category	Risk item	Risk description	Financial impact or influence	Time of influence	Physical risk	Immediate risk	Wind and rainstorms caused by extreme climates result in the increase in equipment wear and tear harming product quality.	Maintenance costs and damages.	Short-term	Long-term risk	Effects of extreme weather on durability of the quality of equipment and products.	Rising maintenance costs and shortened shelf life.	Long-term	Extreme weather resulting in the increase in production energy consumption (cooling/heating).	Increase in production cost.	Long-term	Transformation risks	Risks associated with policies and regulations	GHG reduction requirements or energy conservation policies.	Penalties incurred for failure to comply.	Mid-term	Technical risk	The technologies for carbon reduction or energy-saving practices may be immature, and the recoverable period is	Constant launches of better approaches causing unnecessary investments.	Mid-term
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Item		Implementation Status			
			less favorable than expected.		
		Changes in consumer preferences	As consumers' preference for sustainable and low-carbon products increases, if companies fail to adjust their product design and operating models in a timely manner, their brand image and customer loyalty may be affected.	This may result in a decline in sales, inventory backlogs, and the need for additional R&D and green transformation spending, increasing overall operating costs.	Long-term
		Reputation risk	If a company fails to meet stakeholders' expectations for sustainable environmental protection during its low-carbon transformation, it may cause negative perceptions and damage its reputation.	If a company fails to meet stakeholders' expectations of environmental responsibility, it may suffer damage to its brand value, decline in revenue, and increase marketing expenses and crisis response costs.	Short-term
		Description of opportunity			Time of influence
		Construction of energy-saving equipment to reduce operating costs.			Long-term
Customers may switch to products that are less affected by climate change, and the options may be our products that have advantages.			Mid-term		
III.	Describe the effects of extreme weather events and transformation actions on finance.	(I) Extreme weather events (physical risk) After the assessment, there was no impact on the Company's property due to extreme weather events in 2024. (II) Transformation actions To identify the financial impact caused by climate risks, the Company regularly identifies and assesses the effects of climate on the future finance of the Company.			
IV.	Describe the incorporation method of the identification, evaluation, and management procedures of climate risks in the overall risk management system.	The Company's climate risk management is as follows 1. Climate risk identification: Refer to the relevant risk information of domestic and foreign organizations. 2. Climate risk assessment: Assess the possible effects and level of impact on the Company based on external information and the operating experience of internal sales personnel. 3. Climate risk report: Identify climate risk, make adjustments, have discussions and make amendments after a report by the responsible party. 4. Climate risk measures: Adjustments are made based on the opinions of each department after discussions.			

Item	Implementation Status
	The risks are included in the Company's risk management, and the information is disclosed in a dedicated chapter in the Sustainability Report, which is published after receiving the approval.
V. If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors used, and major financial impacts shall be specified.	Not applicable.
VI. If there is a transformation plan in response to the management of climate-related risks, the content of the plan and the indicators and targets used to identify and manage physical risks and transformation risks shall be specified.	Not applicable.
VII. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be specified.	Not applicable.
VIII. If climate-related goals are set, the activities covered, the scope of GHG emissions, the planned period, and the progress of each year shall be specified; if carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, the source and quantity of carbon reduction credits or quantity of RECs used for exchange shall be specified.	Not applicable.
IX. GHG inventory and assurance, and reduction targets, strategies, and substantial action plans (fill in 1-1 and 1-2 separately).	The Company, in compliance with government regulations and the Financial Supervisory Commission's timeline, conducts greenhouse gas inventories and third-party verifications in accordance with ISO 14064-1. Details of the 2024 greenhouse gas inventory are provided on page 52 of this annual report. The verification is scheduled to be completed in 2027.

GHG inventory information

1-1-1 Greenhouse Gas Inventory Information

Disclosure of greenhouse gas emissions (metric tons CO₂e), emission intensity (metric tons CO₂e per NT\$ million), and data coverage for the most recent two years:

Year of data	2023 Emissions (metric tons CO ₂ e)	2024 Emissions (metric tons CO ₂ e)	Data Coverage Scope
Scope 1: Direct greenhouse gas emissions	418,355	483,748	The Company
Scope 2: Indirect greenhouse gas emissions	9795,602	9152,723	
Total emissions	10213,957	9636,471	
Intensity (tCO ₂ e/NT\$ million)	7.721	6.687	

1-1-2 GHG assurance information

According to the timeline stipulated under Article 10, Paragraph 2 of the Regulation, the Company will align with its parent company, China Man-Made Fiber Corporation, in completing the disclosure of verified greenhouse gas inventory information starting in 2027.

1-2

I. Greenhouse Gas Emissions Baseline Year and Reduction Target:

To develop a greenhouse gas reduction strategy, the Company has established its reduction target based on its organizational boundary. In accordance with the timeline set forth under Article 10, Paragraph 2 of the Regulation, its parent company, China Man-Made Fiber Corporation, will complete the disclosure of consolidated inventory information beginning in 2025. The baseline year is 2024. The Company's Scope 1 and Scope 2 emissions amounted to 483,748 metric tons CO₂e and 9152,723 metric tons CO₂e, respectively. Through the following specific actions, the Company aims to achieve an annual reduction of at least 1% from the baseline year, reaching a 6% reduction by 2030.

II. GHG emission reduction strategies and specific action plans

To enhance energy efficiency and align with global GHG reduction trends, the Company has implemented the following energy-saving and carbon-reduction measures:

1. Replace high-energy--consumption equipment with low-energy consumption-equipment, including process facilities, electrical facilities, LED lighting, and others.
2. During the period of non-production, the Company voluntarily stops operation of the heating system of the process to reduce the consumption of energy and fuel.
3. Progressively implement energy-saving improvements such as installing inverters on motors, overhauling cooling/chilled water double-suction pumps with ceramic coating, replacing lighting equipment with LED lights, and integrating gas supply systems to ensure effective management.
4. Continue to promote waste sorting and reduction and recycling strategies to lower indirect greenhouse gas emissions volume.
5. Continue to perform the statistics analysis on the correlation of energy, output capacity, and GHG emissions to analyze energy utilization rate and reduce the direct GHG emissions.
6. Purchase and use low-pollution heat and clean fuel natural gas as the source of the Company's heat source.

2. Taichung Commercial Bank Co., Ltd.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
I. Has the Bank established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	✓		<p>1. To improve the management of sustainable development, on July 13, 2023, the Board approved the establishment of the "Sustainable Development Committee" under the Board. The Committee is composed of three Directors, and more than half of them are Independent Directors. The Committee has established six workforces of corporate governance, sustainable finance, human rights maintenance, environmental sustainability, climate change, and social welfare. They are responsible for establishing annual plans and coordinating the implementation of tasks related to sustainable development. In terms of economic, environmental and social issues generated from operating activities, they regularly report the implementation of sustainable development to the Sustainable Development Committee and the Board each year to examine the effects and continue to improve.</p> <p>2. In 2024, the Board of Directors oversaw ESG sustainability-related proposals, including: (1) Sustainability development plans and targets; (2) Greenhouse gas inventory and verification planning; and (3) Annual sustainability implementation status, including TCFD implementation and assessment of climate change risks and opportunities.</p> <p>3. During the Board meetings, questions or recommendations are raised in terms of ESG plans and policy formulation contents, and resolutions are passed. The recommendations made by the Board are tracked at each meeting before completion. The Board also examines and supervises the implementation of the sustainability plans in the annual execution report and urges the management team to make adjustments and improvements when necessary.</p>	no difference
II. Does the Bank conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>1. The risk assessment boundary of the disclosure covers the Bank's domestic business locations for the period from January 1, 2024 to December 31, 2024.</p> <p>2. In accordance with Article 3 of the Bank's "Sustainable Development Best Practice Principles," the Bank conducts risk assessments on various issues based on the principle of materiality and develops corresponding management strategies to reduce the impact and influence.</p>	no difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			3. Risk management policies and strategies are established based on the evaluation and analysis results. Please refer to table for details: Material issues and management measures for the risks of the Bank (page 76).	
III. Environmental issues (I) Has the Bank established a suitable environment management system by nature of the industry?	✓		<p>1. The Bank's "Sustainable Development Best Practice Principles" stipulates that the General Affairs Department shall serve as the dedicated unit of environmental management. Related environment management systems shall be formulated, promoted, and maintained, with specific action plans, while assisting in environmental education courses.</p> <p>2. The Bank has established the "Key Points of Head Office Building Management" and "Code of Practice for Health and Safety," and introduced ISO management systems (e.g., ISO 14064-1 GHG Inventory System and ISO 14001 environmental management system).</p>	no difference
(II) Is the Bank committed to enhance the energy efficiency and use renewable materials that are with low impact on the environmental?	✓		<p>1. The Bank prioritizes the adoption of environmental products made with recycled materials that are recyclable, reduce pollution, or save energy. In procurement tenders, procurements from manufacturers that have obtained Green Mark Use Permit recognized by the government or whose processes and waste disposal meet renewable material, recycled material, low-pollution, or energy-saving requirements are prioritized in order to increase social benefits and reduce social costs.</p> <p>2. In terms of interior decoration, minimizing the amount of interior decoration is to be encouraged, while existing office furniture are to be integrated with the new space, which not only reduces waste, reuses items, but also meets the environmental protection appeal. In addition, during interior decoration planning, building materials with the Green Mark from at home and abroad and Green Mark Building are adopted. Waste produced from decoration should be properly classified to reduce environmental impacts.</p>	no difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(III) Does the Bank assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address related issues?	✓		To assess the operating risks and opportunities of climate change, the risk assessment and analysis of internal operating activities are conducted, and the climate change risks and opportunities are summarized according to the respective natures, with countermeasures further formulated. The Bank has included the ESG criteria in its “due diligence governance policy.” In addition, climate risks are included in the Bank’s “risk management policy” and “climate risk management policy, and ESG is included in the credit loan review procedures to improve asset quality and optimize its business development.	no difference
(IV) Has the Bank prepared statistics on GHG emissions, water consumption, and the total weight of waste for the most recent two years and formulated policies for GHG emissions reduction, water consumption reduction, or other waste management?	✓		<p>1. In response to the low-carbon economy, the Bank introduced the ISO14064-1 GHG inventory system in 2020 and engaged the “Taiwan Green Productivity Foundation” to assist in conducting GHG inventories to understand GHG emission status. The inventory and verification boundaries are increasing on a yearly basis, and the inventory and verification of the entire Bank were completed in 2024. Recent greenhouse gas inventory data can be found on page 82. To continue aligning with international emission reduction trends, the Bank has implemented the following energy-saving and carbon-reduction measures:</p> <p>(1) Starting from 2021, the plan is to install solar photovoltaic equipment in two self-owned branches each year. The progress is as follows:</p> <p>A. Six branches—Shengang, Wufeng, Pitou, Hemei, Shetou, and Xiushui—have installed renewable energy systems and obtained renewable energy certificates.</p> <p>B. In 2024, planning and installation were completed for the Tianzhong and Xihu branches.</p> <p>(2) LED lighting was adopted in all new construction and renovation projects. The damaged old lighting in the Head Office Building was replaced by LED lighting to effectively reduce heat sources and reduce power consumption.</p> <p>(3) Favorable spatial layout and traffic flow arrangements are adopted to bring in more natural lighting in office spaces and reduce the amount of artificial lighting.</p>	no difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies												
	Yes	No	Summary													
			<div><div>(4) Inverter high-frequency A/Cs and thermostatical control devices are adopted. For other electrical equipment, products, printers, shredders, and computers with the energy-saving labels are adopted, and sleep mode, standby, or automatic sensing functions are set.</div><div>(5) Adjust the time for turning on advertising signboard lights according to the seasonal sunshine hours.</div><div>2. Water resource management: The Bank focuses on five major aspects of wastewater treatment, water conservation, water safety, water source, and water conservation promotion. It also purchases products with water-saving labels and inspects the water consumption of the Head Office and departments on a monthly basis for any abnormalities. The water consumption data of the entire Bank in the most recent two years is as follows:</div><table><tr><th>Year</th><th>2023</th><th>2024</th></tr><tr><td>Total surface water consumption (m3)</td><td>58,688</td><td>55,930</td></tr><tr><td>CO2e (ton)</td><td>9.1550</td><td>8.4454</td></tr><tr><td>Consumption per capita</td><td>21.020</td><td>18.218</td></tr></table><div>Note: The data in 2024 is estimated, and please refer to the Sustainability Report of the Bank for the complete information.</div><div>3. Waste management:</div><div>(1) Waste is generated from the Bank's daily office operations and services. Waste is classified as general waste, food waste, and recyclable waste for garbage classification. The Head Office Building also records relevant data.</div><div>(2) In terms of waste reduction, reusable cutlery is provided in canteens instead of disposable cutlery. The Bank promotes a paperless policy. For instance, internal documents are mostly transmitted through the electronic document system, and necessary paper-based documents are printed on both sides. The</div></div>	Year	2023	2024	Total surface water consumption (m3)	58,688	55,930	CO2e (ton)	9.1550	8.4454	Consumption per capita	21.020	18.218	
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Consumption per capita	21.020	18.218														

Items for evaluation		Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies																		
		Yes	No	Summary																			
				<p>Bank also encourages customers to use e-statements to reduce paper consumption.</p> <p>(3) The data on waste of the Head Office Building in the most recent two years is as follows:</p> <table><tr><th>Year</th><th>2023</th><th>2024</th></tr><tr><td>General garbage (ton)</td><td>17.47</td><td>16.27</td></tr><tr><td>Food waste (ton)</td><td>16.28</td><td>8.22</td></tr><tr><td>Recycled volume (ton)</td><td>10.82</td><td>13.12</td></tr><tr><td>Total weight (ton)</td><td>44.57</td><td>37.61</td></tr><tr><td>Recycling rate (%)</td><td>60.80%</td><td>56.74%</td></tr></table>	Year	2023	2024	General garbage (ton)	17.47	16.27	Food waste (ton)	16.28	8.22	Recycled volume (ton)	10.82	13.12	Total weight (ton)	44.57	37.61	Recycling rate (%)	60.80%	56.74%	
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Recycling rate (%)	60.80%	56.74%																					
IV. (I)	Social issues Has the Bank established related management policy and procedure in accordance with applicable legal rules and international conventions on human rights?	✓		<p>1. The Bank has established its “Sustainable Development Code of Practice” according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and disclosed the human rights policy on its website.</p> <p>2. The Bank includes human rights policy and promotion of gender equality and a friendly workplace as compulsory subjects for new employee education and training. The content includes introduction to relevant regulations (i.e., the Gender Equality Act, sexual harassment prevention, occupational health and safety, and personal data protection), introduction to whistleblowing and complaint channels, workplace blueprint and promotion system, employee career development relevant rights and obligations and welfare of employees. Through education and training, the Bank promotes the protection and focus on human rights policies, and it is committed to creating a workplace that is safe, equal, and free of discrimination or harassment. In 2024, there was no event of discrimination. Relevant human rights education and training were organized with an employee training ratio reaching 100% and a total hours of 68.5 hours.</p>	no difference																		

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(II) Has the Bank established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		<ol style="list-style-type: none"> Regarding related welfare measures, see page 115 for various employee welfare measures, retirement systems, and implementation situations. The bank has set up the "Guidelines for Employee Assessment" and the "Directions for the Promotion of Incumbents." According to the corporate operation performance situation, personal performance and in reference to salary standards in the same industry, the employees' rank and salary shall be adjusted after thorough consideration. The Bank's holiday system is subject to the Labor Standards Act, and marriage leave, funeral leave and general injury and sick leave more favorable than the Labor Standards Act are also granted. 	no difference
(III) Has the Bank provided a safe and health work environment for the employees and provided education on labor safety and health regularly?	✓		<p>The Bank provides all employees and stakeholders with a safe work environment. In accordance with the "Occupational Safety and Health Act," "Regulations for Occupational Safety and Health," other relevant requirements, the Bank established its "Code of Practice for Health and Safety" by adopting disaster prevention and disaster control as the core philosophy and set up a safety maintenance and supervision team to convene safety meetings once a year, in principle, and continue to improve occupational safety and health management so as to create a healthy and happy workplace.</p> <ol style="list-style-type: none"> Working environment: The interior decoration focuses on simplicity and practicality, and domestic and foreign building materials with environmental protection label and green building material label are adopted. Meanwhile, we also require the use of recyclable building materials, regularly test the CO2 content of the Head Office, and test water quality on a quarterly basis to ensure the level of comfort of working environments of employees. Occupational safety: <ol style="list-style-type: none"> The Company has established the "List of Occupational Safety and Health Personnel of Departments" to cooperate with the HR system to automatically replace relevant personnel after personnel transfer to other departments. Occupational safety and health education and training are also arranged once a year. In 2024, there are 17 participants and 69 participants for the initial training and review training for "occupational safety and 	no difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>health operation supervisor, respectively”; there are 2 participants and 70 participants for the initial training and review training for “first-aid personnel health education and training,” respectively; there are 25 participants and 70 participants for the initial training and review training for “fire control management personnel seminar and training,” respectively. We prepare teaching materials for in-service employee education and training to improve professional literacy.</p> <p>(2) In terms of safety contingency measures, branches conduct safety contingency drills every six months to familiarize themselves with measures for various equipment and disaster response conditions, improve hazard awareness, and reinforce employees’ self-protection and disaster management capacity.</p> <p>(3) In 2024, there was no major occupational disaster (death/disability) and 2 injuries (disabling). There were mostly traffic accidents ; therefore more traffic safety reminders were provided.</p> <p>3. Health education: According to the "Regulations Governing the Labor Health Protection," employers are required to conduct regular health inspections for employees of different ages at different frequencies. The Bank provides regular health inspections that more favorable than the regulations. All employees are entitled to free health inspections every two years, and there is also a infirmary and quarterly health seminars or consultations with physicians to raise employees' health awareness.</p> <p>4. Fire prevention and response: There was no fire incident at the Bank in 2024. The fire prevention and response measures are as follows: (1) Fire drills: The fire drills are performed twice a year for the Head Office Building; apart from the abovementioned safety contingency drills, the fire drills are performed once a year for branches.</p>	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>(2) Fire safety equipment maintenance report: The branches shall report to the local fire department once a year.</p> <p>(3) Routine prevention: The Bank has established the " Taichung Commercial Bank Co., Ltd. Power Consumption Management Guidelines" to reduce disasters caused by power consumption. It also established the " Taichung Commercial Bank Co., Ltd. Safety and Health Voluntary Inspection Program" to discover equipment, working environments, or acts that are not safe and healthy through regular and voluntary inspections of safety and health matters to prevent the occurrence of disasters and protect the safety and health of employees.</p>	
(IV) Has the Bank established the training program for the effective planning of career development for the employees?	✓		Based on the strategic development and career mapping of each employee, the Bank establishes annual education and training plans to promote exclusive training sessions of each function. Every year, outstanding talents are selected to be nurtured through individual development plan (IDP) to handle future managerial duties.	no difference
(V) Has the Bank complied with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implemented consumer protection and complaint policies?	✓		<p>1. Concerning related financial commodities or services, the Bank attaches importance to marketing ethics. In compliance with relevant regulations and international standards, relevant implementation strategies and specific measures have been set up by the principles of treat customer fairly, which have been implemented in business activities.</p> <p>2. The bank's norms on customer privacy has been set up in accordance with relevant provisions in the "Personal Information Protection Act," which shall serve as criteria for implementing personal information protection. The PIMS (Personal Information Management Standards) have been imported; the "BS 10012: 2017 personal Information Management System" standard certification has also been obtained.</p> <p>3. The Bank has formulated the "consumer protection policy" and the "policy and strategy for the treat customer fairly principle" to protect the rights and interests of customers and implement fair treatment for customers. The "Treat Customer Fairly Committee" was also established to review the implementation of treating customers fairly on a regular basis to ensure fair and reasonable treatment to customers with products,</p>	no difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>services, and processes, and thereby enhance customers' confidence and trust in the Bank's financial services.</p> <p>4. Customers can express their opinions through the Bank's 24-hour customer service line, toll-free complaint line via local call, customer mail box on the website, smart text-based customer service, and contacts at branches. The channels are diverse and convenient. The Bank established the " Taichung Commercial Bank Co., Ltd. Consumer Dispute Handling system" and " Taichung Commercial Bank Co., Ltd. Customer Complaint Handling Guidelines" to provide an appropriate complaint system and clearly regulate operating procedures and handling procedures so as to protect consumers' rights and interest and improve service quality.</p>	
(VI) Has the Bank established the supplier management policy to demand suppliers observe applicable rules and regulations governing environmental protection, occupational safety and health, or labor rights, and the state of implementation?	✓		<p>1. The Bank's suppliers are mainly engineering contractors, IT equipment, office equipment and consumables suppliers. Adhering to the principle of local procurement, priority is given to local partners for all procurements to promote local economic development and effectively reduce carbon emissions caused by the transportation process.</p> <p>2. To fulfill the Bank's commitment to and responsibility of supplier management, in addition to continuously requiring suppliers to sign the "commitment on ethical corporate management, human rights, and environmental sustainability," it established matters of notice for suppliers in September 2023 to jointly achieve the targets of favorable ethical standards and respecting labor human rights and environmental sustainability with suppliers based on encouragement and cooperation so as to jointly fulfill corporate social responsibility. Relevant matters are as follows:</p> <p>(1) Behavioral standards: Behavioral standards are divided into five aspects, including corporate standards, ethical standards, labor standards, environmental standards, and safety and health standards.</p> <p>(2) Implementation Measures: During the tendering process, suppliers are required to submit a "Supplier Corporate Social Responsibility Self-Assessment Form." In 2024, a total of 129</p>	no difference

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			(3) suppliers signed the form and were informed of the Bank's integrity management policy. The Bank may hold supplier communication meetings and conduct on-site visits from time to time, and may provide training sessions as deemed necessary. Improvement and rewards: The Bank will require suppliers who are not compliant with the CSR-related requirements to improve through guidance. In addition, the suppliers' qualification may be suspended in case of the violation of ethical corporate management and CSR or causing significant effects on the environment and society. For suppliers with favorable CSR performance, the control measures of visiting may be waived. When confirming the supplier's qualification for procurements, the Bank may adopt the implementation of CSR of the supplier as the consideration.	
V. 5. Does the bank refer to international criteria or guidelines for the preparation of reports, and compile reports on corporate non-financial information, such as, sustainable reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?	✓		1. The Bank prepared the Sustainability Report of the preceding year in accordance with the general standards and material topic standards published by the GRI, SASB standards, and TCFD, and engaged Deloitte and Touche to carry out the assurance of the report based on the Assurance Standards No. 3000 - assurance for audit or review on non-historical financial information. 2. We obtained independent assurance opinion or limited assurance report issued by CPAs for our Sustainability Report each year starting in 2015; however, the 2024 Sustainability Report is not published as of the publication date of the annual report.	no difference
VI. If the Company has established sustainable development code of practice based on the Sustainable Development Best Practice Principles for the Listed Companies, please describe any discrepancies between the policies and their implementation in the Company: The Bank has established the "Sustainable Development Best Practice Principles" according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" to fulfill sustainable development, and there was no difference with the Principles established.				
VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development: Please refer to Section Five, Business Overview / Item 3, Corporate Responsibility and Ethical Conduct, or the Bank's Sustainability Report.				

