

TAIFLEX Scientific Co., Ltd.

2024 Annual Report

Corporate Website: <https://www.taiflex.com.tw>

Market Observation Post System Website: <http://mops.twse.com.tw>

Published on March 29, 2025

Notice to readers

This English version of the annual report is a summary translation of the Chinese original and does not constitute an official document of the Shareholders' Meeting. In the event of any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

1. Name, Title and Contact Details of Spokesperson and Deputy Spokesperson:

Spokesperson: Chi-Yuan Pan

Title: Chief Financial Officer and Corporate Governance Officer

Telephone Number: (07)813-9989 ext. 72803

E-mail Address: Ken_pan@taiflex.com.tw

Deputy Spokesperson: Mei-Hsien Su

Title: Manager of Business Analysis Department, Finance & Accounting Center

Telephone Number: (07)813-9989 ext. 72803

E-mail Address: Emma@taiflex.com.tw

2. Address and Telephone Numbers of Headquarters, Branches and Factories:

Taiflex 1: No. 4, S. 3rd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan (R.O.C.)

Taiflex 2 (Headquarters): No.1, Huanqu 3rd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan (R.O.C.)

Taiflex 3: No. 3, S. 2nd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan (R.O.C.)

Taiflex 5: No. 8, S. 3rd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan (R.O.C.)

Telephone Number: (07)813-9989

3. Name, Address, Website and Telephone Number of the Share Registrar:

Name: Stock Management Service Department, Yuanta Securities

Address: B1., No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106045, Taiwan (R.O.C.)

Website: <http://www.yuanta.com.tw/>

Telephone Number: (02)2586-5859

4. Names of Independent Auditors, Accounting Firm, Address, Website and Telephone Number in the Most Recent Year:

Names: Kuo-Sen Hung and Ching-Piao Cheng

CPA Firm: Ernst & Young

Address: 17F., No.2, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City 800208, Taiwan (R.O.C.)

Website: <http://www.ey.com/>

Telephone Number: (07)238-0011

5. Overseas Securities Exchange and Methods to Access Relevant Information:

Singapore Exchange Limited: <http://www.sgx.com>

ISIN : XS2385251017

6. Corporate Website:

<https://www.taiflex.com.tw>

Table of Contents

I.	Letter to Shareholders	1
II.	Corporate Governance	5
1.	Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents and Managers of Departments and Branches	5
2.	Remuneration Paid to Directors (including Independent Directors), Supervisors, Presidents and Vice Presidents	17
3.	Corporate Governance Implementation	22
4.	Audit Fees for CPA	79
5.	Change of CPA	80
6.	Any of the Company's Chairperson, President, or Managers in Charge of Finance or Accounting Held a Position in the CPA's Firm or Its Affiliates in the Most Recent Year	81
7.	Changes in Shareholding and Shares Pledged by Directors, Supervisors, Managers and Shareholders with 10% Shareholdings or More in the Most Recent Year and up to the Date of this Annual Report	81
8.	Top 10 Shareholders Who are Related Parties, Spouses, or within Second-Degree of Kinship to Each Other	81
9.	Number of Shares Held and Shareholding Percentage of the Company, the Company's Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities on the Same Investee	82
III.	Capital Overview.....	83
1.	Capital and Shares.....	83
2.	Corporate Bonds	86
3.	Preferred Shares	88
4.	Global Depositary Shares.....	88
5.	Employee Stock Options.....	88
6.	Employee Restricted Stock	90
7.	New Share Issuance in Connection with Mergers and Acquisitions	90
8.	Execution of Funding Plans	90
IV.	Operational Highlights	91
1.	Business	91
2.	Market and Sales Overview	100
3.	Human Resources in the Recent Two Years and up to the Date of this Annual Report (No. of Employees, Average Year of Service and Age, and Education)	106
4.	Expenditure Related to Environmental Protection.....	107
5.	Employment Relations	109
6.	Cyber Security Management.....	115
7.	Material Contracts.....	117