Table: Material issues and management measures of the Bank's risks

Aspect	Material issues	Management policy/strategy/substantial measures
Environmental risks	Sustainable finance	The Bank has established systems related to responsible investments, responsible credit loans, investments and sale of sustainable financial products and formulated relevant regulations to incorporate financial products with ESG thinking to promote the sustainable development of the industry.
	Climate action	<ol style="list-style-type: none"> Climate governance <ol style="list-style-type: none"> We implemented the TCFD framework, signed up as a TCFD supporter, and released the TCFD report on an annual basis in accordance with the TCFD framework. We included climate risks in the Bank's "Sustainable Development Best Practice Principles" and "risk management policy," formulated our "climate risk management policy" to include climate risk as part of the Bank's integrated risk management system, and implemented climate risk-related policies . In 2023, we established the "Sustainable Development Committee" with six workforces under the committee. The "climate change workforce" is responsible for the promotion and implementation of climate management-related systems, carrying out physical and transformation risk assessments through climate scenario analysis, and examining and establishing relevant climate mitigation and adaptation measures. Energy conservation and carbon reduction <ol style="list-style-type: none"> We have been publishing the GHG inventory report since 2018. We make arrangements according to ISO 14064-1 and the GHG Inventory and Registration Guidelines of the Environmental Protection Administration, Executive Yuan, and disclose GHG emission and removal volumes. In 2022, the ISO 14001 environmental management system was introduced, and the third-party certification was obtained. The Head Office and branches have been concurrently implementing energy-saving and carbon reduction actions, including adjusting the time for turning on advertising signboard lights according to the seasons, replacing old and obsolete equipment and adopting energy-saving products, and the plan to install solar photovoltaic equipment in two self-owned branches each year from 2021.
Social risks	Talent attraction and retention	The Bank offers a number of welfare measures (i.e., group insurance for employees, leaves more favorable than the regulations, healthy labor-capital communication channels, promotion system, bonus system, and retirement system) in order to attract more talents candidates and retain them.
	Talent cultivation and development	We formulated the "annual education and training plan" and the "guidelines for education and training for new employees," promised to map out the career development of employees at all levels, and provided comprehensive training plans to match employees with suitable positions and improve skills beneficial for employees throughout their lives.
	Human rights and equality	The human rights policy is adopted to protect the human rights of counterparties involved in our operations (i.e., employees, suppliers, and customers), and human rights are included as an mandatory item in the education and training for new employees; we also provide whistleblowing channels to handle relevant events.
	Occupational health and safety	We have established workplace safety maintenance measures, occupational hazard risk management, employee health management plans, health inspections and health improvement activities, and are committed to continuous improvement of occupational safety and health management in order to build a healthy and happy workplace.
	Treat	The Directors and senior executives lead and supervise the implementation of treating customers fairly in person, and actively and duly

Aspect	Material issues	Management policy/strategy/substantial measures
	customers fairly	handle all customer complaint cases. Employees' education and training are strengthened to protect customers' rights and interests and improve the overall customer experience and satisfaction.
	Inclusive financing	<ol style="list-style-type: none"> 1. The Bank has established the "notice for serving disabled and senior customers" and is committed to providing friendly financial services and care for disabled, senior, and disadvantaged customers. 2. Promoting various inclusive finance measures and services, including accessible ATMs, accessible facilities, bilingual branches, video sign language services, and debt negotiation services.
Corporate Governance:	Corporate Governance:	There are six functional committees (Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee, Treat Customers Fairly Committee, and Sustainable Development Committee) under the Board to supervise the implementation effects of all aspects of operations to establish a sound corporate governance structure.
	Ethical corporate management	<ol style="list-style-type: none"> 1. Directors and the senior management comply with relevant statements of ethical corporate management, assist the Board in implementing their commitment to ethical management, and supervise the Company's internal management and business activities to ensure that they comply with ethical corporate management. 2. Each year, we regularly arrange various ethical corporate management education and training, formulate and supervise the policies and measures related to ethical corporate management, regularly review the ethical corporate management policy, examine the implementation results, and report to the Board of Directors.
	Legal compliance	<ol style="list-style-type: none"> 1. We strengthen legal compliance awareness through concept communication and require all employees and partners to know and abide by the law. 2. The Bank formulates relevant policies and regulations, and works with departments to establish various legal compliance management measures, promotes a legal compliance risk management system, and effectively identifies and controls legal compliance risks.
	Operating and financial performance	The Bank established comprehensive operational, financial, and investment strategies with respect to its operating conditions, financial performance, operating costs, market development, and investment gains or losses, implemented management measures, and is committed to create stable operating and financial performance for all stakeholders through reinforcing its financial structure and cost control.
	Information safety	<ol style="list-style-type: none"> 1. Passed the certification of ISO 27001 information safety management system. 2. The information safety management review meeting that is convened once every half year coordinates the promotion of information safety policies and the integration of resource allocations, and regular information safety-related education and training, tests, and drills are implemented.
	Personal information and privacy protection	We established various operating management measures to implement the employee personal information and privacy protection system, and continued to implement BS10012 personal information management system standards. We provide customers with an environment with comprehensive protection for personal information, privacy and business secrets and reduce the possibility of leakage of private information.
	Risk Management	<ol style="list-style-type: none"> 1. We have established the "risk management policy," "market risk management policy," "liquidity risk management policy," "credit risk management policy," "operating risk management policy," "capital management policy," and "climate risk management policy" and are committed to establish various risk management systems based on the scale of business and level of risk to effectively implement risk management and control procedures. 2. The risk management structures, risk management procedures, and the Risk Management Committee, three lines of defense, are adopted to effectively manage credit, market, operating, liquidity, national, and climate risks during the course of operations.

1. Climate-related information of the Bank

Item		Implementation Status																										
I.	Supervision and governance of climate-related risks and opportunities by the Board and the management	<p>1. To supervise the climate-related risks and opportunities, the Bank has included climate risk as a part of the integrated risk management systems of the Bank. With reference to the Climate-Related Risk Management Practice Handbooks for Local Banks, the internal collaboration model is adopted. The Board is the highest decision-making body of climate risk management. Under the Board, the Risk Management Committee implements the risk management decisions approved by the Board and reviews risk management-related matters. It holds meeting on a quarterly basis and includes climate risk monitoring in the risk management reporting, including the latest regulations on climate risk imposed by the competent authority. It also monitors and updates climate risk and opportunity identification results and propose countermeasures to improve the climate risk management of the Bank; relevant data will be subsequently reported to the Board.</p> <p>2. ,The Bank included climate assessment and responses in the its "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" formulated by TWSE and TPEX, and included climate risk in the its "risk management policy" and "climate risk management policy" according to the "Climate Risk Financial Disclosure Guidelines for Local Banks" of the FSC for including climate risk as a part of the integrated risk management systems of the Bank so as to reinforce the management of climate-related risks; the abovementioned rules have been approved by the Board and implemented. In accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," a chapter dedicated to the disclosure of climate-related information was included in the Bank's "Guidelines for Preparation and Verification of Sustainability Reports," which were approved by the President and implemented</p>																										
II.	Describe the effects of climate risks and opportunities identified on the Company's business, strategy, and finance (short-, mid-, and long-term).	<p>To identify the financial impacts of climate change on the Bank and ensure effective information disclosure, the Bank conducted an assessment of both transition risks associated with the low-carbon economy and physical risks from climate change. After describing the climate risks, the Bank evaluated the "likelihood of occurrence" and "impact severity" on its operations, and then formulated strategic approaches to enhance climate risk management and monitoring.</p> <p>Below is the result of climate risk and opportunity identification:</p> <table><tr><th>Risk item</th><th>Impact area</th><th>Risk description</th><th>Potential financial impact or consequence</th><th>Time of influence</th><th>Strategic approach</th></tr><tr><td rowspan="3">Immediate risk</td><td>Credit business</td><td>Extreme weather events may cause operational disruption or property loss to borrowers. Borrowers may experience repayment difficulties due to interrupted operations, or the value of real estate collateral may decline, resulting in potential credit recovery challenges for the Bank.</td><td>Credit loss increase</td><td>Short-term</td><td>Climate risk assessment and management in lending</td></tr><tr><td>Investment business</td><td>Extreme weather events such as heavy rainfall may interrupt the operations of investee companies' offices or factories and result in property loss. Restoring operations may increase operating expenses and affect overall profitability.</td><td>Decline in investment income</td><td>Short-term</td><td>Climate risk assessment and management in investment</td></tr><tr><td>Own operations (General)</td><td>Extreme weather events may damage the Bank's operational buildings, equipment, or data centers, leading to operational</td><td>Increase in operating expenses /</td><td>Short-term</td><td>Climate risk assessment and</td></tr></table>					Risk item	Impact area	Risk description	Potential financial impact or consequence	Time of influence	Strategic approach	Immediate risk	Credit business	Extreme weather events may cause operational disruption or property loss to borrowers. Borrowers may experience repayment difficulties due to interrupted operations, or the value of real estate collateral may decline, resulting in potential credit recovery challenges for the Bank.	Credit loss increase	Short-term	Climate risk assessment and management in lending	Investment business	Extreme weather events such as heavy rainfall may interrupt the operations of investee companies' offices or factories and result in property loss. Restoring operations may increase operating expenses and affect overall profitability.	Decline in investment income	Short-term	Climate risk assessment and management in investment	Own operations (General)	Extreme weather events may damage the Bank's operational buildings, equipment, or data centers, leading to operational	Increase in operating expenses /	Short-term	Climate risk assessment and
Risk item	Impact area	Risk description	Potential financial impact or consequence	Time of influence	Strategic approach																							
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	Investment business	Extreme weather events such as heavy rainfall may interrupt the operations of investee companies' offices or factories and result in property loss. Restoring operations may increase operating expenses and affect overall profitability.	Decline in investment income	Short-term	Climate risk assessment and management in investment																							
	Own operations (General)	Extreme weather events may damage the Bank's operational buildings, equipment, or data centers, leading to operational	Increase in operating expenses /	Short-term	Climate risk assessment and																							

			disruptions that directly impact revenue and require additional maintenance costs to restore operations.	decrease in operating income		management in operations
	Long-term risk	Credit business	Sea level rise may damage real estate, factories, and equipment of corporate borrowers, hindering production and affecting profitability, potentially weakening their repayment capacity and causing credit recovery challenges for the Bank.	Credit loss increase	Long-term	Climate risk assessment and management in lending
		Investment business	Sea level rise may damage real estate, factories, and equipment of investee companies, disrupting production and reducing profitability, thereby affecting the Bank's investment income.	Decline in investment income	Long-term	Climate risk assessment and management in investment
	Long-term risk	Own operations (general)	Sea level rise may lead to flooding of business locations, causing damage to premises or equipment and operational disruptions. Restoration of damaged equipment may increase operating expenses, while operational interruption may reduce operating income. The Bank's investment income may also be indirectly affected through its investment activities.	Increase in operating expenses / decrease in operating income	Long-term	Climate risk assessment and management in operations
		Own operations (general)	With global warming, average temperatures are expected to rise, leading to higher electricity prices and increased operational costs for the Bank.	Increase in operating costs	Short-term	Operations Net zero emissions
	Reputation risk	Credit business	If the Bank's corporate borrowers are involved in environmental pollution incidents, it may indirectly affect the Bank's reputation and income. If the Bank provides funding without effectively managing its climate or environmental impact, this may damage the Bank's brand image and reputation among the public.	Decrease in interest income	Short-term	Climate risk assessment and management in lending
		Own operations (general)	If the Bank fails to establish a brand image that prioritizes low-carbon transition and thus fails to meet stakeholder expectations, its reputation may be affected. This could lead to loss of business and customers.	Decrease in operating income Reduced access to funding (banks/investors)	Mid-term	Operations Net zero emissions

			revenue decline, and difficulty obtaining funds.			
Risks associated with policies and regulations		Credit business	To mitigate climate change, stricter policies and regulations related to energy, carbon pricing/taxation, carbon emissions, emissions reduction targets, and reporting obligations have increased the operating costs (including compliance costs) of corporate borrowers in high-carbon-emission industries. These increases may affect the Bank's credit recovery through its lending business.	Credit loss increase	Mid-term	Climate risk assessment and management in lending Net-zero emissions in asset portfolio
		Investment business	To mitigate climate change, stricter policies and regulations related to energy, carbon pricing/taxation, carbon emissions, emissions reduction targets, and reporting obligations have increased the operating costs (including compliance costs) of investee companies in high-carbon-emission industries, reducing their profitability and, through the Bank's investment business, affecting the Bank.	Decline in investment income	Mid-term	Climate risk assessment and management in investment Net-zero emissions in asset portfolio
		Own operations (general)	Penalty for failure to comply with stringent GHG reduction requirements or energy and power conservation policies or regulations, or litigation for insufficient disclosure of climate-related risks.	Increase in operating expenses	Mid-term	Net-zero emissions in operations
	Technical risk	Credit business	In response to climate transition risks, industries to which corporate borrowers belong may be forced to transform or develop more energy-efficient and environmentally friendly products and technologies. This transformation may require additional costs, affecting their profitability and potentially weakening their repayment ability, thus making credit recovery more difficult for the Bank.	Credit loss increase	Long-term	Climate risk assessment and management in lending
	Technical risk	Investment business	In response to climate transition risks, industries to which investee companies belong may be forced to transform or develop more energy-efficient and environmentally friendly products and technologies. This transformation may incur additional costs,	Decline in investment income	Long-term	Climate risk assessment and management in investment

			thereby affecting their profitability and the Bank's investment income.			
		Own operations (products and services)	In response to climate change transformation risks, if the Bank fails to successfully develop Fintech and lead the paperless, energy saving, and carbon reduction green cash flow through digital banking and electronic services, customers will have low intentions to have dealings with the Bank.	Decrease in operating income	Mid-term	Digital financial transformation
	Consumer preference/imb alanced market supply and demand risks	Credit business	Failure to respond to market trends and timely launch sustainable finance products and services may lead to the loss of market and transition opportunities related to climate change themes, resulting in business and customer losses.	Decrease in interest income	Mid-term	Green credit
	Opportun ities	Impact area	Opportunity description	Potential financial impact	Time of influence	Strategic approach
	Market	Credit business	In response to government policy promotion and the growth of the green energy market, active participation in green credit may increase the Bank's interest income.	Increase in interest income	Long-term	Green credit
		Investment business	In response to government policy promotion and the growth of the green energy market, active participation in green investment can direct funds to green uses to promote industrial transformation, while also enhancing the climate resilience and long-term returns of the investment portfolio.	Increase in investment income	Long-term	Green investment
	Services	Own operations (products and services)	Optimizing digital financial services and developing fintech to enhance user convenience—through promoting online account opening, electronic transactions, and account processing services—helps improve service accessibility, expand business opportunities and customer base, drive revenue growth, and reduce labor costs.	Increase in operating income / decrease in operating costs	Short-term	Digital financial transformation
	Energy efficiency	Own operations (general)	Purchase the latest energy-saving equipment and build an efficient system for the IT machine room to improve energy efficiency and save operating costs.	Reduction in operating costs	Mid-term	Green operations

		Own operations (general)	Prioritize the procurement of equipment with environmental, energy-saving, or water-saving certifications to achieve resource conservation and environmental benefits.	Reduction in operating costs	Mid-term	Green operations
		Own operations (general)	In planning and constructing new business locations, green building materials are used and the energy efficiency of buildings is improved.	Operating costs decrease and revenue increases due to rising customer demand for newly developed products and services.	Mid-term	Green operations
		Own operations (general)	Solar panels are installed at operating sites to increase the amount of green electricity for self-generation and self-consumption.	Operating costs decrease and non-operating income increases	Mid-term	Green operations
	Opportunities	Impact area	Opportunity description	Potential financial impact	Time of influence	Strategic approach
	Products	Own operations (products and services)	In response to rising public environmental awareness and the growth of the green finance market, green environmental consumer financial products are issued to attract specific demographic groups and consumers with sustainability concepts.	Increase in operating income	Short-term	Green products
III.	Financial impacts of extreme climate events and transition actions	1. Extreme weather events (physical risk): After the assessment, there was no impact on the Bank's finance due to extreme weather events in 2024. 2. Transformation actions: To identify the financial impact caused by climate risks, the Risk Management Committee regularly conducts climate scenario analysis on a quarterly basis to identify and assess the impact of climate change on the Bank's future finance, assesses the impact of the current transformation risks on investment and financing customers, formulates countermeasures, and continues to track international trends.				

<p>IV. The incorporation method of the identification, evaluation, and management procedures of climate risks in the overall risk management system</p>	<p>1. The Bank's climate risk management procedures are as follows:</p> <p>(1) Climate risk identification:</p> <p>A. Identify the potential impacts of climate risks on the Company's operations and financial/investment activities, along with how they differ from traditional risks.</p> <p>B. The Risk Management Committee meeting is convened on a quarterly basis to explore climate-related risk issues.</p> <p>C. Incorporate ESG and climate risk-related factors into investment and financing processes.</p> <p>(2) Climate risk assessment:</p> <p>A. Scenario analysis is conducted with reference to suggestions from domestic and international institutions. Physical risks posed by climate change to collateral and operating sites, as well as transition risks potentially faced by investment and financing positions, are included in the assessment.</p> <p>B. Financial carbon emissions from investment and financing positions and greenhouse gas emissions from operations are calculated.</p> <p>(3) Climate risk monitoring: Climate risks are monitored through regular review of related information and data (including greenhouse gas emissions).</p> <p>(4) Climate risk reporting: Identified and assessed climate risks and opportunities, along with corresponding response measures, are reported to the Board of Directors, Risk Management Committee, and relevant departments.</p> <p>2. To reinforce the climate risk management system of the Bank, it included climate risks in the its "Sustainable Development Best Practice Principles," "risk management policy," and "climate risk management policy" and reported climate risk monitoring quarterly in the reports at the Risks Management Committee meetings and Board meetings.</p>
<p>V. If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors used, and major financial impacts shall be specified.</p>	<p>The Bank conducts scenario analysis and resilience assessments in response to climate change risks by referring to the "Planning Guidelines for Climate Change Scenario Analysis for Domestic Banks." In terms of macroeconomic factors, the scenarios adopt the "Net Zero 2050," "Delayed Transition," and "Baseline" scenarios from the Network for Greening the Financial System (NGFS). In terms of environmental factors, scenarios are based on the Representative Concentration Pathways (RCPs) set by IPCC AR5, using RCP8.5 (no transition) and RCP2.6 (aggressive transition).</p>
<p>VI. If there is a transformation plan in response to the management of climate-related risks, the content of the plan and the indicators and targets used to identify and manage physical risks and</p>	<p>In order to manage climate-related risks, the climate risk monitoring report has been regularly reported to the Risk Management Committee and the Board in 2024. In addition, the Bank introduced the TCFD framework, signed up as a TCFD supporter, and discloses the four major core elements, including governance, strategy, risk management, and indicators and targets, of climate-related financial information according to the TCFD framework each year for the benefit of regularly identifying and managing the indicators and targets of physical risks and transformation risks. In addition, we produce a real-time risk management report on the latest sustainability and climate-related risk trends to report to the senior management for review.</p>

	transformation risks shall be specified.	
VII.	If internal carbon pricing is used as a planning tool, the basis for setting the price shall be specified.	The Bank has no internal carbon pricing policy at present.
VIII.	If climate-related goals are set, the activities covered, the scope of GHG emissions, the planned period, and the progress of each year shall specified; if carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, the source and quantity of carbon reduction credits or quantity of RECs used for exchange shall be specified.	<ol style="list-style-type: none"> 1. The Bank introduced the ISO 14064-1 greenhouse gas inventory system in 2020, with operational control as the boundary-setting method. Emissions or removals of greenhouse gases are aggregated, mainly covering office buildings and information centers. Inventory and assurance boundaries are expanded year by year, and full-bank inventory and assurance were completed in 2024. 2. We make arrangements according to ISO 14064-1 (2018)/CNS 14064-1, and the GHG Inventory and Registration Guidelines of the Environmental. At present, we adopted Scope 1 and Scope 2 to disclose GHG emissions. 3. Currently, the Bank's reduction target planning focuses on its own operational scope. For related progress, please refer to page 83, "1.2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans."
IX.	GHG inventory and assurance, and reduction targets, strategies, and substantial action plans	Please refer to page 83 for "1.1 Greenhouse Gas Inventory and Assurance Status for the Past Two Years" and "1.2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans."

1.1. GHG inventory and assurance of the Bank in the most recent two years

1.1.1 GHG inventory information

Inventory Year (Data Year)	2024 (2023)	2025 (2024)	
Boundary of inventory	The Bank	The Bank	The Bank and its subsidiaries (Note 1)
Scope 1 (tCO ₂ e)	741.385	766.995	1,027.351
Scope 2 (tCO ₂ e)	5,197.577	5,359.123	6,055.399
Scope 3 (tCO ₂ e)	-	-	-
Total	5,938.962	6,126.118	7,082.750
NT\$ million (Revenue)	16,268.424	19,212.000	22,670.420
Intensity (metric tons CO ₂ e / NT\$ million)	0.365	0.319	0.312

Note 1: The inventory boundary for subsidiaries includes Taichung Bank Insurance Brokers Co., LTD., Taichung Bank Securities Co., LTD., Taichung Bank Leasing Co., LTD., Taichung Bank Financial Leasing (Suzhou) Co., LTD., and Taichung Bank Venture Capital Co., Ltd.

Note 2: The 2025 inventory (2024 data) is an estimate. For complete information, please refer to the Bank's Sustainability Report.

Note 3: The 2024 full-bank revenue is based on unaudited financial statements. For complete information, please refer to the Bank's financial statements.

Note 4: The Bank's 2024 greenhouse gas inventory (2024 data) was not finalized before the publication of the annual report. The data is estimated. For complete assurance information, please refer to the Bank's Sustainability Report.

1.1.2 GHG assurance information

Inventory Year (Data Year)	2024 (2023)	2025 (2024)		
Assurance boundary	The Bank	The Bank	Taichung Bank Securities Investment Trust Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.
Assurance institution	Taiwan Testing and Certification Center	Taiwan Testing and Certification Center	Adhering to the United Certified Public Accountants	Adhering to the United Certified Public Accountants
Assurance standards	ISO 14064-3:2019	ISO 14064-3:2019	ISO 14064-3:2019	ISO 14064-3:2019
Assurance status	Reasonable assurance level	-	-	-

Note 1: For the assurance results of the 2025 inventory, please refer to the Bank's Sustainability Report.

Note 2: Subsidiary assurance schedule and boundary explanations are as follows:

- (1) According to the "Sustainable Development Transition Execution Strategy for the Securities and Futures Industry," Taichung Bank Securities Co., Ltd. and Taichung Bank Venture Capital Co., Ltd. will follow the same schedule as the parent company.
- (2) Additionally, pursuant to the "Sustainability Development Roadmap for Listed Companies," Taichung Bank Insurance Brokers Co., LTD., Taichung Bank Leasing Co., LTD., and Taichung Bank Financial Leasing (Suzhou) Co., Ltd. will complete assurance in 2027.

1.2. GHG Emission Reduction Targets, Strategies, and Action Plans

I. Greenhouse Gas Emissions Baseline Year and Reduction Target:

The Bank's emissions reduction targets are primarily focused on its own operational scope, with 2023 set as the base year. The plan is as follows:

- (1) Short-term goal (2025): Combined reduction of Scope 1 and Scope 2 emissions by 1% annually.
- (2) Mid-term goal (2026 to 2028): Combined reduction of Scope 1 and Scope 2 emissions by 3% annually.
- (3) Long-term goal (2029 to 2030): Combined reduction of Scope 1 and Scope 2 emissions by 5% annually.

II. GHG emission reduction strategies and specific action plans:

To continue to achieve the international trend of carbon reduction, the Bank's energy conservation and carbon reduction measures are as follows:

- (1) Since 2021, the Bank has planned to install solar photovoltaic systems in two self-owned branches each year, prioritizing self-consumption after reviewing available space in its properties. In 2024, the volume of self-generated renewable energy used was 126,610.3 kWh, and the number of renewable energy certificates obtained that year was 114.
- (2) LED lighting was adopted in all new construction and renovation projects. The damaged old lighting in the Head Office Building was replaced by LED lighting to effectively reduce heat sources and reduce power consumption.
- (3) Favorable spatial layout and traffic flow arrangements are adopted to bring in more natural lighting in office spaces and reduce the amount of artificial lighting.
- (4) Inverter high-frequency A/Cs and thermostatical control devices are adopted. For other electrical equipment, products, printers, shredders, and computers with the energy-saving labels are adopted, and sleep mode, standby, or automatic sensing functions are set.
- (5) Adjust the time for turning on advertising signboard lights according to the seasonal sunshine hours.
- (6) The Bank encourages branches to conserve electricity voluntarily and has introduced an annual electricity-saving performance incentive policy.

III. Achievement of Reduction Targets:

The emission data and target achievement status for 2024 and 2025 are as follows:

Year	Scope 1	Scope 2	Intensity
2024	741.385	5,197.577	0.365
2025	766.995	5,359.123	0.319

Note 1: To enhance the power infrastructure of branch operations, the Bank is gradually planning to install small generators at its branches. In addition, refrigerants (R-22) used in outdated air conditioning systems—previously excluded from calculations under the Montreal Protocol—have been replaced with new refrigerants (R410a, R134a, R32), which must now be included, resulting in an increase in Scope 1 figures.

Note 2: Due to business expansion, three new operating locations were added at the end of 2023, leading to an increase in Scope 2 (electricity usage).

(VI) Implementation of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor

1. The Company

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
<p>I. The policy and plan of business integrity</p> <p>(I) Has the Company had an ethical corporate management policy approved by its Board, and rules and publicly available documents addressing its policy and measures of ethical corporate management, and commitment regarding active implementation of such policy from the Board and the senior management?</p>		V	<p>(I) The Company has not explicitly stipulated matters related to ethical management; however, it adheres to the principles of integrity, transparency, and accountability in its operations. The Company continues to promote integrity-based policies and has established sound corporate governance and risk control mechanisms to foster a sustainable business environment. The Company has developed its Code of Ethical Conduct and required directors and executives to lead by example, follow the principle of good faith and build a corporate culture of sincerity and integrity.</p>	Not distinctive
<p>(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?</p>	V		<p>(II) The Company first assesses the legality and the past transaction records based on good faith of the companies before establishing business relationships in order to avoid dealing with those who have flawed records. The Company also complies with the laws and regulations, requiring each donation and sponsorship to be reported and authorized by the proper authorization levels before being approved. The Company’s Code of Ethical Conduct sets forth principles such as the “Prevention of Conflicts of Interest,” “Prohibition of Personal Gain,” “Fair Dealing,” and the “Proper Protection and Use of Company Assets,” all of which are to be adhered to in accordance with the principle of honesty and integrity to prevent employee misconduct. In addition, both the Code of Ethical Conduct and</p>	

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
(III) Has the Company specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	V		(III) the Company's Employee Work Rules specify disciplinary measures to deter dishonest behavior. The Code of Ethical Conduct also explicitly "encourages the reporting of any illegal acts" or "violations of the code and outlines corresponding disciplinary" and remedial measures to prevent employee misconduct.	
II. The Materialization of Business Integrity				
(I) Has the Company assessed the ethics records of whom it has business relationships and include business conduct and ethics-related clauses in the business contracts?		V	(I) The Company engages in transactions and purchases in accordance with the laws and regulations to prevent the engagement with those who have had records of unethical conduct.	Not distinctive
(II) Has the Company set up a dedicated department that is subordinated to the Board to promote ethical corporate management, and does it regularly (at least once a year) report to the Board on its ethical corporate management policy and unethical conduct prevention program and monitor their implementation?		V	(II) Although the Company has not established a dedicated unit for ethical management, it regularly reports the implementation of ethical conduct to the Board of Directors through its sustainability report. In August 2024, the Company presented the sustainability report to the Board, which included disclosures on the implementation of ethical management.	
(III) Has the Company established policies to prevent conflict of interests, provide appropriate communication and complaint channels, and implement such policies properly?	V		(III) The Company's Code of Ethical Conduct includes provisions on the "Prevention of Conflicts of Interest" and encourages the reporting of any illegal acts or violations of ethical conduct. It also outlines related disciplinary and remedial measures.	
(IV) Has the Company established effective accounting and internal control systems in place for the implementation of ethical corporate management? Has the internal audit department formulated relevant audit plans based on the assessment results of unethical conduct risk to perform audits on compliance with the unethical conduct prevention program or engage CPAs to perform such audits?	V		(IV) The Company has established both a "Code of Ethical Conduct" and "Employee Work Rules on Rewards and Penalties" to prevent employee misconduct, and provides channels for reporting any illegal or improper acts. The Company has implemented an effective accounting system and internal control system. Operations are fully computerized and interlinked to ensure layered	

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?		V	<p>cross-checking and exception management. The Company's internal audit framework operates on three levels: The first level is carried out by the Audit Office under the Board of Directors. An annual audit plan is developed to examine compliance with regulations and reduce the risk of misconduct. The Audit Office reports its findings quarterly to the Audit Committee and the Board. The second level consists of audits of the internal control system over financial reporting conducted annually by an external accounting firm. The third level is based on the principle that internal audit is the responsibility of all employees. Each department is required to conduct annual self-inspections to embed the internal control spirit at every level and ensure the effectiveness of the internal control system's design and execution.</p> <p>(V) The Company's intranet provides access to the Code of Ethical Conduct, which is available for all employees to review at any time.</p>	

Assessment items		Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
		Yes	No	Summary	
III.	The operations of the Company's Report System				
(I)	Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?	V		(I) The Company has established a Code of Ethical Conduct that explicitly encourages the reporting of any illegal acts or violations of ethical standards. If any dishonest conduct is identified, employees may report the matter directly to the supervisors, including the Supervisors, the Audit Committee, management, the HR department, the head of internal audit, or other appropriate supervisors. Sufficient information should be provided to enable the Company to properly address the matter. Disciplinary actions will be taken against violators, and designated personnel will be assigned to handle reported cases to ensure confidentiality is fully upheld.	Not distinctive
(II)	Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?	V		(II) The Company has also implemented both a "Code of Ethical Conduct" and "Employee Work Rules on Rewards and Penalties" to prevent misconduct. Channels are provided for employees to report any unlawful or inappropriate behavior. Disciplinary actions will be taken where necessary, and the Company assigns personnel to handle each case with strict confidentiality.	
(III)	Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		(III) To prevent retaliation, the Code of Ethical Conduct clearly states that the Company will handle all reports in a confidential manner and will make every effort to protect the safety of the whistleblower. The Company is committed to the principles of fairness and due process and to safeguarding employee rights.	
IV.	Enhancing Information Disclosure				
	Has the Company disclosed its Ethical Corporate Management Best Practice Principles and the results of their implementation on its website	V		The Company has already disclosed its "Code of Ethics" on its official website.	Not distinctive

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
and MOPS?				
V.	If the company has established corporate governance policies based on the Ethical Corporate Management Best Practice Principles for the Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: The Company has not defined its code of ethical business management but the operations follow the Ethical Corporate Management Best Practice Principles for the Listed Companies.			
VI.	Other important information for facilitating the understanding of ethical corporate management and its implementation (i.e., the examination of and amendments to the Ethical Corporate Management Best Practice Principles it established):			
	China Man-Made Fiber Code of Ethical Conduct			
	It was resolved in the Board meeting on March 16, 2015			
Article 1 (Purpose and basis)	The Code is developed to guide the Directors, supervisors (or Independent Directors), managers and employees to comply with ethical standards and allow the Company's stakeholders to gain a better understanding about the Company's ethical standards.			
Article 2 (Subject of Application)	This code of conduct applies to directors, supervisors (or independent directors), managers and employees. The above-mentioned subjects are hereinafter referred to as the company personnel.			
Article 3 (Principle of Good Faith)	The Company personnel shall abide by the regulatory requirements and this code of conduct when performing their duties and maintain active, positive and responsible attitude, have empathy, value teamwork and principle of good faith and hold themselves to high ethical standards.			
Article 4 (Preventing Conflict of Interest)	The Company personnel shall handle tasks in an objective and efficient manner and shall not direct improper benefits to themselves, spouses, parents, children or blood relatives within the second degree while holding positions in the Company. If the abovementioned people work for affiliates who have capital transactions, major assets transactions and buying and selling with the Company or the Company provides guarantee to the affiliates, the Company personnel shall take the initiative to explain if there is any potential conflict of interest and report the relation to the superiors or managers to prevent conflict of interest.			
Article 5 (Self-Interest Not Allowed)	When the Company has an opportunity for profit, it is the responsibility of the Company's personnel to maximize the just and legal benefits that can be obtained by the Company. Company personnel shall not conduct the following acts: 1. Obtaining personal gain by using company property or information or taking advantage of their positions. 2. Engagement in competition with the Company.			
Article 6 (Confidentiality)	1. The Company personnel shall be bound by obligation to maintain the confidentiality of any information regarding the Company or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers. 2. The Company's personnel shall keep the confidential information, technical data, personal data or other business information related to the users of the Company and/or affiliated companies, affiliated companies and/or other third parties they acknowledged or obtained undisclosed to the public (whether verbal, in writing or with or without being marked with "Confidential"). Except for the performance of their tasks, the information shall not be arbitrarily inquired or used. Confidential information shall not be duplicated or produced in additional backup without the prior written consent of the Company. The information shall not be disclosed, mentioned or transferred to others in any way or published in any format.			

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
Article 7 (Fair Trade)				
1. The Company’s personnel shall treat all purchase (sales) customers, competitors and employees fairly, and may not obtain improper benefits through manipulation, concealment, or the abuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.				
2. Company personnel are expected to abide by the Company’s ethical standards and principle of fair trade in their daily work and business operations. Pay attention to the following matters when accepting gifts or hospitality from companies who are interested parties:				
(1) Do not request or expect or accept bribes, kickbacks, gifts or other illegitimate gains through the job position.				
(2) If the gifts or hospitality from companies are found to be in violation of social etiquette or custom, they shall be rejected right away, and it is strictly forbidden to accept cash or negotiable securities as gifts.				
(3) If, due to force majeure or the gifts or hospitality from companies are found to be in violation of social etiquette or custom after being accepted, the incident shall be reported to the superiors, and at the same time the top auditing supervisor shall be notified to determine further actions.				
Article 8 (Proper Protection and Use of Company Assets)				
Company personnel have the responsibility to safeguard company assets and ensure that they can be effectively and lawfully used for official business purposes to prevent any theft, negligence in care or waste of the assets.				
Article 9 (Regulatory Compliance)				
All the Company’s personnel shall be abide by all laws and regulations that govern corporate activities, corporate policies and the Securities and Exchange Act, and regulations on anti-insider trading shall be advocated. The Company’s material undisclosed information shall not be used for engaging in securities trading.				
Article 10 (Encouraging Reporting on Illegal or Unethical Activities)				
Incidents suspected of or are found to be in violation of regulations or any code of ethical conduct shall be reported to supervisors or audit committee, managerial officers, human resources units, internal head of auditing or other appropriate individual, and sufficient information shall be provided to enable further responsive measures.				
The Company will handle the reported cases in a confidential manner and do its best to protect the safety of the person filing the grievance. For those who make malicious or false reports, the Company will provide counseling or, if necessary, carry out punishment. Retaliation, threat or harassment as a result of the above shall be immediately reported to the superiors or managers, and the Company will immediately take appropriate measures.				
Article 11 (Penalty and Remedy)				
If the Company personnel are suspected of violating the code of ethical conduct, the Company shall handle the issues according to the related regulations. However, anyone who violates this code of conduct may file an appeal, and the Company may provide remedies for violations of the ethical code of conduct.				
Article 12 (Procedures for Exemption)				
If the directors, supervisors and managers are to be exempt from the requirements of this code of conduct, they shall be first approved by the board of directors.				
The date of approval by the board for exemption, objection or reservation of the independent directors, exemption period and reasons and the applicable criteria shall be disclosed on the Market Observation Post System.				
Article 13 (Disclosure Method)				
This Code shall be published internally within the Company and disclosed in the annual report, prospectus and the Market Observation Post System, and the same applies to the amendment.				
Article 14 (Enforcement)				
This code of ethical conduct is to be implemented after the approval by the board, and the same applies to the amendment.				

(VII) Important information regarding the Company's governance and the inquiry method: <http://www.cmfc.com.tw>

*Consolidated companies

1. Pan Asia Chemical Corporation

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
I. The policy and plan of business integrity		V	(I) The Company has not explicitly stipulated matters related to ethical management; however, it adheres to the principles of integrity, transparency, and accountability in its operations. The Company continues to promote integrity-based policies and has established sound corporate governance and risk control mechanisms to foster a sustainable business environment. The Company has developed its Code of Ethical Conduct and required directors and executives to lead by example, follow the principle of good faith and build a corporate culture of sincerity and integrity.	Not distinctive
(I) Has the Company formulated an ethical corporate management policy that was approved by the board of directors, and clearly specified in the rules and external document the ethical corporate management policies and strategies and the commitment by the board of directors and senior management on rigorous and thorough implementation of the policies in internal management and in commercial activities?				
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?	V		(II) The Company first assesses the legality and the past transaction records based on good faith of the companies before establishing business relationships in order to avoid dealing with those who have flawed records. The Company also complies with the laws and regulations, requiring each donation and sponsorship to be reported and authorized by the proper authorization levels before being approved. The Company’s Code of Ethical Conduct sets forth principles such as the “Prevention of Conflicts of Interest,” “Avoid Opportunities for Personal Gain,” “Fair Dealing,” and the “Proper Protection and Use of Company Assets,” all of which are to be adhered to in accordance with the principle of honesty and integrity to prevent employee misconduct.	

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
(III) Has the Company specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	V		<p>In addition, both the Code of Ethical Conduct and the Company's Employee Work Rules specify disciplinary measures to deter dishonest behavior.</p> <p>(III) The Code of Ethical Conduct also explicitly "encourages the reporting of any illegal acts" or "violations of the code and outlines corresponding disciplinary" and remedial measures to prevent employee misconduct.</p>	
II. The Materialization of Business Integrity				
(I) Has the Company assessed the ethics records of whom it has business relationships and include business conduct and ethics-related clauses in the business contracts?		V	(I) The Company engages in transactions and purchases in accordance with the laws and regulations and reviews the contract performance of suppliers to prevent the engagement with those who have had records of unethical conduct.	Not distinctive
(II) Has the Company set up a dedicated department that is subordinated to the Board to promote ethical corporate management, and does it regularly (at least once a year) report to the Board on its ethical corporate management policy and unethical conduct prevention program and monitor their implementation?		V	(II) Although the Company has not established a dedicated unit for ethical management, it regularly reports the implementation of ethical conduct to the Board of Directors through its sustainability report. In August 2024, the Company presented the sustainability report to the Board, which included disclosures on the implementation of ethical management.	
(III) Has the Company established policies to prevent conflict of interests, provide appropriate communication and complaint channels, and implement such policies properly?	V		(III) The Company's Code of Ethical Conduct includes provisions on the "Prevention of Conflicts of Interest" and encourages the reporting of any illegal acts or violations of ethical conduct. It also outlines related disciplinary and remedial measures.	
(IV) Has the Company established effective accounting and internal control systems in place for the implementation of ethical corporate	V		(IV) The Company has established both a "Code of Ethical Conduct" and "Employee Work Rules on	

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
management? Has the internal audit department formulated relevant audit plans based on the assessment results of unethical conduct risk to perform audits on compliance with the unethical conduct prevention program or engage CPAs to perform such audits?			Rewards and Penalties” to prevent employee misconduct, and provides channels for reporting any illegal or improper acts. The Company has implemented an effective accounting system and internal control system. Operations are fully computerized and interlinked to ensure layered cross-checking and exception management. The Company’s internal audit framework operates on three levels: The first level is carried out by the Audit Office under the Board of Directors. An annual audit plan is developed to examine compliance with regulations and reduce the risk of misconduct. The Audit Office reports its findings quarterly to the Audit Committee and the Board. The second level consists of audits of the internal control system over financial reporting conducted annually by an external accounting firm. The third level is based on the principle that internal audit is the responsibility of all employees. Each department is required to conduct annual self-inspections to embed the internal control spirit at every level and ensure the effectiveness of the internal control system’s design and execution. The Company advocates for the principle of ethical business management and conveys the value to employees through meetings.	
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?		V	(V) The Company’s intranet provides access to the Code of Ethical Conduct, which is available for all employees to review at any time.	

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
III. The operations of the Company's Report System				
(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?	V		(I) The Company has established a Code of Ethical Conduct that explicitly encourages the reporting of any illegal acts or violations of ethical standards. If any dishonest conduct is identified, employees may report the matter directly to the supervisors, including the Supervisors, the Audit Committee, management, the HR department, the head of internal audit, or other appropriate supervisors. Sufficient information should be provided to enable the Company to properly address the matter. Disciplinary actions will be taken against violators, and designated personnel will be assigned to handle reported cases to ensure confidentiality is fully upheld.	Not distinctive
(II) Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?	V		(II) The Company has also implemented both a "Code of Ethical Conduct" and "Employee Work Rules on Rewards and Penalties" to prevent misconduct. Channels are provided for employees to report any unlawful or inappropriate behavior. Disciplinary actions will be taken where necessary, and the Company assigns personnel to handle each case with strict confidentiality.	
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		(III) To prevent retaliation, the Code of Ethical Conduct clearly states that the Company will handle all reports in a confidential manner and will make every effort to protect the safety of the whistleblower. The Company is committed to the principles of fairness and due process and to safeguarding employee rights.	

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
IV. Enhancing Information Disclosure Has the Company disclosed its Ethical Corporate Management Best Practice Principles and the results of their implementation on its website and MOPS?	V		The Company has already disclosed its "Code of Ethical Conduct" on MOPS.	Not distinctive
V. If the company has established corporate governance policies based on the Ethical Corporate Management Best Practice Principles for the Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: The Company has not defined its code of ethical business management but the operations follow the Ethical Corporate Management Best Practice Principles for the Listed Companies.				
VI. Other important information for facilitating the understanding of ethical corporate management and its implementation (i.e., the examination of and amendments to the Ethical Corporate Management Best Practice Principles it established):				
<p style="text-align: center;">PAN ASIA CHEMICAL CORPORATIONCode of Ethical Conduct</p> <p style="text-align: right;">Approved by the board on March 16, 2015</p> <p>I. Purpose of institution and normative reference To help the Company's directors, supervisors, managerial officers (including general managers or their equivalents, assistant general managers or their equivalents, department directors or their equivalents, chief financial and chief accounting officers and other persons authorized to manage affairs and sign documents on behalf of a company) and other employees to act in line with ethical standards and to help interested parties better understand the ethical standards of the Company, this code of conduct is developed in accordance with the Guidelines for the Adoption of Codes of Ethical Conduct for the Listed Companies.</p> <p>II. Subject of Application This code of conduct applies to directors, supervisors, managers and other employees. The above-mentioned subjects are hereinafter referred to as the company personnel.</p> <p>III. The content The Company's code of ethics includes the following eight aspects:</p> <p>(I) Prevention of the conflict of interest: The Company's personnel shall handle tasks in an objective and efficient manner and shall not gain improper benefits to themselves, spouses, parents, children or blood relatives within the second degree while holding positions in the Company. If the abovementioned people work for affiliates who have capital transactions, major assets transactions and buying and selling with the Company or the Company provides guarantee to the affiliates, the Company personnel shall take the initiative to explain if there is any potential conflict of interest and report the relation to the superiors.</p> <p>(II) Avoidance of seeking personal interest: 1. The Company's personnel shall not conduct the following acts (1) Seeking opportunities for personal interest with the use of corporate assets, information or the duties and functions they performed. (2) Acquisition of personal interest with the use of company assets, information, or the duties and functions they performed. (3) Engagement in competition with the Company. 2. When there is an opportunity for the Company to generate profits, the Company's staff should strive to help generate legitimate interests for the Company.</p> <p>(III) Confidentiality: The Company personnel shall be bound by obligation to maintain the confidentiality of any information regarding the Company or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any non-public information that could be used by competitors or, if disclosed, could be detrimental to the Company or its customers.</p>				

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			The Company's personnel shall keep the confidential information, technical data, personal data or other business information related to the users of the Company and/or affiliated companies, affiliated companies and/or other third parties they acknowledged or obtained undisclosed to the public (whether verbal, in writing or with or without being marked with "Confidential"). Except for the performance of their tasks, the information shall not be arbitrarily inquired or used. Confidential information shall not be duplicated or produced in additional backup without the prior written consent of the Company. The information shall not be disclosed, mentioned or transferred to others in any way or published in any format.	
(IV)			Fair Trade: The Company's personnel shall treat all purchase (sales) customers, competitors and employees fairly, and may not obtain improper benefits through manipulation, concealment, or the abuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.	
(V)			Protection and appropriate use of company assets: Company personnel have the responsibility to safeguard company assets and ensure that they can be effectively and lawfully used for official business purposes to prevent any theft, negligence in care or waste of the assets.	
(VI)			Compliance with applicable laws Company personnel shall abide by the Securities and Exchange Act and other related regulations.	
(VII)			Encourage the reporting of any illegal act or act of defiance of the Code of Conduct: Incidents suspected of or are found to be in violation of regulations or any code of ethical conduct shall be reported to supervisors, managerial officers, human resources units, internal head of auditing or other appropriate personnel. Sufficient information shall be provided to enable further responsive measures. The Company will handle the reported cases in a confidential manner and do its best to protect the safety of the person filing the grievance. For those who make malicious or false reports, the Company will provide counseling or, if necessary, carry out punishment. Retaliation, threat or harassment as a result of the above conduct shall be immediately reported to the superiors or managers, and the Company will immediately take appropriate measures.	
(VIII)			Penalty: If the Company personnel are suspected of violating the code of ethical conduct, the Company shall handle the issues according to the related regulations. However, anyone who violates this code of conduct may file an appeal, and the Company may provide remedies for violations of the ethical code of conduct.	
IV.			The Waiver Procedure If the directors, supervisors and managers are to be exempt from the requirements of the Company's code of conduct, they shall be first approved by the board of directors. The date of approval by the board for exemption, objection or reservation of the independent directors, exemption period and reasons and the applicable criteria shall be disclosed on the Market Observation Post System.	
V.			Means of Disclosure The Code of Ethical Conduct established by the Company shall be disclosed on its website, in the annual report, prospectus and on MOPS, and the same shall apply for any amendment.	
VI.			Implementation This code of ethical conduct is to be implemented after the approval by the board, and the same applies to the amendment.	