V. Review and Analysis of Financial Position and Performance and Associated Risks	118
1. Financial Position.....	118
2. Financial Performance	119
3. Cash Flows	120
4. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Company's Finance and Business	120
5. Reinvestment Policies in the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Next Year.....	120
6. Risks.....	121
7. Other Significant Matters.....	125
VI. Special Notes	126
1. Affiliates.....	126
2. Private Placement of Securities in the Most Recent Year and up to the Date of this Annual Report.....	126
3. Other Necessary Supplement	126
VII. Any Events in the Most Recent Year and up to the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act	126

I. Letter to Shareholders

1. 2024 Operating Results

In 2024, the Company recorded operating revenue of NT\$9.938 billion, representing an increase of approximately 21.9% compared to NT\$8.151 billion in the previous year. Net income attributable to the parent company amounted to NT\$592 million, reflecting year-on-year growth of approximately 40.1%, with earnings per share of NT\$2.53. Both revenue and profitability improved compared to the previous year, driven not only by a modest recovery in the consumer electronics sector, but more importantly, by the Company's ongoing efforts in developing new products and expanding its share among key customers.

Looking ahead, industry consensus suggests that the overall recovery in the consumer electronics and automotive sectors would remain subdued. The primary driver of demand continues to be significant investments in artificial intelligence (AI) by major cloud service providers (CSPs), which are fueling growth across the AI supply chain. Following the completion of AI data center infrastructure, the development of edge AI is anticipated to trigger a replacement cycle for mobile devices, potentially becoming a new growth catalyst for the consumer electronics market. At the same time, the resurgence of global trade protectionism, along with ongoing concerns about trade wars and tariffs, continues to have a profound impact on global supply chain strategies, significantly increasing operational uncertainties.

Amid these uncertainties, the Company remains committed to developing high value-added products and leveraging the superior properties of its materials to tap into emerging growth markets. In addition, mass production at the Company's Thailand facility officially commenced in 2024, with the aim of enhancing overall supply chain resilience to better withstand potential trade barriers.

(1) Consolidated revenue and net income

(In Thousands of New Taiwan Dollars)

Item	2024	2023	Change (in Dollar Amount)	Change (in Percentage)
Net operating revenue	9,938,135	8,150,519	1,787,616	21.93%
Gross profit	2,137,777	1,791,507	346,270	19.33%
Net income	532,488	360,723	171,765	47.62%

(2) Profitability analysis

Item	2024	2023
Net profit margin	5.36%	4.43%
Return on assets	4.05%	2.99%
Return on equity	5.68%	4.48%

(1) Directions of research and development

A. Electronic materials

With the integration of edge AI functionalities into end-user devices and the continuous advancement of 5G mobile communication technologies, the functional design of mobile devices is driving sustained demand for high-frequency and high-speed, miniaturization, and fine-line circuit materials. In response, the Company's R&D strategy for electronic

materials is focused on these three core pillars: (1) high-frequency, high-speed, low-latency materials to meet advanced transmission requirements; (2) materials with high dimensional stability and low ionic migration, tailored for system-in-package (SiP) applications and fine-line circuit designs; and (3) ultra-thin materials designed to accommodate increasingly compact spatial configurations. Through its proprietary formulas and process technologies, the Company remains committed to providing customers with comprehensive solutions that enhance product value.

B. Semiconductor materials

In September 2020, the Company spun off Taichem Materials Co., Ltd., which is primarily responsible for the R&D and promotion of the Company's semiconductor materials. Its current flagship product is a temporary bonding material (Release Layer) used in advanced semiconductor packaging processes. In line with the evolving packaging technologies, Taichem is actively developing functional films for packaging applications aimed at optimizing production efficiency and improving ESG performance. Through strategic partnerships with industry leaders possessing strong technological capabilities, the company is also accelerating product development and delivering comprehensive solutions to customers.

2. Overview of 2025 Business Plan

(1) Business policy

In 2025, in addition to proactively investing in R&D to stay ahead of technological developments and ensure timely product certification to secure future orders, the Company recognizes that the growing trend of global trade protectionism will have a profound impact on supply chain order distribution. As such, it is increasingly vital to maintain consistent production quality across all manufacturing sites and to uphold operational flexibility in order to promptly respond to customer demands.