Note: For important information regarding the corporate governance practices of Pan Asia Chemical Corporation(PACC), please visit the company's website:
<http://www.pacc.com.tw>.

2. Taichung Commercial Bank Co., Ltd.

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
I. The policy and plan of business integrity (I) Has the Bank formulated an ethical corporate management policy that was approved by the board of directors, and clearly specified in the rules and external document the ethical corporate management policies and strategies and the commitment by the board of directors and senior management on rigorous and thorough implementation of the policies in internal management and in commercial activities?	✓		(I) The bank resolved on and approved the set-up of the “Code for Integrity Management” on December 18, 2019. It stipulates the prohibition of dishonest conducts by the chairman, managers, employed persons, appointed persons, or those with de facto control during the process of business practices, the integrity management policies and practices, and the board and senior management’s commitment to implement integrity management policies; employees shall comply with integrity management policies based on employment conditions. (II) The Company has made declaration at the website and in the declaration of internal control that it shall duly observe the regulation governing internal control and internal audit system of financial holding companies and banks, and announced the issues requiring additional internal control and corrective action for improvement.	no difference
(II) Has the Bank had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?”	✓		(I) In order to implement integrity management policies and actively prevent dishonest conducts, the “Operational Procedures for Integrity management and Guidelines for Conduct” and the “Code of Business Conduct for the Board of Directors and Manager.” They stipulate matters to pay attention to during business execution by the Chairman, managers, and employees. In addition, they shall fulfill the obligation of care of a good administrator, urge the Company to prevent dishonest conduct, timely review implementation results and continue to make improvement to ensure the implementation of ethical corporate management. (II) The Bank has established the dishonest conduct risk assessment mechanism. Through it, business activities involving higher dishonest conduct risks within the business scope are periodically analyzed. Prevention plans have been set up accordingly. The appropriateness and effectiveness of the prevention plans are periodically reviewed. They also cover the “prohibition of provision or acceptance of illegitimate profit,” “ethical corporate management evaluation before establishing business relations,” “prohibition of	no difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			<p>facilitation payment,” “prohibition of insider trading,” “intellectual property management and retention,” “confidentiality operations” and related preventive measures. The bank-wide dishonest conduct risk evaluation report was submitted to the Board of directors on March 27, 2025.</p> <p>(III) The bank has set up the “Operating Standards for External Donations” in accordance with relevant laws and regulation. The donation recipients and approved amounts shall be in accordance with the said standards. The “Directions for Professional Ethics and Conducts of Financial Management Personnel” have been set up. They clearly state that employees recommend and recruit financial management businesses according to the principle of integrity;</p> <p>(IV) In the “Standards for Employee Conduct,” a chapter on fair trading principles has been created, which explicitly stipulates matters not to engage in during various operations, trading conducts or duty fulfillment. At the same time, the principles of fairness, reasonability, equality, mutual benefits, and integrity shall be abided by to maintain fair trading order.</p>	
(III) Has the Bank specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	✓		<p>(I) Relevant operational handling procedures, rewards and punishment, complaint system, and disciplinary disposal have been established in the bank’s “Operational Procedures for Integrity management and Guidelines for Conduct.” Arrangements are also made for the chairman, managers, or senior management to periodically convey to importance of integrity to the board of directors, employed persons, and appointed persons. In case of serious offenses of bank employees in violation of integrity, the said employees shall be demoted or dismissed according to relevant laws and regulation or the company’s personnel regulations.</p> <p>(II) The bank actively prevents dishonest conducts and includes integrity management policies into employee assessment. An explicit and effective punishment and complaint system shall be set up for periodic implementation and review.</p>	no difference

Items for evaluation		Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
		Yes	No	Summary	
II.	The Materialization of Business Integrity				
(I)	Has the Bank evaluated the record on ethical practices of its counterparties, and has specified the clause of business ethic in the agreements binding the Bank and its counterparties?	✓		Has the Bank paid attention to the record of ethical practices of contractors in procurement or tender invitation, and has signed the clauses in the agreements on the consequences of the violation of ethical practices, and signed the "Letter of Commitment for Ethical Corporate Management, Human Rights, and Environmental Sustainability."	no difference
(II)	Has the Bank set up a dedicated department that is subordinated to the Board to promote ethical corporate management, and does it regularly (at least once a year) report to the Board on its ethical corporate management policy and unethical conduct prevention program and monitor their implementation?	✓		(I) The Board of Directors' office promotes ethical corporate management policies, assists the Board and the management in setting up and supervising ethical corporate management policies and prevention plans. The implementation situation shall be reported to the Sustainable Development Committee and the Board of each year. It is mainly responsible for the following matters: <ol style="list-style-type: none"> 1. Assist the incorporation of integrity and ethical value into corporate operation strategies. Set up related fraud prevention measures in conjunction with the legal system. 2. Periodically analyze and evaluate dishonest conduct risk within the business scope in order to set up dishonest conduct prevention plans. In the plans, work related standard operating procedures and guidelines or conduct shall be set up. 3. Plan internal organization, preparation and responsibilities, or business activities involving higher dishonest conduct risk within the business scope, set up a mutual supervision and balancing mechanism. 4. The promotion and coordination of integrity policy advocacy and training. 5. Plan the reporting system to ensure implementation effectiveness. 6. Assist the board of directors and senior management in inspecting and evaluating whether preventive measures for integrity management implementation are operating effectively. The compliance situation of relevant business processes shall also be periodically evaluated and made into 	no difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			<p>a report.</p> <p>7. Produce and properly keep documented information on the ethical corporate management policy, the implementation of commitment, and relevant documented information. Assist the incorporation of integrity and ethical value into corporate operation strategies. Set up related fraud prevention measures in conjunction with the legal system.</p> <p>(II) The ethical management implementation status for 2024 was reported to the Sustainable Development Committee on March 26, 2025, and to the Board of Directors on March 27, 2025.</p>	
(III) Has the Bank mapped out the policy for the avoidance of the conflict of interest and has provided suitable channels for such purpose, and properly pursued the policy?	✓		<p>(I) Control and archiving of stakeholder information is based on the Bank's Policy Governing Control of Stakeholder Information and Lending. The Bank has also formulated a Policy Governing the Management of Transactions with Stakeholders Other than Lending to prevent conflicts of interest. The Code of Conduct for Directors and Managers also contains provisions stipulating recusal to avoid conflict of interest and thereby facilitate implementation of ethical corporate management. Directors are also required to exercise self-discipline and refrain from mutual support in improper dealings.</p> <p>(II) The bank has a designated spokesperson, acting spokesperson contact hotline, and Audit Committee contact hotline on the bank's external official website, thereby providing a channel for making statements.</p>	no difference
(IV) Has the Bank established effective accounting systems and internal control systems to implement ethical corporate management, and has the internal audit department drawn up relevant audit plans based on the results of the assessment of the risk of unethical conduct, and used the audit plan to check the compliance of the prevention of unethical conducts? Or has CPAs been appointed to perform the audit?	✓		In accordance with the Bank's "Implementation Regulations for Internal Audit System," periodic inspection shall be conducted and the annual audit plan shall be formulated. Improvement suggestion shall also be timely provided. The audit business should be reported to the Board and the Audit Committee every six months. The "Accounting Department" has been set up, and the Bank's "accounting system" has been established. There shall be no external accounts or confidential accounts. Furthermore, the Deloitte and Touche has been appointed to periodically inspect financial statements.	no difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
(V) Has the Bank organized internal and external training on ethical corporate management?	✓		<p>(I) The Bank regularly holds integrity management related educational training, such as personal information protection system, money laundering prevention, consumer banking and credit business, principle to treat clients fairly, business integrity policy, whistleblower protection and important customer rights and so on. The issues shall be listed as internal educational training teaching material. Personnel shall also be timely dispatched to attend related courses organized by external agencies. The 2024 education training conduction situation is as follows:</p> <ol style="list-style-type: none"> 1. All the employees are required to join the aforementioned online course and pass the test (every person is required to complete more than 12 hours of courses and complete the test every year). A total of 3,070 people completed the training, with 36,840 hours of training in total. 2. In May 2024, the Taiwan Academy of Banking and Finance was commissioned to conduct a 3.5-hour course on “Anti-Money Laundering and Principles of Treating Customers Fairly.” The course covered topics such as anti-money laundering, financial consumer protection, international trends in fair treatment, financial friendliness, the Convention on the Rights of Persons with Disabilities, integrity practices, and accountability mechanisms. Participants included directors, the corporate governance officer, managers, directors and supervisors of subsidiaries, and compliance officers and personnel from relevant departments. In December 2024, a 3-hour course titled “Principles of Treating Customers Fairly (Including Financial Friendliness and Ethical Conduct)” was also conducted by the Taiwan Academy of Banking and Finance. The course covered the principles of treating customers fairly, financial consumer dispute cases, elderly client case studies, and anti-corruption. Participants included directors, the corporate governance officer, managers, directors and 	no difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			<p>supervisors of subsidiaries, and compliance officers and relevant personnel from related departments.</p> <p>3. Advocacy on the bank's integrity management policy was conducted in 2024. The contents included: "the guideline for conduct of integrity management and dishonest conducts and preventive plans."</p> <p>(II) Self-auditor workshops are organized regularly every year and "three lines of defense" concepts are reinforced and implemented through case studies to ensure effective implementation of self-audits, strengthen internal control of business units and prevent the occurrence of unethical conduct.</p> <p>(III) Legal compliance awareness of employees is strengthened through education on cases of fines and sanctions in the financial industry and the main focus of inspections and internal audits of domestic banks made public by the competent authority.</p>	
<p>III. The reporting system of the Bank in action</p> <p>(I) Has the Bank established a reporting and reward system and the channels for facilitating the report on unethical practices, and has appointed designated personnel to handle the subject of reporting?</p>	✓		<p>In accordance with the "Regulations to Handling of Reported Cases, the "Employee Work Rules" stipulates reporting and rewarding systems. Reporting hotline, reporting email, and email box acceptance, and other acceptance channels have also been set up. The dedicated unit shall accept and track reported matters.</p>	no difference
<p>(II) Has the Bank established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?</p>	✓		<p>(I) The Bank has established the "Regulation for Human Resources Evaluation and the Establishment of the Evaluation Committee" and the "Regulation Governing the Complaints of Sexual Harassment and Related Punishment" and also the review and investigation procedure, provisions for the avoidance of the conflict of interests by stakeholders, and confidentiality and no-disclosure mechanism.</p> <p>(II) In accordance with the "Regulation to Handling of Reported Cases," the "Reported Case Review Committee" responsible for reviewing reported cases has been set up. It is stipulated that for reported events verified to be true, the whistleblower shall be given appropriate rewards according to the employee work rules; for reported cases that are falsely reported or with false evidence, the cases will be</p>	no difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			<p>transferred to the “the Personnel Arbitration and Assessment Committee” or disposal. The dedicated department or office shall request relevant business management units to review the internal control system and operational procedures and propose improvement measures. In case of major violations or matters that subject the bank to major damage, the matters will be reported to the independent directors. The disposal method and review and improvement measures shall be reported to the board of directors.</p> <p>(III) When stipulating reported case acceptance and investigation procedures, the whistleblower’s identity and reported content should be kept confidential. Information that adequately leads to the whistleblower’s identity shall not be disclosed. Unless otherwise provisioned by law, browsing or copying by a third party is prohibited.</p>	
(III) Has the Bank taken protection measures to protect the informant from improper treatment after reporting on unethical practices?	✓		<p>(I) Under the “Regulations Governing the Implementation of Compliance System”, the heads of all functional units shall not take any revenge or harmful action against the Compliance Officer. The Legal and Compliance Department shall pay close attention to safeguard the rights and interest of the compliance officers of relevant functional units.</p> <p>(II) The “Regulations Governing the Handling of Reporting Cases” specify it is mandatory for the whistleblower identity confidentiality. The whistleblower shall not be discharged, dismissed, demoted, receive reduced pay as a result. The whistleblower shall not be deprived of rights and interests entitled by law, contract, or custom or be subject to adverse action of a punitive nature.</p>	no difference
IV. Enhancing Information Disclosure: Has the Bank disclosed the content of ethical corporate management best practice principles and the result at its official website and MOPS?	✓		The Bank discloses ethical corporate management related regulations and practices on its official website and MOPS, including the Ethical Corporate Management Best Practice Principles, Operational Procedures for Integrity management and Guidelines for Conduct, Code of Conduct for Directors and Managers, Procedures for Handling Material Inside Information, Rules of Procedure for Board Meetings, the Audit Committee Charter, due care and fiduciary duties of Directors, managers and employees as good	no difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			administrators, performance of operations based on principles of good faith and trust, recusal of Directors if an interested party relationship exists with regard to an agenda item of a Board meeting, and faithful exercise of duties by the Audit Committee members with the due care of good administrators.	
V.	If the Company has established corporate governance policies based on the Ethical Corporate Management Best Practice Principles for the Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: The Company has established its ethical corporate management principles in accordance with the Ethical Corporate Management Best Practice Principles for the Listed Companies.			
VI.	Additional important information that may assist in the understanding of corporate business integrity operations: The content of the Bank's "Ethical Corporate Management Best Practice Principles" is irregularly revised based on regulatory requirements and practical needs. The corporate management implementation situation shall be periodically reported to the Sustainable Development Committee and the Board.			

Note: Other major Information on Taichung Commercial Bank Co., Ltd.

Please visit the Market Observation Post System at <http://mops.twse.com.tw> for important messages and announcements.

(VIII) The following shall be disclosed in the pursuit of the internal control system

1. Declaration of Internal Control Policies

CHINA MAN-MADE FIBER CORPORATION
Statement of Declaration of Internal Control System

Date: March 3, 2025

The following declaration is based on the 2024 self-audit over the Company's internal control system:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's board of directors and managers. These policies were implemented throughout The Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. Exactly pursuant to the evaluation results of the preceding paragraph, the Company firmly believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2024, including awareness of the effectiveness of operations and the extent to which the efficiency goals are achieved where the reporting system proves reliable in real-time, transparent and consistent with laws and ordinances concerned, the design and implementation of the relevant internal control system and the like are effective enough to reasonably ensure the successful achievement of the aforementioned goals.
- VI. The "Internal Control System Declaration" will be the main content of the Company's annual report and prospectus for the reference of the public. Any misrepresentation or concealment of the aforementioned disclosures shall be liable to violation of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act and the legal consequences thereof.
- VII. This declaration was approved by The Company's Board of Directors in the meeting dated March 3, 2025. None of the 9 directors present to the meeting held any objections, and had unanimously agreed to the contents of this declaration.

CHINA MAN-MADE FIBER CORPORATION

Chairman: Kuei-Shiang Wang

President: Jeh-Yi Wang

2. For the CPAs specifically commissioned to review the internal control system, the Independent Auditor's Report should be disclosed : Not applicable.

(IX) Important Resolution of the Board of Directors and implementation as of the Publication Date of the Annual Report:

1. The important resolutions reached in the 2024 shareholders' meeting and their implementation:
 - (1) Ratified the 2023 business report and financial statements.
 - (2) Confirm the Company's proposal for deficit compensation for 2023.

Execution Status: It is proposed to offset the loss for 2023 using retained earnings from prior years.

2. Major Board of Directors resolutions:

March 3, 2024: Approved the Company's bank financing case; the 2023 Statement on Internal Control System; the 2023 standalone financial statements, consolidated financial statements, and business report; the 2023 loss offset proposal; procurement of a batch of fuel equipment for Cogeneration Plant I; amendments to the "Audit Committee Charter," "Board Meeting Rules," and "Remuneration Committee Charter"; and the scheduling and agenda items of the 2024 Annual General Meeting.

May 13, 2024: Approved the Company's bank financing case; the sale of Taichung Commercial Bank Co., Ltd. shares; the consolidated financial statements for the first quarter of 2024; amendments to the internal control and audit procedures for the "Sustainability Report Preparation and Assurance Process" and the "Stock Affairs Operations Internal Control System"; and the lease agreement for the Sanchong Building with FORMOSA IMPERIAL WINESELLER CORP. and Storm Entertainment.

June 17, 2024: Approved the Company's bank financing case and the proposed self-developed residential building project on land located in Section 1, Wugu Wang, Sanchong District, New Taipei City.

August 12, 2024: Approved the Company's bank financing case; the proposed loan to NAN CHUNG PETROCHEMICAL CORPORATION; the consolidated financial statements for the second quarter of 2024; the limited assurance report on the sustainability report issued by the CPA; proposed replacement of signing CPA Su-Huan Yu due to retirement; discussion of 2024 salary adjustment for insiders; discussion of changes to the corporate governance officer; change of the chief auditor; and the renewal of the purchasing agency agreement with Jih Yao United Trading.

November 11, 2024: Approved the Company's bank financing case; the consolidated financial statements for the third quarter of 2024; the 2024 engagement fees for Deloitte; the 2025 budget proposal; the 2025 internal audit plan; the lease agreement with Lay Coffee CO., LTD.; and the proposed self-developed residential building project with WE & WIN Development CO., LTD.

December 23, 2024: Approved the Company's bank financing case; the lease agreement with Bang Yu; the internal control and audit system for sustainability information management; the year-end bonus proposal for insiders in 2024; and the proposed 2025 compensation policy for directors and insiders.

- (X) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: Not applicable.

IV. Disclosure of CPAs' remuneration

Unit: NT\$ thousand

Firm Name	Name of CPA	The duration of the audit	Auditing fee	Non-audit fees	Total	Remarks
Deloitte and Touche	Su-Huan Yu	January 1, 2024 to March 31, 2024	5,630	127	5,757	Non-audit fees included NT\$100 thousand for a transfer pricing report and NT\$27 thousand for offshore company maintenance.
	Shu-Lin Liu	2024.04.01 to 2024.12.31				
	Pan-Fa Wang	2024.01.01 to 2024.12.31				

1. Commissioned a new CPA Firm to serve for an audit fee less than the year before: Not applicable.
2. When the audit fees paid for the current year are lower than those for the preceding year by 10% or more: None.

V. Change of CPA

As CPA Su-Huan Yu planned to retire, she was replaced starting from the second quarter of 2024 by CPAs Shu-Lin Liu and Pan-Fa Wang.

VI. Where the Company's Chairman, President, or any manager in charge of finance or accounting matters has held a position at the CPA's firm of its CPAs or at an affiliated company of the CPA's firm in the most recent year

None.

VII. Transfer of equity and changes in equity pledges of Directors, supervisors, managers, and shareholders with a shareholding of 10% and above in the most recent year and up to the date of publication of the annual report

(I) Changes in shareholdings

Title	Name	2024		As of February 28, 2025	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Institutional Director	Chuang Chien Investment Co., Ltd.	0	0	0	0
Institutional Director	Pan Asia Investment Corporation	0	1,500,000	0	0
Vice Chairman	Ming-Shan Chuang	(4,870)	0	0	0
President	Jeh-Yi Wang	0	0	0	0
Assistant VP	Hung-Yang Wu	0	0	0	0
Chief financial officer	Po-Nien Lin	0	0	0	0
Chief accountant	Tzu-Wei Huang	0	0	0	0
Major shareholder	Pan Asia Chemical Corporation	0	0	0	0

(II) Information on equity transfer: The counterparties in the above equity transfer are not related parties; therefore, the item is not applicable.

(III) Information of shares ownership pledge: Not applicable, because the counterparts of said shares ownership pledge are not stakeholders.

VIII. Information shareholders holding over 10% of the shares who are related to each other or are spouses or second degree relatives

February 28, 2025

NAME	OWN SHAREHOLDINGS		SHARES HELD BY SPOUSE AND MINORS		SHAREHOLDINGS UNDER THE TITLE OF A THIRD PARTY		TITLE, NAME AND RELATIONSHIP OF THE TOP TEN SHAREHOLDERS WHO HAVE MUTUAL RELATIONSHIP AS SPOUSE OR BLOOD RELATIVE WITHIN THE SECOND DEGREE.		REMARK
	Quantity	Shareholding ratio	Quantity	Shareholding ratio	Quantity	Shareholding ratio	Name	Affiliation	
Pan Asia Chemical Corporation	261,500,828	15.51%	0	0	0	0	Sheen Ren Knitting Factory Co., Ltd. Chuang Chien Investment Co., Ltd. Chou Chin Industrial Co., Ltd. Yu Hui Co.,Ltd De Xing Investment Company Chou Chin Industrial Co., Ltd.	Corporate director of the Pan Asia Chemical Corporation Substantial related party Substantial related party Same responsible person Same responsible person Substantial related party	
Sheen Ren Knitting Factory Co., Ltd.	73,601,678	4.37%	0	0	0	0	Pan Asia Chemical Corporation Chuang Chien Investment Co., Ltd. Chou Chin Industrial Co., Ltd. Yu Hui Co.,Ltd. De Xing Investment Company Chou Chin Industrial Co., Ltd.	Institutional Director of Pan Asia Chemical Corporation Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person	
Chou Chin Industrial Co., Ltd.	61,487,744	3.65%	0	0	0	0	Pan Asia Chemical Corporation Sheen Ren Knitting Factory Co., Ltd. Chuang Chien Investment Co., Ltd. Pan Asia Investment Corporation Yu Hui Co.,Ltd. De Xing Investment Company	Substantial related party Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person	
Pan Asia Investment Corporation	52,393,736	3.11%	0	0	0	0	Sheen Ren Knitting Factory Co., Ltd. Chou Chin Industrial Co., Ltd. Chuang Chien Investment Co., Ltd. Pan Asia Chemical Corporation Yu Hui Co.,Ltd. De Xing Investment Company	Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person	
Chuang Chien Investment Co., Ltd.	43,929,431	2.61%	0	0	0	0	Pan Asia Investment Corporation Pan Asia Chemical Corporation Chou Chin Industrial Co., Ltd. Yu Hui Co.,Ltd. De Xing Investment Company Sheen Ren Knitting Factory Co., Ltd.	Same responsible person Institutional Director of Pan Asia Chemical Corporation Same responsible person Same responsible person Same responsible person Same responsible person	

Yu Hui Co.,Ltd	16,512,032	0.98%	0	0	0	0	Chou Chin Industrial Co., Ltd. Chuang Chien Investment Co., Ltd. Pan Asia Chemical Corporation Pan Asia Investment Corporation De Xing Investment Company Sheen Ren Knitting Factory Co., Ltd.	Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person	
De Xing Investment Company	11,619,530	0.69%	0	0	0	0	Chou Chin Industrial Co., Ltd. Chuang Chien Investment Co., Ltd. Pan Asia Chemical Corporation Yu Hui Co.,Ltd. Pan Asia Investment Corporation Sheen Ren Knitting Factory Co., Ltd.	Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person	
Chou Chin Industrial, Sheen Ren Knitting Factory Co., Ltd. China Man-Made Fiber Investment, Pan Asia Investment, Yu Hui Co.,Ltd, De Xing Investment Company, and PACC Chairman: Kuei-Shiang Wang	0	0	0	0	0	0	N/A	N/A	
JP Morgan Chase Taipei branch as a custodian for Vanguard Emerging Markets Stock Index Fund Investor Shares managed by the Vanguard Group	19,509,016	1.16%	0	0	0	0	N/A	N/A	
Investment account of iShares Core MSCI Emerging Markets ETF in the custody of the Main Branch of Standard Chartered	18,346,574	1.09%	0	0	0	0	N/A	N/A	
JP Morgan Chase N.A., Taipei Branch as a custodian for Vanguard Total International Stock Index Fund	17,705,236	1.05%	0	0	0	0	N/A	N/A	

IX. Investments jointly held by the Company, the Company's Directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company, and the shareholdings in aggregate of the above parties

Unit: Thousand Shares; %

Investee	The Company's investment		Invested by businesses directly or indirectly controlled by Directors, supervisors, and managers		Comprehensive investment	
	Quantity	Shareholding ratio	Quantity	Shareholding ratio	Quantity	Shareholding ratio
Taichung Commercial Bank Co., Ltd.	1,175,943	21	342,831	6	1,518,774	27
Pan Asia Chemical Corporation	179,259	44	20,687	5	199,946	49
De Xing Investment Company	79,000	100	0	0	79,000	100
Taichung Bank Securities Investment Trust Co., Ltd.	922	3	14,695	47	15,617	50
Nan Chung Petrochemical Corporation	100,000	50	0	0	100,000	50
Chou Chin Industrial Co., Ltd.	38,759	47	2,735	3	41,494	50

Note: The Company's investment in the equity method

Three. Funding Status

I. Capital and shares

(I) Source of share capital in the most recent year and up to the publication date of the annual report

Year /month	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Stock	Amount	Stock	Amount	Capital source	Paid in properties other than cash	Others
2021/11	10	2,100,000,000	21,000,000,000	1,686,209,745	16,862,097,450	November 12, 2021 Jing-Shou-Shang-Zhi Document #11001206600 approved recapitalization of earnings at NTS648,425,280.	N/A	N/A

Type of shares	Authorized capital			Remarks
	Outstanding shares	Unissued Shares	Total (Note)	
Common stock	1,685,905,745	414,094,255	2,100,000,000	Shares outstanding are all publicly traded.

Self-registration system information: None

(II) List of major shareholders

February 28, 2025

Name of Principle shareholder	Shares	Shareholdings	Shareholding ratio
Pan Asia Chemical Corporation		261,506,828	15.51%
Sheen Ren Knitting Factory Co., Ltd.		73,601,678	4.37%
Chou Chin Industrial Co., Ltd.		61,487,744	3.65%
Pan Asia Investment Corporation		52,393,736	3.11%
Chuang Chien Investment Co., Ltd.		43,929,431	2.61%
JP Morgan Chase Taipei branch as a custodian for Vanguard Emerging Markets Stock Index Fund Investor Shares managed by the Vanguard Group		19,509,016	1.16%
Investment account of iShares Core MSCI Emerging Markets ETF in the custody of the Main Branch of Standard Chartered		18,346,574	1.09%
JPMorgan Chase Bank, N.A., Taipei Branch, acts as the custodian for Advanced Starlight Fund's Series Fund—Advanced Global Equity Index Fund Investment Account		17,705,236	1.05%
Yu Hui Co.,Ltd		16,512,032	0.98%
De Xing Investment Company		11,619,530	0.69%

(III) The company's dividend policies and execution

1. Dividend policy

If the Company is profitable in the fiscal year, it shall allocate 1% to 5% of the profit as the remuneration of employees in the form of stocks or cash as resolved by the board. Employees of subsidiaries are also entitled to receive remuneration, provided that they meet the criteria specified by the board of directors. Up to 0.3% (inclusive) of the aforementioned profit may be distributed as director remuneration at the discretion of the board of directors. The proposal for distributing the remuneration to employees, directors and supervisors shall be submitted to the shareholders' meeting. However, if the Company still as accumulated losses, the amount shall be retained for compensation, and then appropriated as remuneration to employees, directors and supervisors based on the percentages mentioned above.

If there is profit, the Company pays taxes and makes up for the accumulated losses in

accordance with the law before allocating 10% as an earnings reserve. However, the legal reserve shall not be allocated once it reaches the amount of the Company's paid-in capital. The rest will be recognized or reversed as special earnings reserve. The reversed special earnings reserve is consolidated into undistributed surplus before being distributed. If there is a balance, it is consolidated into the accumulated undistributed earnings in the previous year. The Board may propose a profit distribution proposal, depending on the actual situation and request the shareholders' meeting to determine the distribution of dividends to shareholders.

The Company's dividend policy is in line with the current and future development plans and considers the investment environment, long-term financial planning and shareholders' equity. The annual dividends distribution is mainly in the form of cash and it may be distributed in the form of stocks. However, the proportion of stock dividends is not higher than 95% of the total dividends.

2. Dividend distribution proposal of this shareholders meeting: It is recommended not to distribute stock dividends and cash dividends
 3. Expected Major Change in Dividend Policy: To comply with securities laws and regulations, the Company plans to amend its Articles of Incorporation to specify that no less than 35% of the total amount of employee compensation shall be allocated to grassroots employees. This change is scheduled to be adopted at the 2025 Annual General Shareholders' Meeting.
- (IV) The impact of bonus shares proposed by the shareholders' meeting on the Company's operating performance and earnings per share: The Company has not prepared and announced the 2024 financial forecast and is not required to disclose such information in accordance with Letter (89)-Tai-Cai-Zheng-(1) No. 00371 dated February 1, 2000 of the Securities and Futures Bureau, Ministry of Finance.
- (V) Remuneration for directors and supervisors
1. The percentage or scope of remuneration of the employees, Directors, and supervisors as stated in the Articles of Incorporation: Please refer to the dividends policy.
 2. The estimation basis of remuneration to employees, directors and supervisors for the current period, and the accounting process when there is discrepancy between the calculation basis and actual distribution amount of employee remuneration distributed by shares and the estimated value:
The Company's estimate of remuneration payable to employees, directors and supervisors is based on the requirements of the articles of incorporation. At the end of the fiscal year, where the Board resolves the actual allocated amount different from the estimate, the changes shall result in the adjustment of the expenses provided for the current year. Where the shareholders' meeting resolves the actual allocated amount different from the estimate, it shall be stated as the change in accounting valuation in the year of the resolution made by the shareholders' meeting. If the shareholders' meeting resolves to allocate stock as the employees' bonus, the quantity of stock shall be determined based on the amount of the employee bonus divided by fair value of the stock. The fair value of the stock is based on the closing price on the day prior to the day of resolution made by the shareholders' meeting and takes the effect of ex-right and ex-dividends into consideration.
 3. Remuneration to be distributed as resolved in the board of directors:
 - (1) Remunerations for employees, directors and supervisors distributed in cash or stocks. (If there is a difference with the annual estimate of the recognized expenses, disclose the difference, reasons and ways to handle the circumstances): For the year ended 2024, the remuneration for employee is NT\$1,453 thousand and for directors and supervisors, it is NT\$87 thousand. The shareholder meeting resolved that if there is a difference with the actual distributed amount, the difference will be used as the change in accounting estimate of 2025.
 - (2) The proportion of amount equivalent to the stock distributed as remuneration of employees in the earnings after tax in the parent company only or individual financial statements of the period and the total amount of remuneration of employees: Not applicable.

4. The actual distribution of remuneration of employees, Directors and supervisors in the previous year (including the number of shares, amount and share price when distributed), difference with the recognized remuneration for employees, Directors and supervisors, and the description on the difference, reasons, and measures adopted: There was no distribution of remuneration of employees or remuneration of Directors and supervisors in 2023.

(VI) Buy-back of the Company's shares by the company: Not applicable.

II. Any offering of corporate bonds (including offshore bonds)

N/A.

III. Disclosure related to preferred shares

N/A.

IV. Disclosure related to global depository receipts

N/A.

V. Disclosure related to employee stock warrants

N/A.

VI. Restricted stock awards

N/A.

VII. Disclosure on new shares issued for the acquisition or transfer of shares of other companies

N/A.

VIII. Progress on the use of funds

N/A.

Four. Business overview

I. Content of business

(I) Scope of business

*The Company

1. Principal business activities

- (1) Manufacture, processing and trading of artificial fiber, glass paper, polyamine fiber, polyester fiber, chemical products and raw materials thereof;
- (2) Development, manufacture and trading of the machines referred to in the preceding paragraph;
- (3) Manufacture and trading of ethylene glycol, ethylene oxide, nonylphenol, ethylene, LGP and petrochemical industry-related products;
- (4) Commission construction firms to build residential and commercial buildings to be rented or for sale.
- (5) Distribution, sorting, handling and storage of various products;
- (6) Operate supermarkets which sell fresh food, vegetables, fish, meat, cooking garnishes and spices and seasonings.
- (7) Manufacturing and sales of steam and industrial and commercial electricity by cogeneration (electricity shall not be sold to energy users).
- (8) Agency and distribution of cogeneration and pollution-prevention equipment, and contract of installation work;
- (9) Manufacture and trading of oxygen, liquid oxygen, nitrogen, argon, liquid argon, CO2 and compressed air;
- (10) F212011 Gas stations
- (11) D201021 Automobile Liquefied Petroleum Gas Station
- (12) Non-prohibited or non-restricted businesses, in addition to the permitted businesses.

2. Percentage of current business

In the Company's 2024 business operations, chemical products account for 53.5%, chemical fiber products account for 41.6%, and the rest account for 4.9%.

3. Current products

Category	Item
Chemical products	Ethylene glycol, ethylene oxide, nonylphenol
Chemical fibers	Polyester pellet, polyester filament

4. New products planned for development

Continuing the development of oriented yarn, we plan to manufacture products made of oriented yarn and develop another new type of product, textured yarn, which retains the characteristics of oriented yarn and improves the texture and comfort.

(1) Draw textured color yarn:

Polyester color yarn is dyed before spinning, so it does not fade easily. It offers good color fastness against sunlight, water and rubbing. It does not require post-dyeing processing, so there is no waste water pollution. DTY with colors offers good texture feel and a variety of applications, such as in home decoration, curtains, luggage, backpacks and others.

(2) Moisture absorption and wicking DTY fibers:

Offer better moisture absorption and quick drying than the oriented yarn, improving the wearing comfort of the fabric. It uses irregular cross-section with high surface area and capillary effect to accelerate the sweat wicking, keeping body dry and comfortable.

(3) DTY high denier count fiber:

The thinner the denier, the softer the fiber, offering better texture of fabric and products will have better added value. In addition to retaining the original characteristics of oriented yarn, it offers even better texture and softness and can be widely used in high-end dresses for females.

- (4) DTY FD dull yarn:
By adding high-concentration inorganic particles, the gloss of the fiber is reduced, at the same time enhancing the suspension of fiber.
FD dull yarn is mainly used in sportswear.
- (5) DTY CD yarn:
By using cationic dye particles, fiber in dark and vivid color effect can be spun, creating a softer touch with better fastness. CD yarn is mostly used in sportswear, casual wear, jackets and coats.
- (6) DTY antibacterial and mold resistant yarn:
Antibacterial materials are added according to different needs, and the yarn does not get decomposed by ultraviolet rays, acids, alkalis or organic solvents. It provides long-term antibacterial and mold resistant effects and is mainly used in sportswear, underwear, medical fabrics, bedding fabrics and shoe materials.
- (7) UV resistant fiber:
UV-resistant fiber offers the best protection for skin, as UV-A and UV-B with a wavelength of 200-400nm may penetrate the ozone layer and cause great damage to human skin. They can lead to melanogenesis, skin aging and even skin cancer.
- (8) Hollow fiber:
The lightweight and warm hollow fiber is a new type of material of which the cross-section is hollow. The inner air layer blocks the loss of body temperature, so that the surface temperature of the skin is not quickly lost due to the harshness of weather conditions, hence the insulation effect.
- (9) SDY and DTY environmental protection yarn:
Use eco-friendly yarns used in woven fabric made of eco-friendly pellets, reduce reliance on petrochemical raw materials, carbon dioxide and the use of energy and risk of warming climate.
- (10) Eco-friendly pellets:
Use recycled PET bottles for circular manufacturing and use, produce eco-friendly polyester pellet of spinning raw materials, to provide for downstream to produce yarn.

*Consolidated companies

1. Pan Asia Chemical Corporation
 - (1) Principal business activities
 - A. C801020 Petrochemical manufacturing.
 - B. C802090 Cleaning products manufacturing.
 - C. D101050 Steam and electricity paragenesis.
 - D. F212011 Gas stations
 - E. F212061 Automobile Liquefied Petroleum Gas Station
 - F. H701010 Residence and buildings lease construction and development.
 - G. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
 - (2) Percentage of current business
Nonionic surfactants account for about 80% of the revenue and esterified products account for about 20%.
 - (3) Current products
Polyethylene glycol and alkane ether, polyethylene glycol and alkyl ether, castor oil EO addenda, polyethylene glycol propanamine, polyethylene glycol and fatty acid esters, polyethylene glycol, poly-propylene glycol and polyethylene glycol, trimethylolpropane EO additive, polyol EO, PO addenda, spinning oil agent, lubricating oil esters, plastic slip agents, cosmetic esters, cleaning agent esters and bath softeners.
 - (4) New products to be developed:
Polyethylene glycol derivatives, spinning oil agents, fiber softeners, esterified products.
2. Taichung Commercial Bank Co., Ltd.

- (1) Principal business activities
Deposits, corporate finance, consumer banking, foreign exchange, wealth management, digital finance, trust and investment, finance products marketing business.
- (2) Percentage of current business: 100% in banking.
- (3) Current products: Not applicable.
- (4) New products under development: Not applicable.

(II) Industry overview

*The Company

1. Industrial status and development:

- (1) Ethylene Glycol: With increased market supply and intensifying competition, most suppliers have responded by cutting production.
- (2) Polyester yarns:
 - A. In the face of depleting earth's resources and global warming, issues related to green environmental protection must be faced by mankind. Therefore, businesses in Taiwan have actively promoted laying down roots the concept of circular economies in industrial development. From product design to production, they will move in the direction of re-use, recycle, waste reduction, and energy conservation. Green environmental products have become mainstream in the research and development of polyester products in Taiwan.
 - B. In recent years, facing the competition with Mainland China and Southeast Asia and the loss of downstream suppliers, the supply and demand in the industry was imbalance, and the operations of domestic polyester manufacturers became difficult. The Company shall adjust human resources in due course, improve production efficiency, improve quality, expand the customer base, conduct proper screening to find long-term and stable customers who are willing to collaborate for win-win situations. Besides timely grasping the market trends, adjusting prices and being flexible in accepting orders, the Company should continue to improve the automation of equipment and technical R&D, reduce defects, abnormality and production cost, produce high-quality and value-added product with good economies of scale and collaborate with downstream players to quickly respond to the market in order to maintain good competitiveness in the industry.
 - C. Emerging Asian countries have heavily invested in man-made fiber industrial development, with fierce competition in the supply and demand markets.
 - D. Geopolitical risks, rising domestic electricity costs, and labor shortages—among other adverse factors—have accelerated the downsizing or relocation of Taiwan's textile and fiber industry, increasing reliance on offshore supply chains for textile products.
 - E. Orders for ready-to-wear garments have gradually shifted to China or Southeast Asia (especially in Vietnam), and domestically, functional and industrial fabrics (shoes) have better competitive advantages. However in recent years, the value chain in Vietnam and other places have formed, and the level of technologies in those countries have been improved. Orders from the European and American brands no longer favor Taiwan. The advantages of the abovementioned products will gradually disappear, further impacting the growth of the man-made fibers industry on the upstream.
- (3) Nonylphenol: Provided as an additive to industrial products, and the demand is stable.

2. Correlation between upstream, midstream and downstream industries:

- (1) The Company obtains ethylene from CPC Corporation and Formosa Petrochemical Corp. to produce ethylene glycol and ethylene oxide. The produced ethylene glycol is used at the Company's polyester plant and sold to other polyester plants in Asia. Ethylene oxide is sold to surfactant manufacturers.
- (2) Nonene and Phenol raw materials are sourced from other companies both at home

and abroad to produce nonylphenol, which is then sold to the other domestic and foreign surfactant manufacturers.

- (3) Polyester yarn is supplied to other domestic and foreign processing fiber plants and textile mills.
3. Trends of development of various products and competition
 - (1) Ethylene glycol: Stable downstream customers and reinforce the supply-demand relationship.
 - (2) Nonylphenol: the booming development of the textile industry in Asia drives the demand for textile additives. Build a quality brand image and produce in volume to reduce cost.
 - (3) Polyester fiber: Product customization, diversification, refinement, differentiation and market segmentation.

*Consolidated companies

1. Pan Asia Chemical Corporation
 - (1) Industrial status and development:
In 2024, strong pricing competition from Chinese products impacted supply and demand dynamics across various Asian markets. However, overall sales volume increased by nearly 10% compared to the previous year.
 - (2) Correlation between upstream, midstream and downstream industries:
Non-ionic surfactants serve as a bridge between the upstream petrochemical industry and the downstream consumer and industry product industries and they are irreplaceable to the growth of industries.
 - (3) Developing trend and competitiveness of products:
 - A. Nonionic surfactants are essential for economic development and are less susceptible to the impact from economic fluctuations.
 - B. The industry requires the advantages of having EO plants, and the Company has the competitive advantage.
 - C. Due to the zero tariff between the member countries in the ASEAN-China Free Trade Area starting 2009, the Company has faced challenges in terms of the pricing.
2. Taichung Commercial Bank Co., Ltd.: not applicable.

(III) Technological research and development

*The Company

1. Research and development expenses
R&D expenses invested in the most recent two years: None.
2. Successfully developed technologies or products: None.
3. Expected R&D plan in the future and the estimated R&D expenses to be invested: No R&D plan.

*Consolidated companies

1. Pan Asia Chemical Corporation
 - (1) R&D expenses: NT\$16,205 thousand.
 - (2) Technologies or products successfully developed: environmentally friendly plasticizer-DOTP, metal cleaning agent, spinning oil agent, lubricating oil esters, plastic slip agents, cleaning agent esters and bath softeners.
2. Taichung Commercial Bank Co., Ltd.
 - (1) R&D expenses the past two years

Unit: NTD thousand

Year	2024	2023
Amount	346,810	226,787

- (2) R&D results the past two years:
 - A. Experience Upgrade and Thoughtful Service:

- (a) The Bank's official LINE account has introduced personalized transaction functions, including notifications for the maturity of TWD time deposits and the expiration of Visa debit cards to safeguard customer rights.
- (b) For TWD transaction appointments, a new "voice form-filling" function has been added, allowing customers to input pre-filled information via speech, better meeting the needs of elderly and disabled groups. A "TWD transaction appointment inquiry" service has also been added, allowing customers to check pre-filled appointment details in real time. The smart form-filling function now includes "next-day in-person remittance notification" to improve information transparency, and a new online "Taichung Bank In-Person Deposit/Withdrawal/Transfer Transaction Verification Form for Elderly and Disabled Customers" allows for automated verification by the system, replacing manual checks and improving teller accuracy and operational efficiency.
- (c) A push notification for "in-person account opening pre-filled form" has been added to assist branches in contacting customers for follow-up account opening matters. Additionally, an auto-fill function has been added for the "FATCA Statement and CRS Self-Certification Form – [Individual]" to enhance account opening efficiency.
- (d) For corporate clients with collection needs, requests can be pre-filled online via mobile devices. These are integrated with the backend "E-Manager Application System" to allow online review, automatic issuance, and contract printing, thereby improving operational efficiency.
- (e) By integrating the system with business registration data from the Ministry of Economic Affairs, customer industries such as "Other Leisure Services (J799990)," "Third-Party Payment Services (I301040)," and "Non-Store Retail (F399040)" are reviewed monthly and marked as high-risk clients for subsequent handling and control.
- (f) ATM services now include cardless deposits and coin deposits. Coin deposit machines have been installed at Tianzhong and Hemei branches, providing convenient, diverse, and eco-friendly services.
- (g) The number of visually impaired voice-enabled ATMs has increased to 54, and a new "voice-enabled deposit function" has been added. Knee-space ATMs have also been installed at five locations (Head Office, Sanchong Branch, Nantun Branch, Taiping Branch, and Zuoying Branch), offering accessible digital financial services for people with disabilities.
- (h) To meet the needs of friendly customer segments, related functions continue to be expanded. Four new features have been added to the Simple Internet ATM (non-designated transfers, transaction history, designated account inquiry and deletion), and 10 new features added to Simple Internet Banking (bilingual interface, foreign currency time deposit opening, email change for personal info, consolidated credit card statements, inquiry on collection drafts/TWD and foreign currency time deposits/TWD loan transaction details, etc.), along with a debit card reporting service. People with disabilities were invited to help test the Simple Internet Banking and Mobile Banking App, and their feedback was included in the function optimization assessment.