Furthermore, global inflationary pressures remain a concern. Rising capital costs and increasing expenses across various production inputs continue to pose significant challenges. As a result, cost control and the strategic allocation of limited resources will be key operational focuses. Moving forward, the Company remains committed to balancing business operations with risk management to ensure steady and prudent progress.

(2) Sales volume forecast and basis

Electronics materials: Sales in 2025 are expected to increase slightly compared to 2024

Basis:

- A. Market consensus currently anticipates low single-digit growth in the consumer electronics sector in 2025. With inventory levels across the supply chain remaining relatively healthy, overall demand is expected to better align with actual end-user consumption.
- B. The rise of AI edge computing functionalities is projected to trigger a replacement cycle for high-end smartphones. In addition, design changes involving new materials are expected to drive increased sales of high-end materials.
- C. As an industry leader, the Company is well-positioned to benefit not only from the sector's organic growth but also from the rising adoption of high-end materials. This is expected to lead to a modest year-on-year increase in electronic materials sales volume.

(3) Key production and sales policies

- A. Enhance the consistency of supply quality across global production sites and bolster the resilience of the global supply chain.

- B. Increase inventory levels of critical materials and implement an integrated production and sales planning system to promptly respond to fluctuations in customer demand and adjust overall supply strategies accordingly.
- C. Strengthen investment in customer technical service teams by participating in early-stage R&D and pilot production to resolve issues in a timely manner, thereby shortening time-to-market and accelerating mass production.
- D. Implement a sales strategy that balances risk and profitability through optimization of the customer portfolio and product mix.

3. Strategies for Future Developments

- (1) Invest in high-end materials for AI servers and advanced mobile communication applications to enhance value-added offerings. Beyond existing flexible printed circuit (FPC) materials, the Company is expanding into semiconductor packaging and high-speed substrate materials.
- (2) Deepen collaborative development of critical upstream materials with end customers by engaging in early-stage specification setting, thereby building a strong competitive moat.
- (3) Optimize ESG-related investments by continuing to systematize processes and implement waste reduction measures to mitigate environmental impact. At the same time, increase investment in renewable energy to meet customer expectations and drive sustainable growth, while reducing costs through various efficiency initiatives.

4. Impacts from External Competitions, Regulatory Compliance and Macro-environment

(1) External competitions

- A. Due to the continued downturn in the automotive sector and only a modest recovery in consumer electronics, overall industry demand has weakened, leading to intensified competition. Manufacturers are aggressively competing for new product orders, requiring substantial R&D investment to accelerate development and gain first-mover advantage. At the same time, conventional products are under mounting pressure from price competition.
- B. The fragmentation of global supply chains and the rise of regional economies have driven governments to strengthen localization requirements. Many local manufacturers also benefit from government subsidies, further escalating competition across the supply base.
- C. As a global leader in flexible copper-clad laminates (FCCL), the Company possesses strong advantages in supply chain management and production scale, enabling rapid response to customer needs. By collaborating closely with upstream and downstream partners, the Company is able to accelerate product development schedules and better meet demand for new products, thereby reinforcing its competitive position.

(2) Regulatory compliance

- A. The rise of global trade protectionism may trigger tariff wars, driving up operating costs across the supply chain and affecting companies' global deployment strategies.
- B. Regulations such as the global minimum tax and anti-base erosion measures are expected to influence how customers adjust their trade models. Combined with the uncertainty of tariff policies in various countries, this has further increased the complexity of global value chain design.

(3) Macro-environment

- A. Inflation, tightening monetary policies, and the rise of global trade protectionism not only introduce uncertainty to market demand but also drive up cost pressures. In parallel, these factors have significantly increased the complexity of supply chain inventory

management and production scheduling, posing substantial challenges to corporate resource allocation and planning.

- B. As end customers place increasing emphasis on ESG (Environmental, Social, and Governance) practices, companies face higher operating costs associated with ESG implementation. A key challenge going forward is transforming these ESG investments into strategic sources of competitive advantage.