B. Financial Supervision and Information Security

- (a) In response to relevant regulations from competent authorities,

- multiple validation mechanisms have been added to online and mobile banking to protect customer rights. Operational processes have been optimized through the development of a credit card scoring model based on risk. Using this model improves the quality of credit assessment and reduces labor burden.
- (b) To protect account security, AI technology is used for monitoring and detection (such as building a foreign currency warning account control mechanism, police warning detail system, and negative news platform; managing dormant accounts; checking designated transfer-in account graylist; issuing alerts for Russian transactions; enabling release functions for high-risk countries; detecting high-risk “hawk-eye” accounts; generating same-day Visa Debit transactions; encrypting online/mobile banking login data; user ID validation; freezing trust transactions; adding transaction ID to OTP messages; Fortify source code scanning project; and enhancing NMIP file transfer security with the Joint Credit Card Center, etc.). These tools assist staff in identifying suspicious transactions and accounts, further strengthening account security and building a robust financial safety net.
- C. Digital Banking and Innovative Payments
- (a) Launched services including the opening of Lolly Bank digital accounts (covering TWD, foreign currency, and trust services), online video replacement/reissue of digital account debit cards, and cross-channel onboarding between Lolly Bank digital accounts and securities accounts to attract younger customers.
 - (b) Partnered with various e-payment providers (icash Pay, iPASS MONEY) to enable account linking, direct debits, and integrated QR Code payment functionality within the mobile banking app, swiftly expanding the Bank’s digital payment channels.
- D. Infrastructure Optimization and Process Convenience
- (a) RPA and AI are applied in various operations (e.g., the “Climb to the Peak” war room scripts, and patent application for the “Smart Name Matching System,” etc.) to improve operational efficiency and reduce labor costs. External API resources have been integrated, with structural adjustments made to improve maintainability and overall system performance.
 - (b) Developed the third-generation wealth management system and a fund/bond in-person transaction system to provide a user-friendly interface and comprehensive financial planning services tailored to diverse wealth management modules, while enhancing system stability.
 - (c) Continued internal process reengineering and service upgrades (e.g., development of a foreign exchange platform, automation of legal report submissions, upgrade of the customer service system, digitalization of branch settlement processes) to improve cost-effectiveness and customer satisfaction.
 - (d) Created responsive website pages for online mortgage and credit card applications with intuitive forms for easier customer use. Continued the “70th Anniversary Rainbow Loan” campaign offering a 50% discount on online application fees and planted trees on behalf of applicants to support ESG development. The “Happy Home Club” information page, created in collaboration with Sampo Meifu Interior Design, offers customers a wealth of information on interior design, mortgage options, and loan application tips.
- (IV) Long- and short-term business development plans
1. Ethylene glycol: High market stability

Short-term: High market stability allows for product sales planning.

Long-term: Strengthen customer relationships, align with carbon reduction trends, seek investment and cooperation opportunities, restart ETE equipment, and resume bio-based ethylene glycol production.

2. Nonylphenol

Short-term: Establish collaboration with downstream partners; for example, outsource the contract manufacturing of surfactants to downstream partners or help them to promote products.

Long-term: Form long-term partnership with downstream players so both parties benefit from long-term interests.

3. Polyester yarns

Short-term: Develop environmental and special-purpose yarns to diversify products and increase operating profit.

Long-term: A. Make products more refined, diversified and technological to gain higher profit.

B. Adequate adjustment of order and product mixes to facilitate selection of high-profit orders.

C. Collaborate and integrate with industry peers to provide mutual support and shared benefits.

D. Integrated development with the upstream and downstream partners to take advantage of vertical integration.

*Consolidated companies

1. Pan Asia Chemical Corporation

(1) Short-term: increase the proportion of sales of EOD and esterified products which are value-added to increase overall revenue and profit.

(2) Long-term: improve the technology level of products, develop vertical integration to explore new fields in the market. Cooperate with customers to import related products for sales in order to increase profits, sales, and sales volume.

2. Taichung Commercial Bank Co., Ltd.

(1) Short-term: Please refer to (II) Expected sales and its basis on page 4.

(2) Long-term: please refer to (IV) Future development strategies on pages 4-5.

II. Market and sales overview

(I) Market analysis

*The Company

1. The regions for the sale of premium products

(1) Ethyl glycol: Approximately 73% and 27% are for the supply to domestic manufacturers and for export sales, respectively, and sales are mostly in Asia.

(2) Ethylene oxide: mainly supply domestic downstream companies who manufacture ethylene oxide derivatives.

(3) Nonyl phenol: Approximately 20%, 68%, and 12% are for domestic sales, export sales to Asia, and export sales to other regions, respectively.

(4) Polyester yarns: Approximately 86% and 14% are for domestic sales and export sales to other regions, respectively.

(5) Electricity: sold to Taipower beside the proportion for in-house use.

2. Market share

Product portfolio	Market share (domestic)	Product portfolio	Market share (domestic)
Ethylene glycol	20 %	Nonylphenol	50 %
Ethylene oxide	30 %	Polyester yarns	7 %

3. Future market supply and demand and the growth

(1) Ethylene Glycol: With the expansion of domestic downstream polyester fiber production capacity leading to increased competition, the overall supply of ethylene glycol has exceeded demand, resulting in intense market competition.

(2) Ethylene oxide: stable demand from downstream customers. Expect to maintain stable sales volume.

- (3) Nonylphenol: Larger fluctuation in price of raw material. Fierce competition for products in the market.
- (4) Electricity: domestic power supply has been insufficient.
- (5) Polyester Filament: As upstream chemical fiber production capacity scales down, the oversupply situation is gradually improving. Entering the third quarter, which is traditionally the peak season for polyester filament demand, market growth is expected to be driven accordingly.
- 4. Competitive niche
Focus on production in full capacity and sales in full capacity. Reduce production cost. Improve product quality and competitiveness.
- 5. Favorable and unfavorable factors and response policy of development vision
 - (1) Favorable conditions: the demand for polyester fiber will gradually increase, further driving the demand for ethylene glycol. Competitors in polyester market will gradually withdraw from the market, which will increase the Company's market share and selling price.
 - (2) Unfavorable conditions: main product materials come from CPC and the contracted quantity is insufficient.
 - (3) Responsive measures: find other import channels or purchase from Formosa Petrochemical to avoid the insufficient supply of CPC.

*Consolidated companies

- 1. Pan Asia Chemical Corporation
 - (1) The regions for the sale of premium products
 - A. Domestic sales: About 42%, through other distributors or by the Company.
 - B. Export: About 58%, with the most comes from China, followed by Southeast Asia, the Middle East and Australia.
 - (2) Market share: Account for 40% of the market share in the domestic market.
 - (3) Future market supply and demand and the growth
In 2024, strong pricing competition from Chinese products impacted supply and demand dynamics across various Asian markets. However, overall sales volume still increased by nearly 10% compared to the previous year.
 - (4) Competitive niche
 - A. Stable supplies of raw materials of EO, NP, DEG and natural alcohol.
 - B. Stable quality. Competitive price. Seamless marketing channels.
 - (5) Favorable and unfavorable factors and response policy of development vision
 - A. Favorable
 - a. Diversified products, wide variety of demands in the industry, and it is less susceptible to the impact from economic fluctuation.
 - b. Higher levels of technology than China and Southeast Asia. Stable production and supply. Stable export volumes to China and Southeast Asia every year.
 - c. Strong sales channels and relationships. Products are sold to various industries both domestically and internationally.
 - d. Secure supply of raw materials. The supply of main raw materials, NP and petrochemical EO, comes from a long-term partner, CMFC's production line.
 - B. Unfavorable
 - a. With increasing environmental awareness and increasingly stringent government regulations on carbon reduction and zero emissions, competition among domestic and international peers has become increasingly fierce. Our Company will maintain a high proportion of bulk product sales to reduce unit production costs, while increasing sales of high-margin specialty products to support overall revenue and continue improving product quality.
 - b. The domestic industries continue to move out, further reducing the demand. We are actively collaborating with customers on product

development and expanding into indirect export markets to maintain and enhance sales volume.

- c. The domestic environmental protection policy limits the use of nonylphenol products and the textiles sold to Europe are prohibited from using nonylphenol additives. Our company actively develop alternative products for nonylphenol series and cooperate with customers to develop new products or new purpose.

C. Countermeasures

- a. In response to global trends in environmental protection, carbon reduction, and the circular economy, the Company is developing environmentally friendly product lines to mitigate the impact of rising petrochemical material costs.
- b. Develop high value-added products and contract manufacturing products in response to the industry upgrade and customer demands to improve the competitiveness in the industry.

2. Taichung Commercial Bank Co., Ltd.

(1) Territories of banking business

At the end of 2024, the Bank has 92 domestic and foreign branches, and personal finance, corporate finance, wealth management, and other diversified businesses are provided. Through the regional characteristics, sophisticated financial commodities, and business field expansion, customers are provided with financial services of higher quality and convenience through dedicated professional operations.

(2) Supply and Demand of the market and growth in the future

A. Market supply:

Competition among Taiwanese financial institutions continues to intensify. According to statistics from the Central Bank in 2024, there are over 400 financial institutions, including domestic and foreign banks and grassroots financial institutions. With highly homogeneous financial services and products, and in the face of rapid technological innovation and the growing prominence of green issues, the financial market is undergoing transformation. To align with changing consumer behavior, the industry is advancing digital banking and digital accounts, moving toward a new people-centered financial ecosystem. The sector also continues to collaborate with other industries and delve into technological development to maintain financial competitiveness. Non-economic factors continue to be led by ESG. The Taiwanese government has further established the "National Council for Climate Change Policy," extending its focus to the topic of nature-related financial disclosures (TNFD). Our Bank supports ESG industries by serving as a capital intermediary through financing activities such as support for the six strategic industries and green consumer loans, thereby strengthening Taiwan's supply chain.

B. Market demand:

With global stock markets trending upward—both the Nasdaq and the Taiwan Stock Exchange Weighted Index reaching historic highs—demand for emerging technology equipment, including domestic artificial intelligence (AI), is rising. This has driven steady growth in import and export trade. The investment market also shows upward momentum, with ample liquidity and growing income from wage increases contributing to stronger private consumption. International tourism has rebounded, significantly boosting wealth management, credit card transaction fees, and credit business growth. Moody's maintains a "Stable" outlook for Taiwan, and S&P continues to rate Taiwan's sovereign credit at "AA+." The Central Bank of Taiwan, after evaluating global economic and financial trends and the gradual easing of domestic inflation in 2025, has revised its economic growth forecast for the upcoming year to 3.13%, projecting steady moderate

- growth.
- (3) The competitive edge, factors favorable and unfavorable for development in the long run, and responses
 - A. Favorable
 - (A) The global economy is entering an interest rate-cutting cycle, signaling an increasingly active investment market.
 - (B) Rising domestic consumption power supports increased fee-based income.
 - (C) The coming era of carbon fees is expected to drive growth in green financing.
 - B. Unfavorable
 - (A) The high market concentration of domestic financial institutions limits room for market share expansion.
 - (B) Elections in various countries may increase political uncertainty worldwide.
 - (C) Rapid advancements in digital technology pose challenges to information security and increase the cost of managing critical talent needed for technological innovation and transformation.
 - C. Countermeasures
 - (A) Strengthen deposit and loan structure and actively expand market share.
 - (B) Increase overseas profitability and expand international presence.
 - (C) Deliver precise, differentiated services and smart, convenient wealth management.
 - (D) Promote a green, symbiotic future and create sustainable value.
 - (E) Operate under strong financial regulation and uphold full legal compliance.
 - (F) Embody the value of financial inclusion and foster a culture of equality.
- (II) Intended use and production processes of the main products

*The Company

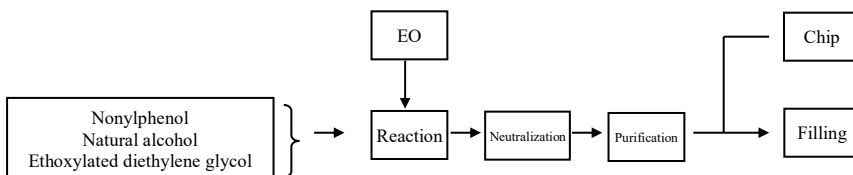
1. Intended use of the main products
 - (1) Monoethylene glycol (MEG): Mainly used as the raw material of polyester fiber, and it can also be used to manufacture antifreeze, high temperature coolant, ice and snow remover and explosive.
 - (2) Diethylene glycol (DEG): It is mainly used as a basic raw material for plastics, and can also be used to manufacture ink solvents, brake oils, solvent oils, gas water removers, fiber softeners and plastic fillers.
 - (3) Triethylene glycol (TEG): Mainly used as a regulator, for air treatment and as a wetting agent.
 - (4) Ethylene oxide (EO): Mainly used as raw materials for surfactants, glycol ethers and others.
 - (5) Nonylphenol (NP): Mainly used as a raw material for surfactant, antioxidant, stabilizer, phenol formaldehyde resin, lubricant additives and others.
 - (6) Polyester yarn: Mainly used to make garment fabric, woven bags (straps), industrial fabric, shoe materials and others.
 - (7) Electricity: Energy supply.
2. Manufacturing process
 - (1) Ethylene oxide + Water ---> Monoethylene glycol
 - (2) Monoethylene glycol + Ethylene oxide ---> Diethylene glycol
 - (3) Diethylene glycol + Ethylene oxide ---> Triethylene glycol
 - (4) Ethylene + Oxygen ---> Ethylene oxide
 - (5) Phenol + terpene ---> Nonylphenol
 - (6) Ethylene glycol + PTA ---> Polyester pellet
 - (7) Electricity: A cogeneration system that generates steam and electricity by burning coal

*Consolidated companies

1. Pan Asia Chemical Corporation

(1) Intended use of the main products:

Main products	Polyethylene glycol alkylphenol ether, polyethylene glycol alkyl ether, castor oil EO addenda, polyethylene glycol propanamine, polyethylene glycol and fatty acid esters, polyethylene glycol, poly-propylene glycol and polyethylene glycol, trimethylolpropane, EO additive, spinning oil agent, lubricating oil esters, plastic slip agents, cosmetic esters, cleaning agent esters and bath softeners	
Main applications	Household cleaners Personal toiletries Fiber industry Metal industry Pulp and paper industry Plastic industry Rubber industry Paint industry Cosmetic industry Electronics industry Polymer industry	Detergent, penetrant, emulsifier, wetting agent, softener Detergent, penetrant, emulsifier, wetting agent, softener Detergent, penetrant, dyeing auxiliary, emulsifier, bath softener Cleaning agent, emulsifier, additives for electroplating Degreaser, deinking agent, wetting agent Emulsified polymeric emulsifier, internal and external lubricants for plastic Additives, release agents Dispersant, emulsifier Cleaning agent, emulsion, base material, wetting agent Cleaning agent Modifier, emulsifier, antistatic agent



2. Taichung Commercial Bank Co., Ltd.: not applicable.

(III) The supply of main raw materials

*The Company

1. The petrochemical plant in Kaohsiung obtains ethylene from CPC Corporation, a long-term supplier, to produce ethylene glycol.
2. The raw materials for nonylphenol are terpene and phenol. At this point, the supply of terpene comes from import from a variety of sources to diversify risk. As for phenol, the Formosa Chemicals and Fiber is a stable long-term supplier.
3. The main raw material for cogeneration is coal which is imported. The Company maintains long-term stable relationship with suppliers to ensure no interruption to supply.

*Consolidated companies

1. Pan Asia Chemical Corporation

- (1) Ethylene oxide: Supply contract with CMFC.
- (2) Nonylphenol: the source of supply is CMFC, and the current status of supply is good.
- (3) Natural alcohol: there is no domestic manufacturer so it is imported from various sources.

2. Taichung Commercial Bank Co., Ltd.: not applicable.

(IV) The list of any companies accounting for 10 percent or more of the Company's total purchase (or sales) amount in the last two years

*The Company

Main suppliers the most recent two years

Unit: NTD thousand

2023					2024			
Item	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer	Name	Amount	Percentage of the net purchase of the year (%)	Relationship with the issuer
1	A	1,321,382	20%	N/A	A	1,566,984	29%	N/A
2	B	1,318,505	20%	N/A	B	1,128,124	21%	N/A
3	Nan-Chung Petrochemical Corp.	778,593	12%	Investee valued under the equity method	-	-	-	-
4	Others	3,255,560	48%	N/A	Others	2,780,639	50%	N/A
	Purchase - net	6,674,040	100%		Purchase - net	5,475,747	100%	

Note: List the suppliers accounting for 10% or more of the Company's total purchase amount in the most recent two years and the purchase amount and the percentage of the total purchase. Replace the suppliers' names with codes if, due to contractual obligation, the names cannot be disclosed or the transaction counterparty is an individual who is not a related party.

Note: In 2024, there were two customers whose net purchases accounted for over 10%.

The main customers for sales within the last two years

Unit: NTD thousand

2023 (Note)					2024			
Item	Name	Amount	Percentage of the net sales of the year (%)	Affiliation with issuer	Name	Amount	Percentage of the net sales of the year (%)	Affiliation with issuer
1	PACC	613,503	10%	Investee valued under the equity method	PACC	769,604	14%	Investee valued under the equity method
2	A	563,973	10%	N/A				
3	Others	4,666,270	80%	N/A	Others	4,911,855	86%	N/A
	Sales - net	5,843,746	100%		Sales - net	5,681,459	100%	

Note: List the customers accounting for 10% or more of the Company's total sales amount in the most recent two years and the sales amount and the percentage of the total sales. Replace the suppliers' names with codes if, due to contractual obligation, the names cannot be disclosed or the transaction counterparty is an individual who is not a related party.

Note: Only one customer accounts for 10% of the net sales in 2024.

*Consolidated companies

1. Pan Asia Chemical Corporation

Main suppliers the most recent two years

Unit: NTD thousand

2023					2024			
Item	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer
1	China Man-Made Fiber Corporation	581,025	58	The parent company	China Man-Made Fiber Corporation	735,207	60	The parent company
2	Others	417,430	42	-	Others	498,792	40	-
	Purchase - net	998,455	100	-	Purchase - net	1,233,999	100	-
Reason for Increase/Decrease: The increase in purchases by the parent company during the year was mainly due to the rise in the cost of major raw materials in 2024.								

Note: List the suppliers accounting for 10% or more of the Company's total purchase amount in the most recent two years and the purchase amount and the percentage of the total purchase. Replace the suppliers' names with codes if, due to contractual obligation, the names cannot be disclosed or the transaction counterparty is an individual who is not a related party.

The main customers for sales within the last two years

Unit: NTD thousand

Item	2023				2024			
	Name	Amount	Ratio to the annual net sales amount [%]	Affiliation with issuer	Name	Amount	Ratio to the annual net sales amount [%]	Affiliation with issuer
1	A	116,062	9	N/A	B	223,305	15	N/A
2	Others	1,206,770	91	-	A	155,172	11	-
3				-	Others	1,062,707	74	-
	Sales - net	1,322,832	100	-	Sales - net	1,441,184	100	-
Reason for Increase/Decrease: The increase in sales to Customer B was mainly due to higher sales volume in 2024.								

Note: List the customers accounting for 10% or more of the Company's total sales amount in the most recent two years and the sales amount and the percentage of the total sales. Replace the suppliers' names with codes if, due to contractual obligation, the names cannot be disclosed or the transaction counterparty is an individual who is not a related party.

III. Employees

*The Company

(I) Employees' information

Year		2023	2024	As of February 28, 2025
Employee No.	Employees	174	172	171
	Workers	332	318	317
	Total	506	490	488
Average age		47.14	47.04	47.59
Average seniority		16.7	15.79	16.82
Academic qualification	PhD	0%	0%	0%
	Masters	2.96%	3.27%	3.28%
	Tertiary institution	60.87%	62.04%	61.89%
	Senior High School	36.17%	34.69%	34.84%
	Below Senior High School	0.0%	0.0%	0.0%

(II) With respect to personnel handling the transparency of financial information, the certification they obtained as specified by the authority:

Certificate and license name	Number of people in finance and accounting	Number of people in internal audit
Passed the internal control and internal audit examinations organized by the Taiwan Academy of Banking and Finance.	0	1
Senior Professional and Technical Exams hosted by the Ministry of Examination - Accountant	0	0
Junior Professional and Technical Exams hosted by the Ministry of Examination - Bookkeeper	1	0

*Consolidated companies

(I) Pan Asia Chemical Corporation

Year		2022	2023	2024	As of February 28, 2025
Employee No.	Employees	43	45	44	46
	Workers	64	60	60	60
	Total	107	105	104	106
Average age		44.868	45.117	45.492	45.45
Average seniority		14.685	15.133	15.9	15.132
Academic qualification	PhD	0.00%	0.00%	0.00%	0.00%
	Masters	7.22%	7.29%	7.53%	8.42%
	Tertiary institution	71.13%	75.00%	74.19%	72.63%
	Senior High School	21.65%	17.71%	18.28%	18.95%
	Below Senior High School	0.00%	0.00%	0.00%	0.00%

(II) Taichung Commercial Bank Co., Ltd.

Year		2023	2024	2025 (As of February 28)
Employee No.	More than 50 years old	772	807	811
	More than 40 years old	545	547	548
	More than 30 years old	609	653	651
	More than 20 years old	974	1,062	1,048
	Less than 20 years old	2	1	2
	Total	2,902	3,070	3,060
Average age		38.50	38.40	38.50
Average seniority		9.90	9.70	9.80
Education Background	Masters	14.47%	14.60%	14.68%
	Bachelor	71.61%	72.64%	72.71%
	College	12.03%	11.17%	11.11%
	Senior High School	1.86%	1.56%	1.47%
	Junior High School	0.03%	0.03%	0.03%
Name of professional licenses held by employees	Securities sales traders	296	326	323
	Investment Insurance Products	1093	1,120	1,114
	Salesperson of investment trust and investment consultation (including relevant regulations)	1673	1,718	1,717
	Initial credit extension personnel's professional ability	987	1014	1,014
	Advanced credit extension personnel's professional ability	38	36	37
	Futures sales traders	180	199	197
	Life Insurance Agent	2105	2,154	2,153
	Bond sales qualified in professional ability test	32	33	33
	Initial foreign exchange personnel's professional ability	1158	1,206	1,200
	Wealth management and planning personnel	435	429	428
	Trust operations personnel (including the Qualification Exam for Securities Investment Trust and Consulting Regulations)	2259	2,323	2,312
	Bank's internal control basic test	2090	2,203	2,196
	Senior Securities sales traders	224	224	223
	Property Insurance Agent	2310	2,434	2,448
	Notes and bills traders	46	48	49
	Marketable securities, financing and financial instruments sales traders	4	4	4
	Internal auditor	2	2	2
	Stock affairs personnel qualified in professional ability test	34	34	34
	Foreign exchange professional ability	15	14	14
	Financial personnel's professional ability in appraising collaterals for credit extension	7	7	7
	Proficiency test for debt collection personnel	162	181	179
	Test for anti-money laundering and counter-terrorism financing professionals	1,066 (619 valid licenses)	1,252 (911 valid licenses)	1,253 (935 valid licenses)
	Qualification test for derivatives sales personnel	1750	1,826	1,822
	Senior Professional and Technical Exams - Accountant	1	1	1
	Senior Professional and Technical Exams - Lawyer	3	3	3

IV. Environmental Protection Expenditure

(I) Losses caused by environmental pollution in the most recent year and up to February 28, 2025:

Date of punishment	Reference number of the penalty document	Legal violation	Description of legal violations	Description of penalties	Responding measures
2024.01.26	34-113-010005	Article 38, Paragraph 2 of the Toxic and Concerned Chemical Substances Control Act	Toxic chemicals were transported across regions without being entrusted to an operator affiliated with the same national joint defense organization as required.	NT\$60,000	Strict review of customer sample delivery qualifications. Sales departments are required to comply with regulations by entrusting the transportation of toxic chemical samples across regions to an operator affiliated with the same national joint defense organization (e.g., with container transport) in the future.
2024.08.09	20-113-080011 and 20-113-080012	Article 20, Paragraph 1 and Article 23, Paragraph 2 of the Air Pollution Control Act	1. The ethylene net detection value in the ethylene glycol manufacturing process equipment components exceeded the standard. 2. Damage to the cover of the wastewater collection system led to contact between the wastewater surface and the atmosphere.	NT\$300,000	1. Strengthen inspections during each startup and shutdown. 2. Enhance on-site patrols and immediately request repairs from the mechanical section upon discovery of any damage.