In response to the rapidly evolving competitive environment and rising operational complexity, the Company will continue to strengthen its core competencies and invest in high value-added materials and industries. By leveraging its current leadership position and working closely with customers on joint development efforts, the Company aims to capture market growth opportunities and lay a solid foundation for long-term development.

Wishing all shareholders good health and prosperity!

Chairperson: Ta-Wen Sun

II. Corporate Governance

1. Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents and Managers of Departments and Branches:

(1) Directors and Supervisors

A. Directors and Supervisors

As of March 29, 2025 (In Shares; %)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Taiflex and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Corporate Director	R.O.C.	Qiao Mei Development Corporation	-	2023.05	3 years	2000.04	16,263,729	7.78	17,011,579	6.63	0	0	0	0	-	-	-	-	-	-
Representative of Corporate Director	R.O.C.	Ta-Wen Sun	Male 51-60	2023.05	3 years	2000.04	736,760	0.35	770,638	0.30	0	0	0	0	Bachelor of Business Administration, Fu Jen Catholic University	Chairperson of Taiflex Scientific Co., Ltd. Chairperson of Qiao Mei Development Corporation Chairperson of You Ben Investment Co., Ltd. Chairperson of Innatech Co., Ltd. Chairperson of Taichem Materials Co., Ltd. (Note 2) Chairperson of Taiflex Green Power Co., Ltd. (Note 2) Director of Rudong Fuzhan Scientific Co., Ltd. (Note 2) Director of Taiflex Scientific (Thailand) Co., Ltd. (Note 2)	-	-	-	-
Director	R.O.C.	Chein-Ming Hsu	Male 71-80	2023.05	3 years	2017.05	0	0	8,048	0	0	0	0	0	Electrical Engineering, Chung Yuan Christian University Former Electronic Communication & Power Director of 3M Company (the Greater China Region) Former Electronic Communication Promotion Director of 3M Company (the Asia-Pacific Region) Former CEO of 3M Thailand Limited	Corporate Representative Director of Taiflex Green Power Co., Ltd. (Note 2)	-	-	-	-
Director	R.O.C.	Ching-Yi Chang	Male 61-70	2023.05	3 years	2002.06	5,829,282	2.79	6,097,328	2.38	2,091	0	0	0	Master of Business Administration, National Chengchi University	Chairperson of the CID Group Ltd. Chairperson of LandMark Optoelectronics Corporation Director of Entire Technology Co., Ltd. Director of Eurocharm Holdings Co., Ltd. Director of Epoch Foundation Independent Director of Jetway Information Co., Ltd. Director of Nankang Rubber Tire Corp., Ltd.	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Taiflex and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Fu-Le Lin	Male 61-70	2023.05	3 years	1997.08	290,249	0.14	303,595	0.12	11,153	0	0	0	Ph.D. in Polymer Science, University of Akron, USA Former Senior Engineer of Vishay General Semiconductor Taiwan Ltd. Former Researcher of Material Research Laboratories, Industrial Technology Research Institute	Senior R&D Director of Taiflex Scientific Co., Ltd. Corporate Representative Director of Koatech Technology Corporation	-	-	-	-
Corporate Director	R.O.C.	Fuding Investment Co., Ltd.	-	2023.05	3 years	2014.06	1,020,000	0.49	1,066,902	0.42	0	0	0	0	-	-	-	-	-	-
Representative of Corporate Director	R.O.C.	Re-Zhang Lin	Male 71-80	2023.05	3 years	2014.06	0	0	0	0	0	0	0	0	Bachelor of Accounting, Soochow University	Chairperson of Taiwan Fu Hsing Industrial Co., Ltd. Corporate Representative Director of Fine Blanking & Tool Co., Ltd. Corporate Representative Director of Launch Technologies Co., Ltd. Corporate Representative Director of Advanced International Multitech Co., Ltd.	-	-	-	-
Director	R.O.C.	Chun-Chi Lin	Male 61-70	2023.05	3 years	2017.05	0	0	0	0	0	0	0	0	EMBA, College of Management, National Taiwan University Former President of KANTO-PPC Inc. Former Executive Vice President of Global Unichip Corporation Former CEO of Xintec Inc. Former CEO/President of VisEra Technologies Co., Ltd.	Independent Director of Silicon Optronics, Inc. Independent Director of M31 Technology Corporation Independent Director of Sciencetech Corporation Chairperson of Taiwan Electron Microscope Instrument Corporation Chairperson of Chi Investment Limited Corporate Representative Director of Stek Co., Ltd. Supervisor of AcroCyte Therapeutics Inc.	-	-	-	-
Independent Director	R.O.C.	Wen-I Lo	Male 61-70	2023.05	3 years	2017.05	0	0	0	0	0	0	0	0	Master of Business Administration, National ChengChi University Former Vice President of CDIB Capital Management Corporation Former President of China Venture Management, Inc. Former President of R.O.C. Strategic Company Ltd. Former President of R.O.C. Venture Co., Ltd.	Chairperson of CSX Material Co., Ltd. Independent Director of ADO Optronics Corporation Corporate Representative Director of Gemtek Technology Co., Ltd. Chairperson of FengYi Capital Management Co., Ltd. Corporate Representative Supervisor of REC Technology Corporation Chairperson of Apex Action Investment Limited Supervisor of Wholesenses Global Corp.	-	-	-	-
Independent Director	R.O.C.	Yung-Shun Chuang	Male 71-80	2023.05	3 years	2021.07	0	0	0	0	0	0	0	0	Honorary Doctorate, National Taiwan University of Science and Technology	Chairperson of AAEON Technology Inc. Chairperson of EverFocus	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Taiflex and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Electronics Corporation Chairperson of ONYX Healthcare Inc. Chairperson of Jetway Information Co., Ltd. Director of MACHVISION Inc. Director of King Core Electronics Inc. Director of CHC Healthcare Group Corporate Representative Director of Winmate Inc. Corporate Representative Director of XAC Automation Corporation Director of AtechOEM Inc. Corporate Representative Director of IBASE Technology Inc. Director of Litemax Electronics Inc. Director of Allied Biotech Corporation Director of Top Union Electronics Corp.				
Independent Director	R.O.C.	Shi-Chern Yen	Male 71-80	2023.05	3 years	2017.05	0	0	0	0	0	0	0	0	Ph.D. in Chemical Engineering, University of Wisconsin	Emeritus professor and adjunct professor of Chemical Engineering, National Taiwan University	-	-	-	-

Note 1: Where the Company's Chairperson and President or personnel with equivalent position (top executive) are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers): None.

Note 2: Rudong Fuzhan Scientific Co., Ltd., Taichem Materials Co., Ltd., Taiflex Green Power Co., Ltd. and Taiflex Scientific (Thailand) Co., Ltd. are 100%-owned investees of the Company.

(a) Major shareholders of corporate shareholders

As of March 29, 2025

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders	Shareholding %
Qiao Mei Development Corporation	You Ben Investment Co., Ltd.	22.74
	Ching-Yi Chang	21.58
	Tai Cheng International Investment Co., Ltd.	20.00
	Ju Yang Investment Co., Ltd.	12.54
	Xiang Yao International Investment Co., Ltd.	9.95
	Xiu-Zhen Yang	4.98
	Qian-Ying Yang	2.49
	Zhi-Cheng Zhang	2.49
	Ai-Lin Sun	2.23
	Jun-Xiang Zhang	0.50
	Jia-Dong Zhang	0.50
Fuding Investment Co., Ltd.	Fuxun Investment Co., Ltd.	41.96
	Hongcheng Investment Co., Ltd.	16.77
	ShengYou Investment Co., Ltd.	10.43
	LianYu Investment Development Co., Ltd.	7.86
	DeLi International Investment Co., Ltd.	7.32
	LianQuang Investment Co., Ltd.	3.66
	Jian-Kun Chen	2.63
	Zi-Yang Lin	2.14
	Yi-Xin Wu	1.79
	Zi-Xuan Lin	1.43

(b) Major shareholders of corporate shareholders who are major shareholders in the table above