(II) Future countermeasures: As above.

(III) ROHS information: no impact on the Company.

*Consolidated companies

(I) Pan Asia Chemical Corporation

1. Within the latest year and as of February 28, 2025, the loss and impairment undergone by the Company as a result of environmental pollution (including compensation and environmental protection audit results in violation of environmental protection laws and regulations, the punishment date, file number of penalty, provisions of violated regulations, the content of violated regulations, content of penalty). The Company shall, as well, disclose the estimated amount and countermeasures for a potential occurrence in the future. Where such impairment is unable to be estimated, the Company shall explain the facts why it could not be estimated in a rational manner:

Kaohsiung Plant

Item	Date of punishment	Violated Regulations	Violation Details	Description of penalties
1	2024.11.7	Waste Disposal Act	1. Waste liquid produced from cleaning process pipelines was not reported as required. 2. Waste plastics, waste paper, and waste pallets were not stored in a classified manner and were not labeled with their waste names in Chinese in visible locations.	NT\$ 24,000
2	2024.11.1	Air Pollution Control Act	Odorous pollutants discharged from the designated emission outlets in the production process did not meet the emission standards.	NT\$ 100,000

2. Future countermeasures

- (1) Strengthen process flow control, promptly review legal compliance upon any changes, and complete supporting improvement measures to meet domestic regulatory requirements and standards.
- (2) Reinforce daily employee education and awareness to improve understanding of legal standards and reduce violations caused by human error.
- (3) Enhance operational control of pollution prevention equipment to ensure stable pollution treatment efficiency and prevent unexpected incidents.
- (4) Continuously improve pollution prevention plans by optimizing both software and hardware measures for emission and carbon reduction within the constraints of existing plant infrastructure.

3. RoHS information: no impact on the Company.

(II) Taichung Commercial Bank Co., Ltd.: not applicable.

V. Labor-capital Relationships

*The Company

- (I) The implementation of employee welfare policy, continuing education and training, and retirement system, and labor-management coordination and the protection of the rights of the employees:

1. Continuing education and training of employees: The Company has always spared no effort in the education and training of employees. Some employees engaged in specialized functions are assigned to attend external training sessions and they are regularly monitored and retrained from time to time. The Company provides the education and training sessions for department or specified units as needed to reinforce the occupational competence of employees at all levels.

Details on the education and training (specialized and general) of employees in 2024:

Gender	Male	Female
Average number of persons throughout the company	475	72
Training category	Training hours (hr)	
Training of specialized occupational competence (preliminary training and re-training for occupational and environmental safety and firefighting certification)	1735	124
Toxic and chemical hazards training (external drills and training)	48	6
Firefighting education and training (annual dumpster firefighting training)	420	39
General knowledge training (education and training sessions for new hires)	78	24
Occupational safety and health regulation training	234	27
Course for accounting personnel	12	78
Continuing education courses for internal auditing personnel	78	39
Total hours of training (hr)	2605	337
Average number of hours (hr/number of people)	5.48	4.68

2. Employee behaviors or code of ethics: The Company has developed a "Work Rules" manual for employees and personnel management rules, so that employees can clearly understand their rights and the standards on behaviors to be observed.
3. Work environment and employees' personal safety protection measures:
 - (1) Access control security: A strict access control and monitoring system is available at all time, and a security patrol company is contracted to maintain the security and safety at night and during the weekend.
 - (2) Maintenance and inspection of equipment: In accordance with the Regulations for Inspecting and Reporting Public Safety of Buildings, professional firms are contracted to conduct public safety inspection every two or four years. In accordance with the Fire Services Act, firefighting equipment inspection is contracted out to be conducted every year. In accordance with the Occupational Safety and Health Act, the Company regularly conducts maintenance and inspection of air-conditioning, firefighting and various equipment.
 - (3) Physiological / psychological health: The Company prohibits smoking at the job site, in line with the government's policies. Non-smoking signs are posted to remind employees not to smoke at work to maintain the quality of working environment. Regular and irregular health examinations for employees are arranged to maintain employees' health.
 - (4) Insurance: Purchase labor insurance (including occupational disaster insurance), health insurance, group insurance according to law. In the event of any casualties, the personnel unit will assist in handling issues related to insurance.
 - (5) Employee benefits: The Company established an employee welfare committee on December 15, 1976, which is responsible for the welfare of all employees. The measures include welfare assistance, cultural and recreational activities and other

welfare subsidies. The budgeting, expenditures and arrangement of welfare benefits every year are discussed and monitored by committee members of the employee welfare committee every three month in their meetings, providing positive stabilizing effect to employees' mental state. Currently, the Employee Welfare Committee provides various subsidies to employees, including holiday bonuses for the three major festivals, birthday gift vouchers, and hospitalization consolation payments. Based on the financial conditions of the committee, domestic group tours are held for employees to develop the bonding.

- (6) Employee retirement: The Company has develop retirement, consolation and severance measures in accordance with the Labor Standards Act to offer employees with on-the-job and retirement benefits to appreciate their dedication in providing professional services. In terms of retirement measures for the existing employees who choose the old pension plan and the tenure payment of the old pension plan of the existing employees who choose the newer pension plan, the Company appropriates the proper amount of pension payment in accordance with the Labor Pension Act to the escrow account at Bank of Taiwan. Effective July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, allocating 6% of monthly salaries and wages of new hires and the existing employee who selected the newer pension plan to the retirement fund personal account at Bureau of Labor Insurance. The application procedures for retirement is stipulated in the Labor Standards Act: Those who have reached the age of 55 and worked for more than 15 years, or those who have worked for more than 25 years, may apply for retirement. Pension benefits are based on the number of ears of service tenure, and two base units are accrued for each year of service. But for the rest of the service years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company also has formed a Supervisory Committee of Labor Retirement Reserve and allocated monthly an amount in accordance with the rules above to a retirement fund at the Bank of Taiwan. In terms of consolation measures, if an employee dies of occupational injury or disease, the Company pays funeral subsidy equal to five months of average wage and a lump sum survivors compensation equal to forty months of average wage to his/her survivors. Condolence payment is given to those who die not of occupational injury or disease. Various amounts of condolence payment are given according to the circumstances. In terms of severance packages, the issuance of severance is based on the service tenure. One month of average salary is given for every one year of service. For those who have not worked more than one year at the Company, the payment is at a prorated amount.

- (II) Any labor disputes or loss sustained as a result of labor disputes in the most recent year and up to February 28, 2025: None.

*Consolidated companies

- (I) Pan Asia Chemical Corporation
 1. The implementation of employee welfare policy, continuing education and training, and retirement system, and labor-management coordination and the protection of the rights of the employees:
 - (1) The Company established an employee welfare committee on July 17, 1991, which is responsible for the welfare of all employees. The measures include welfare assistance, education scholarships, cultural and recreational activities and other welfare subsidies. The budgeting, expenditures and arrangement of welfare benefits every year are discussed and monitored by committee members of the employee welfare committee every three month in their meetings, providing positive stabilizing effect to employees' mental state.
 - (2) To encourage employees to enrich their professional knowledge and skills and improve work quality and efficiency, the Company has developed training management measures to support the Company's sustainable management and development. The education and training program includes internal and external

training courses. The planning and implementation of education, training and continuing education programs are carried out in accordance with the different needs of units within the Company. There are internal group training sessions and participation in the external professional courses, and the details regarding the participation in the external professional training courses are described below:

Item	Total number of person	Total hours	Total cost
Training for new recruits	8	64	0
Professional competence training	136	796	76,600
Managerial skills training	73	642	105,900
General knowledge training	219	658	44,400
Total	436	2,160	226,900

The company supports the course expenses, and employees are encouraged to attend a variety of external free professional courses.

- (3) The Company has develop retirement, consolation and severance measures in accordance with the Labor Standards Act and the Labor Pension Act to offer employees with on-the-job and retirement benefits to appreciate their dedication in providing professional services.

(A) In terms of retirement measures:

- a. For those who are eligible for the old pension plan, they may apply for retirement if they have reached the age of 55 and worked for more than 15 years or have worked for more than 25 years or have reached the age of 60 and worked for more than 10 years.

Here in the Company, the pension payment standard is built based on the Regulations Governing Retirement for Workers in Taiwan Province and the Labor Standards Act. According to the years of service seniority, two units are granted for every year of service in full. For the working period beyond 15 years, one unit is granted for every year in full until the maximum limit of 45 units. The Company also has formed a Supervisory Committee of Labor Retirement Reserve and allocated an amount to the retirement reserve fund on a monthly basis.

- b. For those who are eligible for the new pension plan, the Company allocated 6% of the salary based on the Scale Tables of Monthly Deposit for Labor Pension to the retirement reserve fund. Once the employees reach the age of 60, they may apply for withdrawal from the Bureau of Labor Insurance themselves.

(B) In terms of consolation measures:

If an employee dies of occupational injury or disease, the Company pays funeral subsidy equal to five months of average wage and a lump sum survivors compensation equal to forty months of average wage to his/her survivors. Condolence payment is given to those who die not of occupational injury or disease. Various amounts of condolence payment are given according to the circumstances.

(C) In terms of severance measures:

- a. The issuance of severance is based on the service tenure. One month of average salary is given for every one year of service. For those who have not worked more than one year at the Company, the payment is at a prorated amount.

- b. For those who select or are eligible for the new pension plan, the issuance of severance is based on the service tenure. Half month of average salary is given for every one year of service. For those who have not worked more than one year at the Company, the payment is at most limited to six months of average salary.

- (4) Working environment and personal safety protection measures: For the purpose of ensuring the protection for working environment and employee safety, the Company has continuously implemented the following measures:
 - (A) Environmental protection work: The factory has a wastewater treatment equipment to discharge wastewater from the manufacturing processes to the treatment plant of the industrial park through an effluent.
 - (B) Employee personal safety and protection:
 - a. Establish procedures for safety and health self-inspection, machinery inspection and maintenance, education and training, health examination, emergency response and firefighting drills, workplace and work rules, work permit, contractor management, standard operations and others.
 - b. Conduct comprehensive safety check and testing once a year for high-risk machinery and equipment.
 - c. We have work safety protective equipment rules in place for laborers to wear the equipment correctly to protect employees' safety.
 - d. Job site permit, fire permit, permit-required confined space, locking permit form for electrical work, work at heights permit and other types of safety permits to ensure workers' safety.
 - e. Establish standard operating safety procedures for workers to abide by.
 - f. Conduct on-site work audit for all workers at least once a day. Report immediately if deficiencies with the facilities, work or environment are found and implement remedies and improvements.
 - g. Conduct training sessions for employees' professional skills and certification based on the annual education and training program and schedule.
 - h. Assign on-site operators to participate in on-the-job training for 3 to 6 hours in accordance with their job characteristics and conduct regular health examination.
 - (5) Regulation of employee conduct or formulation of ethical guidelines: the Company has formulated numerous employee management rules and regulations including work rules and Code of Ethical Conduct. All employees are required to sign a confidentiality agreement when reporting for duty. The Company strives to provide employees with a clear understanding of the rights and interests and relevant codes of conduct.
 2. Any labor disputes or loss sustained as a result of labor disputes in the most recent year and up to February 28, 2025: None.
- (II) Taichung Commercial Bank Co., Ltd.
1. Employees' continuing education:
 - (1) The Bank organizes training courses for various business operations (such as depository, credit issuance, wealth management and others). Qualified employees are selected to serve as lecturers to conduct internal training and education to help employees in their job planning and career development. In response to the ever-changing trends in the financial markets, employees are encouraged to learn the latest financial knowledge, product information, regulatory systems and markets to provide customer with quality and professional services. Employees are frequently assigned to participate in external training courses. In 2024, a total of 16,954 people were assigned to attend external courses.
 - (2) To provide convenient learning methods and extended learning time for employees, the Bank also organized different series of courses on its digital learning management system, and the content covers "regulatory requirements," "various professional functions," "workplace soft power," and "workplace English." Except for mandatory participants for different courses, they are also available for all employees to select appropriate courses to take on the platform, so as to reinforce the functions required for different positions. In 2024, there were 45,904 employees who participated in the audio and video courses.
 - (3) Conceived with the corporate philosophy of "We do our best for you," the Bank

has upgraded its belief to “Whole-hearted concern for a bright future” and makes service attitude and common courtesy an integral part of routine training of branches. Through the professional code of conduct and legal education, the Bank makes self-discipline and affection an integral part in customer reception so that each competent employee with integrity will be the foundation of the Bank in sustainable development.

2. Employee Code of Conduct and Ethical Corporate Management Best Practice Principles: Announced on the Company's internal portal for all employees to inquire.

- (1) All employees shall be law abiding and perform their duties with utmost effort.
- (2) The principles of honesty, integrity, caution, diligence shall be duly observed by all and there shall be no arrogance, greed, luxury, unrestrained, loitering and gambling at the expense of the reputation of the Bank. Be humble and courteous in treating the customers and efficient at work.
- (3) All employees shall keep the information on the business of the Bank, the customers and their transactions, and any other secretive activities in strict confidence, and shall not disclose to any third party. This code shall be applicable to employees who resigned or discharged from the Bank.
- (4) Employees shall not have transaction with current customers of the Bank in lending and borrowing, or shall not act as guarantor or the subject of guarantee.
- (5) Employees shall not act as guarantor under their occupational title.
- (6) Employees shall not undertake any part-time work beyond the duties of the Bank unless otherwise approved by the Bank.
- (7) Employees shall not run business homogenous to the operation of the Bank, and shall not engage in any speculative works privately.
- (8) Except in weekend and recognized holidays, employees shall report to duties in designated span of time, and shall be punctual and shall not leave their duties before the end of the working day. In addition, no employee may be absent from their duties without the approval of the supervisor.

3. Work environment and employees' personal safety protection measures:

Item	Contents
Entrance guard safety	1. A strict access control and monitoring system is available at all time. 2. Contract with the security company to maintain the safety of the office premises at nighttime and holidays. 3. Access to the police authority hotline for caution.
Maintenance and inspection of equipment	1. According to the Building Public Safety Inspection and Declaration Rules, the Bank will commission the profession service provider to conduct the public safety inspection and report per two or four years. 2. According to Fire Act, the Bank will outsource the fire inspection per year. 3. Proceed to the maintenance and inspection of company cars, high and low voltage electrical appliances, elevators, air-conditioners, water fountain machine, fire safety equipment and related equipment in accordance with applicable laws governing occupational safety and health.
Disaster prevention measures and response actions	The Bank has defined the instructions to rescue disasters and reporting procedure for occupational accidents, such as “Disaster Urgent Response Action Manual,” “Guidelines for Dealing with Important Contingencies,” “Instructions to Safety Protection and Organization of Relevant Business Units,” “Labor Safety and Health Automatic Inspection Plan” and “Instructions to Maintenance of Facility Safety,” expressly defining the job responsibilities to be taken by the Bank's staff before and after important events, such as force majeure and robbery, and also requiring the various business units to perform the robbery-proof drills and natural calamity.
Physical/mental health	1. The Bank provides the in-service staff with the health inspection service per two years. 2. Working environment sanitation: Smoking is banned in the business premises. Develop grievance filing procedures and the related penalty measures in accordance with the Sexual Harassment Prevention Act and Preventive Plan for Violations During Performance of Tasks.
Insurance	Be enrolled in the labor insurance and health insurance programs pursuant to laws. In the case of any casualty, it is necessary to designate the dedicated personnel to safeguard evidence, contact the insurance company, work with the accidental liability insurance investigation conducted by the employer, filing of the claims and report to the competent authority.

4. Labor-capital dispute: There have been no labor-capital disputes in 2024.

VI. Cybersecurity Management

- (I) Describe the cybersecurity risks management structure, cybersecurity policy, concrete management plan and resources invested in cybersecurity management.

*The Company

- (1) Cyber security risks management structure and organization structure

On November 7, 2022, the Company convened the Board meeting and the Audit Committee meeting and resolved to establish a dedicated information security department with a Chief Information Officer (CIO), dedicated information security supervisor, and dedicated personnel to be responsible for the planning of the information security system, monitoring and implementation of information security maintenance operations. The Audit Office is responsible for reviewing and deciding information security and information protection guidelines and policies, refining the effectiveness of information security management measures.

- (2) Cyber security policies

To ensure the integrity, confidentiality and availability of the corporation's information, information security policies have been established regulating information security segregation of duties, personnel management and information security educational training, computer system security management, network security management, system access control management, system development and maintenance of security management, information assets security management, physical and environment security management, business sustainable operations plan management, and information security audit; It is a goal to fulfill monitoring and audit matters to ensure the continuous effectiveness of information security regulations.

- (3) Specific management plan

- A. All computers of the entire Company have been installed with anti-virus software and have been updated with virus codes on a regular basis. The Company has further set up a network firewall to prevent hackers, virus attacks and or any sorts of damage.
- B. The Company has elaborately built virtualized server environment along with a fault-tolerant environment to maximize availability. For the data backup of application software and database, the Company has adopted an automatic backup mechanism and a regular version to exercise the disaster recovery plan on an annual basis to minimize the potential risk.
- C. The Company has developed system access control and password mechanisms to avoid potential information security risks.
- D. The computer mainframe room has been equipped with sound access control system, redundant air conditioning equipment and backup uninterruptible power system protection. The temperature sensing alarm notification system is linked up to the automatic gas firefighting equipment to assure the uninterrupted normal operation of the system all the time.
- E. The Company puts into implementation thoroughly information security advocacy to strengthen employees' personal awareness and watchfulness of information security to minimize potential human risks.

- (4) Resources invested in cybersecurity management

- A. Establish the information security department and assign one CIO, one dedicated information security supervisor and two dedicated information security personnel in accordance with the requirements.
- B. Invested in the upgrade and replacement of information security equipment and firewalls in 2021. In 2022, the Company purchased the next-generation hyper-converged virtual mainframe hardware, introduced it in 2023, and established a backup structure for the existing mainframe.

- (II) In most recent two years and up to the publication date of the prospectus, losses arising from material information security events, its possible impacts and countermeasures. If unable to give a reasonable estimation, explain the reasons for being unable to give a reasonable estimation:

Since 2024, the Company has passed both internal and external cyber security audit and there

are no discovery of significant deficiencies. There have been no occurrences of information security events such as penalties as a result of data leakage from information security breaches.
*Consolidated companies

1. Pan Asia Chemical Corporation

(1) Cyber security risks management structure and organization structure

The Company has established the Administrative Department to coordinate the negotiation and discussions of information security policies, plans, resource allocation, and other matters. On November 13, 2023, the Company convened the Board meeting and the Audit Committee meeting and resolved to establish a dedicated information security department with a dedicated information security supervisor, and dedicated personnel to be responsible for the planning of the information security system, monitoring and implementation of information security maintenance operations. The highest management of the IMO will report to the Board of directors and Audit Committee on the outcomes and related issues of information security management for proposing adjustments to information security policies and amendments. The Audit Office is responsible for reviewing and deciding information security and information protection guidelines and policies, refining the effectiveness of information security management measures.

(2) Cyber security policies

To ensure the integrity, confidentiality and availability of the corporation's information, information security policies have been established regulating information security segregation of duties, personnel management and information security educational training, computer system security management, network security management, system access control management, system development and maintenance of security management, information assets security management, physical and environment security management, business sustainable operations plan management, and information security audit; It is a goal to fulfill monitoring and audit matters to ensure the continuous effectiveness of information security regulations.

(3) Specific management plan

- A. All computers of the entire Company have been installed with anti-virus software and have been updated with virus codes on a regular basis. The Company has further set up a network firewall to prevent hackers, virus attacks and or any sorts of damage.
- B. The Company has elaborately built virtualized server environment along with a fault-tolerant environment to maximize availability. For the data backup of application software and database, the Company has adopted an automatic backup mechanism and a regular version to exercise the disaster recovery plan on an annual basis to minimize the potential risk.
- C. The Company has developed system access control and password mechanisms to avoid potential information security risks.
- D. The computer mainframe room has been equipped with sound access control system, redundant air conditioning equipment and backup uninterruptible power system protection. The temperature sensing alarm notification system is linked up to the automatic gas firefighting equipment to assure the uninterrupted normal operation of the system all the time.
- E. The Company puts into implementation thoroughly information security advocacy to strengthen employees' personal awareness and watchfulness of information security to minimize potential human risks.

(4) Resources invested in cybersecurity management

- A. Establish the information security department and assign one dedicated information security supervisor and one dedicated information security personnel in accordance with the requirements.
- B. Currently, there are two information security personnel involved in the management of information security. Their duties include the management and maintenance of information security equipment, and education, training

- and promotion of information security for personnel.
- C. Invested in the upgrade and replacement of information security equipment and firewalls in 2021. In 2022, the Company purchased the next-generation hyper-converged virtual mainframe hardware, introduced it in 2023, and established a backup structure for the existing mainframe.
2. Taichung Commercial Bank Co., Ltd.
- (1) Information security risk management structure
- The highest strategy unit of the Bank's risk management organization structure is the Board of directors. The Risk Management Committee is established to coordinate risk management of the Bank. The Bank's Information Security Promotion Committee is convened by the Chief Information Security Officer, with the head of the IT Operations Department serving as deputy convener. The committee oversees the Information Security Implementation Team and the Internal Audit Subgroup, which are responsible for planning and executing information security and business continuity management systems. Additionally, an Information Security Incident Response Team is established to handle and respond to information security incidents. A dedicated Information Security Section is set up under the IT Operations Department to centrally plan the Bank's information security strategy, implement security policies, promote security awareness, and enhance employee information security consciousness. This section is also responsible for collecting and improving the performance of the Bank's information security management system in terms of confidentiality, integrity, availability, and compliance of its standards, technologies, and products—ensuring alignment with the Bank's business objectives. Two information security management review meetings are held each year to ensure that the implementation of information security management aligns with the intended objectives.
- (2) Information security policies
- To employ information security management, the Bank has established the information security operation and so on regulations and procedures. It is in the hope to achieve the following policy goals with joint efforts of the entire company employees:
- A. Confidentiality: Protect sensitive information from unauthorized disclosure or use.
- B. Availability: assure that information and important services are accessible when needed by users.
- C. Integrity: appropriate security and protection measures to prevent improper alterations to information. These measures provide assurance in the accuracy and completeness of data.
- D. Compliance: ensure that the execution by the Bank's various business service is in compliance the requirements of relevant laws and regulations.
- (3) Concrete management plan
- In line with the Bank's digital finance development strategy, and to provide reliable and uninterrupted information services, guard against internal and external cybersecurity threats, and enhance employee cybersecurity awareness, the Bank has established cybersecurity controls aligned with business objectives. To strengthen the Bank's defense-in-depth, the U.S. National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) has been adopted, as categorized below:
- A. Identity
- Employees are authorized and managed under the principle of least privilege, and a web security protection system has been implemented to ensure safe internet use within the Bank. Outgoing emails are audited individually by an email outbound review system to prevent sensitive data leakage. Enterprise antivirus software is deployed not only to defend against known risks but also to prevent abnormal behaviors. All external systems must undergo penetration testing, source code and vulnerability scanning, and patching prior to launch,

in accordance with internal procedures. Mobile applications are also tested annually. Cybersecurity awareness for all employees is strengthened through regular social engineering drills and cybersecurity training each year.