As of March 29, 2025

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
You Ben Investment Co., Ltd.	Ta-Wen Sun
Tai Cheng International Investment Co., Ltd.	Zhi-Cheng Zhang
	Wei-Hsuan Chang
	Pei-Ru Lin
Ju Yang Investment Co., Ltd.	Xiu-Zhen Yang
	Ming-Zhi Zheng
Xiang Yao International Investment Co., Ltd.	Yu-Hui Lin
FuXun Investment Co., Ltd.	Rui-Bi Zhang
	Zi-Xuan Lin
	Zi-Yang Lin
	Re-Zhang Lin
HongCheng Investment Co., Ltd.	Li-Wen Lin-Yin

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
	Zhao-Hong Lin
	Shao-Qian Lin
	Shao-Jie Lin
ShengYou Investment Co., Ltd.	Deng-Cai Lin
	Zhi-Wei Lin
	Bing-Kuan Lin
	Zhi-Ning Lin
	Miao-Zhen Lin
LianYu Investment Development Co., Ltd.	Wen-Xing Lin
	Mei-Hui Xu
DeLi International Investment Co., Ltd.	Si-Jin Chen
	Si-Kai Chen
	Miao-Yin Lin
	Zhen-Yue Chen
LianQuang Investment Co., Ltd.	Wen-Xing Lin
	Mei-Hui Xu
	Zhi-Cheng Lin
	Zhi-You Lin

B. Professional Qualifications of Directors and Independence Status of Independent Directors

As of March 29, 2025

Conditions Name	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Qiao Mei Development Corporation Representative: Ta-Wen Sun	Chairperson Ta-Wen Sun graduated from Fu Jen Catholic University with a Bachelor of Business Administration. He has been awarded the Model of Entrepreneurs Award and served as chairperson in multiple companies. He has vast experience and expertise in business management of the information and electronic industry.	Chairperson Ta-Wen Sun is an employee of the Company as well as a chairperson or director of the Company's wholly-owned investees. He is also the representative of Qiao Mei Development Corporation, which holds more than 5% of the Company's shares. He has satisfied all other independence criteria (Note 2).	0
Chein-Ming Hsu	Director Chein-Ming Hsu graduated from Chung Yuan Christian University majoring in Electrical Engineering. He was the Electronic Communication & Power Director of 3M Company (the Greater China Region), Electronic Communication Promotion Director of 3M Company (the Asia-Pacific Region) and CEO of 3M Thailand Limited. He has vast experience in the management of international corporations.	Director Chein-Ming Hsu is a director of the Company's wholly-owned investees. He has satisfied all other independence criteria (Note 2).	0
Ching-Yi Chang	Director Ching-Yi Chang graduated from National Chengchi University with a Master of Business Administration. He is the founder of CID Group Ltd. and has the reputation of "King of Venture Capital" in Taiwan. He is also the chairperson of LandMark Optoelectronics Corporation and an independent director of Jetway Information Co., Ltd. (a TPEx-listed company) with expertise in information and electronic, business management, investment management and risk control.	Director Ching-Yi Chang is not an employee of the Company. However, his holdings in the Company exceeds 1% and is one of the top 10 natural-person shareholders of the Company. He has satisfied all other independence criteria (Note 2).	1
Fu-Le Lin	Director Fu-Le Lin graduated from University of Akron, USA with a Ph.D. in Polymer Science. He once worked in Vishay General Semiconductor Taiwan Ltd. and Industrial Technology Research Institute. Being one of the Company's founders, he is also the former chairperson of the subsidiary, Koatech Technology Corporation. His expertise lies in polymer materials and business management.	Director Fu-Le Lin is an employee of the Company as well as a director of the Company's wholly-owned investees. He has satisfied all other independence criteria (Note 2).	0
Fuding Investment Co., Ltd. Representative: Re-Zhang Lin	Director Re-Zhang Lin graduated from Soochow University with a Bachelor of Accounting. He is the chairperson of Taiwan Fu Hsing Industrial Co., Ltd. (TWSE-listed), as well as a director in several TPEx-listed companies. His expertise lies in accounting and business management.	Director Re-Zhang Lin is not an employee of the Company but is elected as a representative of corporate director. He has satisfied all other independence criteria (Note 2).	0
Chun-Chi Lin	Director Chun-Chi Lin graduated from National Taiwan University with an EMBA. He is the former CEO of Xintec Inc., an investee of Taiwan Semiconductor Manufacturing Company Limited, the chairperson of Taiwan Electron Microscope Instrument Corporation and an Independent Director of Silicon Optonics, Inc. (TWSE-listed), Scientech Corporation (TWSE-listed) and M31 Technology Corporation (TPEx-listed). He has vast experience in information, electronic, material science, business management and risk management.	Director Chun-Chi Lin is not an employee of the Company and has satisfied all independence criteria (Note 2).	3

Conditions Name	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Wen-I Lo	Independent Director Wen-I Lo graduated from National ChengChi University with a Master of Business Administration. He is also the convener of the Company's Audit Committee, and a member of the Compensation Committee and the Sustainable Development Committee. He owns a CPA license. He was the President of China Venture Management, Inc. and the Vice President of CDIB Capital Management Corporation. He now also serves as an independent director of Ado Optronics Corporation (a TPEx-listed company). He has vast experience and expertise in accounting, business management and risk management and is not a person who meets any of the conditions outlined in Article 30 of the Company Act.	Independent Director Wen-I Lo is not an employee of the Company and has satisfied all independence criteria (Note 2).	1
Yung-Shun Chuang	Independent Director Yung-Shun Chuang is an Honorary Doctorate of National Taiwan University of Science and Technology. He was elected as an Independent Director in the by-election at Shareholders' Meeting on July 16, 2021. He is the convener of the Compensation Committee, and a member of the Audit Committee and the Sustainable Development Committee. He is a chairperson in multiple TWSE-listed companies and serves concurrently as a director, thereby having vast experience and expertise in business and risk management. He is not a person who meets any of the conditions outlined in Article 30 of the Company Act.	Independent Director Yung-Shun Chuang is not an employee of the Company and has satisfied all independence criteria (Note 2).	0
Shi-Chern Yen	Independent Director Shi-Chern Yen graduated from University of Wisconsin with a Ph.D. in Chemical Engineering. He was the Professor of Chemical Engineering in National Taiwan University until retirement. He is now the emeritus professor and adjunct professor of Chemical Engineering in National Taiwan University, the convener of the Company's Sustainable Development Committee, and a member of the Compensation Committee and the Audit Committee. Professor Yen has profound knowledge in chemical engineering and environmental safety and health, which is beneficial to risk management on factory operation. Mr. Shi-Chern Yen is not a person who meets any of the conditions outlined in Article 30 of the Company Act.	Independent Director Shi-Chern Yen is not an employee of the Company and has satisfied all independence criteria (Note 2).	0

Note 1: Please refer to page 5 to 7 for detailed information on individual Director's education, work experience and positions held in the Company and others.

Note 2: Independence criteria are set out below:

- (1) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of managerial officers.
- (2) Not a director, supervisor, or employee of a company whose majority of directorships or voting rights are controlled by a shareholder who also controls the majority of directorships or voting rights of the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)
- (3) Not a director, supervisor or employee of a company or institution whose chairperson, president, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or

the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

- (4) Not a director, supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)
- (5) Not a professional individual who, nor an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or its affiliates, or provides commerce, law, finance, accounting or related services to the Company or its affiliates with a cumulative compensation under NT\$500,000 in the recent two years, nor a spouse thereof. However, this requirement is not applicable where members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Acquisition perform duties pursuant to laws and regulations in association with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (6) Not a spouse or a relative within the second degree of kinship to any other director of the Company.
- (7) Not being a person who meets any of the conditions outlined in Article 30 of the Company Act.

C. Board Diversity and Independence Status

(a) Board diversity:

- i. The Company has formulated the “Code of Practice for Corporate Governance” and the diversity policy is stipulated in Chapter III. Strengthen the Board's Functions.

The composition of the Board of Directors shall take diversity into account. In addition to ensuring that the number of Directors concurrently serving as managerial officers does not exceed one-third of the total Board seats, the Board shall also formulate an appropriate diversity policy based on the Company's operational model, business activities, and development needs. This policy shall encompass, but is not limited to, the following two key aspects:

- (i) Basic attributes and values: such as gender, age, nationality, and cultural background.
- (ii) Professional knowledge and skills: including professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional expertise, and industry experience.