B. Protect

For external defenses, the Bank uses web application firewalls, intrusion detection and prevention systems, email security systems, and firewalls to establish layered protection. The responsible unit will review and discharge on information protection. Access control is managed by privileged account to prevent non-authorized users from using the system. The physical security management for engine room is maintained through isolation and door access restrictions control. Use of USB ports and CD burners on internal computers is generally prohibited, with limited exceptions.

C. Detect

The Bank subscribes to phishing website and mobile application monitoring services to detect, analyze, and take down fake platforms, reducing fraud risks for customers. For ATM software installation and monitoring, a whitelist management and ATM monitoring system is in place.

D. Respond

To effectively monitor system behavior and incorporate internal and external cybersecurity threat intelligence, the Bank's cybersecurity incident monitoring platform provides dashboards, reports, log retention, and incident analysis. Monitoring rules are reviewed regularly to maintain the effectiveness of automated correlation analysis and alert mechanisms.

E. Recover

The Bank has adopted a business continuity management system. Information systems are built on a two-site, three-center architecture to enhance disaster recovery capabilities and shorten recovery time. Tailored drills for each system are conducted annually to ensure effectiveness. For emergency cybersecurity incident response, forensic investigation and digital forensics services are commissioned to ensure that, when incidents occur, the Bank can activate a coordinated defense mechanism to minimize loss.

Each year, the Bank commissions a third party to assess and report on overall information security implementation to the Board of Directors and complete an information security maturity assessment. The implementation of information protection is achievable through the ISO 27001 Information Security Management System (ISMS) which is continuously improved and refined using the PDCA approach, compliance to the BS 10012 (PIMS) system and its relevant regulations.

(4) Invested resources

A. Awarded the "Digital Information Security Award – Anti-Fraud Gold Award" and the "Digital Information Security Award – Security Excellence Award" at the 4th Commercial Times Awards.

B. 33 guidelines and 37 procedures related to information security were established.

C. In September 2024, the Bank obtained ISO 27001:2022 certification for its Information Security Management System and will continue maintaining this certification to strengthen the Bank's cybersecurity resilience.

D. Promoted the introduction and verification of the ISO 22301:2019 business continuity management system.

E. Over 500 hours of professional education and trainings for dedicated information security personnel.

F. Current cybersecurity certifications held across the Bank include: CISSP (3), CISM (1), CISA (1), CRISC (2), ISO 27001 LA (19), ISO 22301 LA (40), CEH (3), CHFI (1), and ECIH (1).

- G. Established the information security intelligence column for employees to read. A total of over 36 pieces of information security information, case studies and formal announcements for advocate were shared.
 - H. Investments in protective equipment: Firewall, intrusion prevention system, email protection, email censorship, information security event monitoring platform, web application firewall (WAF), online behavior control, detection of fraudulent websites and mobile applications, mobile device management, privileged management and operation behavior profiling, enterprise anti-virus software, and the physical environment monitoring and protective facilities of the machine room.
 - I. Regular Distributed Denial-of-Service (DDoS) attack drills are conducted to address the evolving nature and scope of cyberattacks. These exercises are intended to strengthen the Bank's incident response capabilities and preparedness through simulated incident scenarios.
 - J. A zero trust security architecture is being deployed, covering three core technologies: identity authentication, device authentication, and trust inference. Priority is given to high-risk areas to enhance the security of systems and data access.
 - K. An information security assessment for computer systems at financial institutions was conducted by outsourcing an overall information security performance evaluation. This includes IT architecture review, network activity inspection, device testing (e.g., servers, network and endpoint devices), internet server checks, client application testing, security configuration reviews, and compliance inspections to identify and mitigate cybersecurity threats and vulnerabilities.
- (III) In most recent two years and up to the publication date of the prospectus, losses arising from material information security events, its possible impacts and countermeasures. If unable to give a reasonable estimation, explain the reasons for being unable to give a reasonable estimation:
- Since 2024, the Company has passed both internal and external cyber security audit and there are no discovery of significant deficiencies. There have been no occurrences of information security events such as penalties as a result of data leakage from information security breaches.
- *Consolidated companies
1. Pan Asia Chemical Corporation
Since 2024, the Company has passed both internal and external cyber security audit and there are no discovery of significant deficiencies. There have been no occurrences of information security events such as penalties as a result of data leakage from information security breaches.
 2. Taichung Commercial Bank Co., Ltd.
No major information and communication security incidents occurred in 2024 (including overseas branches).

VII. Major contracts

* The Company

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Restriction clauses
Product sale and purchase contract	Pan Asia Chemical Corporation	2023.8.1 - 2025.6.30	Ethylene Oxide Sale Agreement	The buyer shall not resell products purchased from seller
Product sale and purchase contract	Pan Asia Chemical Corporation	2020.7.1 ~ 2025.6.30	Ethylene Glycol, Diethylene Glycol, and Nonylphenol sales agreement	The buyer shall not resell products purchased from seller
Product sale and purchase contract	Pan Asia Chemical Corporation	2024.5.1 - 2028.12.31	Contracts for the sale of pure water, electricity, steam, and nitrogen and wastewater treatment.	The buyer shall not resell products purchased from seller
Technical cooperation	Shell Research Limited (SHELL RESEARCH LTD.)	From 2003.12.4	Shell EO/EG Process Use License and Engineering Service Permit	Conferred rights shall not be transferred to third parties
Raw material supply	CPC Corporation, Taiwan	2023.1.1 - 2023.12.31	Ethylene and methane purchase agreement	Limited to petrochemical industry
Technical cooperation	Shell Research Limited (SHELL RESEARCH LTD.)	From May 19, 2011	Shell EO/EG Process Use License and Engineering Service Permit	Conferred rights shall not be transferred to third parties
Product sale and purchase contract	Air Liquide Far Eastern Ltd.	From July 29, 2011	Supply Contract for Oxygen and Nitrogen required for EG3 Plant	The buyer shall not resell products purchased from seller
Product sale and purchase contract	ShinHsiung Natural Gas Co., Ltd.	2020.10.31 ~ 2030.10.30	Agreement for Installation of Natural Gas Pipeline and Purchase of Natural Gas	The buyer shall not resell products purchased from seller
Construction	EARTH POWER Co., Ltd.	From August 14, 2018	Sanchung Plant New Construction Project	Non-restriction clauses
Product sale and purchase contract	Hanpower Energy Technology Co., Ltd.	From 2021.11.5	Installation of ORC low-temperature waste heat recycling power generation equipment in the Cogeneration Plant II	Non-restriction clauses
Loan agreement	NAN CHUNG PETROCHEMICAL CORPORATION	2024.8.20 - 2025.8.19	Capital lending to joint venture	Non-restriction clauses
Cooperative housing construction agreement	WE & WIN Development CO., LTD.	2023.10.30	Cooperative housing project – Wanhua District, Taipei City	Non-restriction clauses
Cooperative housing construction agreement	WE & WIN Development CO., LTD.	2024.11.11	Cooperative housing project – Sanchong District, New Taipei City	Non-restriction clauses

*Consolidated companies

1. Pan Asia Chemical Corporation

Major Agreements	The parties	Contract start and end dates	Term of Agreement	Restriction clauses
Distributor contract	Dong-Fang Trading Co., Ltd.	1. January 1, 2024 - December 31, 2024 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Distributor contract	Chin Yee Chemical Industries Co., Ltd.	1. January 1, 2024 - December 31, 2024 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution	Party B shall not deal the same type of, similar or competitive products from other manufacturers.

Major Agreements	The parties	Contract start and end dates	Term of Agreement	Restriction clauses
			4. Sales region	
Distributor contract	Yuan Jen Enterprises Co., Ltd.	1. January 1, 2024 - December 31, 2024 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Distributor contract	Bun Hong Trading Co., Ltd.	1. January 1, 2024 - December 31, 2024 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Purchase contract	China Man-Made Fiber Corporation	1. 2023.8.1 - 2025.6.30 2. Automatic extension for one year if both parties do not negotiate to terminate the contract upon the expiration of the contract period	Purchase EO materials	In-house use, not for resale
Purchase contract	China Man-Made Fiber Corporation	1. 2020.7.1 ~ 2025.6.30 2. Automatic extension for one year if both parties do not negotiate to terminate the contract upon the expiration of the contract period.	Purchase NP materials	In-house use, not for resale
Purchase contract	China Man-Made Fiber Corporation	1. 2024.5.1 - 2028.12.31 2. Automatic extension of validity if both parties do not negotiate to terminate the contract upon the expiration of the contract period.	Contracts for the purchase of pure water, electricity, steam and nitrogen and wastewater treatment.	In-house use, not for resale

2. Taichung Commercial Bank Co., Ltd.

Major Agreements	The parties	Contracting Parties	Term of Agreement	Restriction clauses
Service agreement	Leebao Security Co., Ltd. Anfeng Enterprise Co., Ltd.	2023.03.04 - 2025.03.03	ATM cash loading and problem elimination service	N/A
Service agreement	G4S Taiwan (Security)	2023.11.01 - 2025.10.31	Security guards at the banking locations	N/A
Service agreement	G4S Taiwan (Security)	2023.11.01 - 2025.10.31	Security guards at corporate headquarters	N/A
Labor service procurement	Yu Hsiao-lan Architects Office	2016.1.05- Construction completed	Appointment of supervision and technical design services for the construction of the corporate headquarters new building	N/A
Engineering purchase	EARTH POWER Co., Ltd.	2024.12.01 - 2026.01.01	New headquarters building – interior renovation project for banking spaces	N/A
Labor service procurement	Transnational Logistics Solutions (Taiwan) Pte Ltd.	2024.07.01 - 2026.06.30	Procurement project for check and document delivery services	N/A
Labor service procurement	LEEBAO SECURITY CO.	2025.01.14 - 2026.12.31	Tender for outsourced cash transportation services for 2025–2026	N/A

Five. Review of financial position and financial performance, and risk disclosure

I. Financing status (extra-industry combined information)

Table of Comparative Analysis of Financial Conditions

Unit: NTD thousand

Item \ Year	2023	2024	Difference	
			Amount	%
Current assets	683,292,033	745,922,400	62,630,367	9.17
Funds and investments	181,093,430	212,311,976	31,218,546	17.24
Property, plant and equipment	27,729,113	28,829,510	1,100,397	3.97
Investment property	4,223,574	3,568,796	(654,778)	(15.50)
Intangible assets	280,232	339,512	59,280	21.15
Other assets	5,571,539	5,608,409	36,870	0.66
Total assets	902,189,921	996,580,603	94,390,682	10.46
Current liabilities	793,421,493	883,413,218	89,991,725	11.34
Long term liabilities	6,200,175	8,060,580	1,860,405	30.01
Other liabilities	23,082,178	21,049,281	(2,032,897)	(8.81)
Total liabilities	822,703,846	912,523,079	89,819,233	10.92
Capital stock	16,859,057	16,859,057	0	0.00
Capital surplus	1,712,776	1,712,237	(539)	(0.03)
Retained earnings	2,474,857	2,633,385	158,528	6.41
Other equity	(90,162)	86,599	176,761	196.05
Non-controlling interest	58,529,547	62,766,246	4,236,699	7.24
Total equity	79,486,075	84,057,524	4,571,449	5.75
Note: the most recent two years' increase/decrease exceeds 20%:				
1. Increase in intangible assets: Primarily due to an increase in computer software at the subsidiary Taichung Commercial Bank Co., Ltd..				
2. Increase in long-term liabilities: Mainly due to the parent company (China Man-Made Fiber) refinancing short-term borrowings into long-term borrowings.				
3. Increase in other equity items: Primarily attributable to an increase in unrealized valuation gains from financial assets measured at fair value through other comprehensive income by the parent company (China Man-Made Fiber).				

II. Financial performance (extra-industry combined information)

(I) Financial performance comparative analysis table

Unit: NTD thousand

Item \ Year	2023	2024	Increase (decrease) in amount	Variation %
Income	38,770,310	45,380,155	6,609,845	17.05
Expenses	(33,721,087)	(37,446,485)	(3,725,398)	11.05
Income before tax from continuing operations	5,049,223	7,933,670	2,884,447	57.13
Income tax expenses	(1,433,367)	(1,632,857)	(199,490)	(13.92)
Net profit after tax from continuing operations	3,615,856	6,300,813	2,684,957	74.26
Net (loss) profit attributable to owners of the parent	(1,587,151)	27,521	1,614,672	101.73
Net profit attributable to non-controlling interest	5,203,007	6,273,292	1,070,285	20.57
Earnings (losses) per share	(1.18)	0.02	1.2	101.69
Description on the most recent two year's fluctuation of an increase or decrease exceeding 20%:				
1. The net profit before tax and after tax of continued operations increased from the preceding period was due to the increase in the interest income, service charge income, gains on financial assets and liabilities at fair value through profit or loss of Taichung Commercial Bank Co., Ltd..				
2. Net profit attributable to owners of the parent increased compared to the previous period: Mainly due to higher non-operating income and lower non-operating expenses.				
3. The net profit attributable to non-controlling interest increased from the preceding period was due to the increase in net profit of Taichung Commercial Bank Co., Ltd..				
4. Earnings per share increased compared to the previous period: Primarily due to the increase in net profit of the parent company (China Man-Made Fiber).				

- (II) The basis for anticipating the future one year's sales volume, the probable impact to company future finance operation and the response plan: the merged company's ethylene glycol, ethylene oxide, surface active agent and related products would take into consideration the overall operating strategy by allocating a most suitable production volume on various products, through which to create the best profitability.

III. Cash flows (consolidated information from different industries)

Unit: NTD thousand

Balance of cash and cash equivalents at the beginning of the period	Net cash flow from operating activities for the year	Full year cash and cash equivalent outflow volume	Balance of cash and cash equivalents at the end of the period	Remediation measures against expected cash flow deficit	
				Investment plans	Finance plans
60,193,620	23,091,143	(10,686,917)	49,506,703	Not applicable	Not applicable

(I) Changes of cash flow in current year analysis:

- Operating activities: derived from operating activity net cash inflow at NT\$23,091,143 thousand, which primarily stems from the cash inflow from deposits and remittances of Taichung Commercial Bank Co., Ltd..
- Investing activities: Cash outflow of NT\$32,041,979 thousand from investing activities can mainly be attributed to the acquisition of financial assets measured at fair value through other comprehensive income by Taichung Commercial Bank Co., Ltd..
- Financing activities: Net cash outflows from financing activities amounted to NT\$1,818,937 thousand, primarily due to Taichung Commercial Bank Co., Ltd.'s distribution of cash dividends and repayment of financial bonds.

(II) Responsive measures and liquidity analysis on cash flow deficits: not applicable.

(III) Liquidity analysis for the next year:

Unit: NTD thousand

Balance of cash and cash equivalents at the beginning of the period	Expected net cash flow from operating activities for the year	Expectant full year cash and cash equivalent inflow volume	Expectant period ending cash and cash equivalent amount	Remediation measures against expected cash flow deficit	
				Investment plans	Finance plans
49,506,703	24,305,574	1,561,558	51,068,261	Not applicable	Not applicable

IV. The material effects on financial structure from substantial capital expenditure in the last fiscal year

The Company's capital expenditures for 2024 amounted to approximately NT\$35 million, which had no material impact on its financial position or operations.

V. Direct investment policy, the main reasons for profit or loss and corrective action plan in the most recent year and investment plan in the next year

- (I) Explanation of Investment Gains and Losses: Adhering to the principle of prudent management, the Company's investee enterprises have demonstrated sound performance in various aspects, including risk control and business development. The overall performance of these investee enterprises remains in a state of continued profitability.
- (II) Investment plan scheduled toward the upcoming year: As of February 28, 2025, there was no major investment plan ahead.

VI. Risk disclosure

- (I) The impact of changes in interest rate, exchange rate, and inflation on the Company's profit or loss in recent years, and future response measures.

1. Explain the impact upon the Company's exchange gains and losses and interest income as well as expenditure in the most recent two years on the Company's profit and loss: (Consolidated information from different industries)

Item	2024	2023
Exchange gain (loss) (A)	(1,805,503)	789,249
Interest receipt (expenditure)(B)	11,885,559	11,009,712
Operating revenue (C)	45,380,155	38,770,310
A/C	(3.98)%	2.04%
B/C	26.19%	28.40%

2. The impact of the most recent year's inflation to the Company's profit or loss: To judge by 2024's consumer wholesale price index's yearly increase ratio, there is no inflation issue, and has no impact to the Company's profit or loss.
 3. The Company's tangible measures for countering exchange rate fluctuation, interest rate fluctuation and inflation:
The company's export market revenue accounts for a certain ratio in its revenue, and export payments are also largely in USD, thus exchange rate fluctuations bear a certain impact to company loss or gain. In response to exchange rate fluctuations, adequate exchange rate hedging financial products are used, under a conservation principle (i.e., buying/selling longer-term foreign exchange and related maneuvers to adequate hedge against exchange rate fluctuation risk).
The consolidated company has hold of floating interest rate asset and the floating interest rate debt it sustains may see market interest rate fluctuation to create fluctuation risk on said asset and liability and upon assessing it, the merged company controls the liquidity gap in its practical implementation of the operation, through which to mitigate the risk arisen form interest rate fluctuations.
- (II) The policy of engaging in high-risk, highly leveraged investments, loaning of funds, endorsements and guarantee and derivatives trading, the main reason for profit or loss and future response measures:
 1. Engaging in high risk, high leverage investment: nil.
 2. Lending to others and endorsement and guarantee:
 - (1) Information on capital lending to others
To step up the finance management in loans to others and mitigating the operating

risk, the procedure has been formulated in accordance with the “public listed companies’ capital lending and endorsement guarantee processing criteria.”

- (2) The information on endorsement guarantee for others is as follows:

Unit: NTD thousand

Name of Endorser/Guarantor	Endorsed/Guaranteed		Maximum endorsement and guarantee balance for the current period
	Company name	Affiliation	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	15,000
Taichung Bank Leasing Corporation Limited	Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	A subsidiary of Taichung Commercial Bank Co., Ltd.	8,305,283

3. Derivative transactions:
The derivative transactions were conducted in accordance with the Company’s established “Procedures for Handling Derivative Transactions.” The derivative instruments signed by the consolidated company include forward foreign exchange contracts, currency swap contracts and convertible bond asset swap contracts that are used to manage the interest rate and exchange rate risk of the consolidated company.
- (III) The most recent year’s research and development plan, the current progress of the incomplete R&D plan, expectant mass production completion time needing to inject further R&D expenditure, major reasons affecting the R&D success in the future: the company products belong to a mature industry, hence there are no major R&D expenditures.
- (IV) The most recent year’s critical local, foreign policy and legal changes to the company finance’s impact and countermeasures: the company has all adopted adequate countermeasures in response to critical local/foreign policy and legal changes, which bear no critical impact to company finance operations.
- (V) The impact of technological change (including cyber security risks) to the Company’s finance, business, and the countermeasures: In the most recent year, the Company’s industry has not had any major industry change, thus it bears no impact to the Company’s finance and business. The Company has established firewalls and intrusion detection systems to monitor anomalies, along with antivirus systems for servers and computers at all levels, and patch management for operating systems and databases. Starting this year, cybersecurity education and training have been reinforced each quarter, with awareness programs implemented according to employee rank and role. Areas requiring further enhancement and implementation include outsourced vulnerability scanning and penetration testing, email-based social engineering drills, and the evaluation of cybersecurity insurance. Even with comprehensive cybersecurity protection measures in place, the risk of corporate losses due to malicious hacker attacks cannot be entirely eliminated. Therefore, insurance coverage is being considered as a means to mitigate potential losses.
- (VI) The impact of the most recent year’s enterprise image change to the company’s crisis management and the countermeasures: the company management has always emphasized on a good corporate image, solid management, and there has not been any major change in recent years, thus bears no impact to its enterprise crisis management, as the company would continue to uphold the principle to achieve a sustainable management.
- (VII) Expected results and possible risks of mergers and acquisitions and countermeasures: None.
- (VIII) The expected benefits from plant expansion, the potential risks associated, and the responsive measures: None.
- (IX) The risk confronting the incoming goods or good sold and the countermeasures: upon assessing it, the risk is flow, but the company would continue to step up the collaboration relations as the countermeasure.
- (X) The risks and impacts of significant shareholding transfers by directors, supervisors, or major

shareholders with more than 10% ownership interest and the responsive measures to such risks: none.

(XI) The effects, risks and responsive measures associated with changes in management: None.

(XII) Litigious or non-litigious matters:

O-Bank and Yuanta Bank filed a joint and several liability litigation against the company in February and November, 2020 following the New Site Industries Inc. case. The company has appointed a lawyer to defend by law. The attorney argues that this case does not objectively involve performance of duties by employees and that the Company should therefore bear no joint and several liability with regard to this case. However, the court believes after hearing the case that the bank is entitled to request compensation from the Company, but it should also consider negligence on the part of the bank, which could result in the reduction or exemption of the liability to compensation thereby affecting the compensation amount payable by the Company. On August 23, 2024, the Company received a notice from the Taipei District Court informing that Yuanta Bank had withdrawn its lawsuit. The case was concluded as Yuanta Bank withdrew its claim against the Company. The Company has recognized a provision of NT\$53,916 thousand for the pending litigation case involving O-Bank.

(XIII) Other important risks and response measures: none

VII. Other important matters

N/A

Six. Special remarks

I. Affiliated companies

Information Access Path: Taiwan Stock Exchange Market Observation Post System (MOPS)

<https://mops.twse.com.tw/> >> Individual Company >>

Electronic Document Download >> Affiliated Enterprises' Three Reports Section >> Company Code 1718 >> Search

II. Status of private placement of securities and progress of plan execution for the most recent year and up to the date of annual report publication

N/A

III. Other supplementary information

N/A

Seven. Occurrences of events defined under Article 36-3-2 of the Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices

N/A

CHINA MAN-MADE FIBER CORPORATION

Chairman: Kuei-Shiang Wang