Specific governance objectives and achievement status under the Board diversity policy are as follows:

Category	Criteria	Status
Board composition	The Board comprises nine members, including two Directors who concurrently serve as managerial officers, four outside Directors, and three Independent Directors. The number of Directors serving as managerial officers does not exceed one-third of the total Board seats.	Achieved
Term	Independent Directors shall not serve more than three consecutive terms.	Achieved
Gender	At least one female Director shall be included.	Not Achieved
Diverse industry experience and professional expertise	Industry experience includes finance, investment, information and electronics, and materials science. Professional expertise covers law, accounting and finance, business operations, and risk management.	Achieved

To fulfill the Company's corporate governance objectives, the appointment of a qualified female Director is being planned for the next Board re-election.

ii. Board members have diverse backgrounds. The expertise of Board members covers global perspectives, regional management capabilities, financial management, copper manufacturing, polymer chemical engineering and international business, which shapes a well-structured Board.

iii. Board diversity:

Diversity Core Items Name of Directors		Basics							Industry Experience				Professional Competence			
		Nationality	Gender	Taiflex Employee	Age			Seniority of Independent Director Under 3 years 3 to 9 years	Finance	Investment	Information and Electronics	Materials Science	Law	Accounting and Finance	Business Management	Risk Management
					51 to 60	61 to 70	71 to 80									
Chairperson	Qiao Mei Development Corporation Representative: Ta-Wen Sun	R.O.C.	Male	V	V				★	V	V	★		V	V	V
Director	Ching-Yi Chang					V			V	V	V	V		V	V	V
Director	Chein-Ming Hsu						V				V	V			V	V
Director	Fuding Investment Co., Ltd. Representative: Re-Zhang Lin						V			V	★	★		V	V	V
Director	Chun-Chi Lin					V				V	V	V		★	V	V
Director	Fu-Le Lin			V		V					V	V			V	V
Independent Director	Wen-I Lo					V		V	V	V	V	★	V	V	V	V
Independent Director	Yung-Shun Chuang						V	V			V	V		★	V	V
Independent Director	Shi-Chern Yen						V	V			V	V			V	V

Note: V competent; ★ partially competent

iv. Based on current scale and development, the Company has nine Directors (including three Independent Directors), of which, there are two Directors serving concurrently as managerial officers, three Independent Directors and four outside Directors, which is in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies.

(b) Independence Status of the Board

The Company has three Independent Directors which account for one-third of the total number of Directors, thereby satisfying the regulatory requirements. Upon assessment, all Directors have met the independence criteria and circumstances set forth in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act do not exist, including situations where Directors are spouses or within second-degree of kinship to each other.

The Company would constantly assess Directors' independence, which covers areas such as if the Directors can continue to raise constructive issues to the management and other Directors, whether their opinions are independent of other Directors or the management, and if their behaviors both in and outside the Board are appropriate. All Directors in the Board meetings this year had demonstrated the said characteristics and maintained positive interactions with management of the Company.

(2) Presidents, Vice Presidents, Assistant Vice Presidents and Managers of Departments and Branches

As of March 29, 2025 (In Shares; %)

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Zong-Han Jiang	Male	2021.01	0	0	0	0	0	0	Master of Mechanical Engineering, University of Southern California Former Assistant Vice President of Ko-E Limited, Yageo Corp.	Chairperson of Taiflex USA Corporation (Note 1) Chairperson of Taiflex Scientific (Japan) Co., Ltd. (Note 1) Chairperson of Kunshan Taiflex Electronic Co., Ltd. (Note 1) Chairperson of Shenzhen Taiflex Electronic Co., Ltd. (Note 1) Director of Rudong Fuzhan Scientific Co., Ltd. (Note 1) Corporate Representative Director of Taichem Materials Co., Ltd. (Note 1) Director of Taiflex Scientific (Thailand) Co., Ltd. (Note 1)	-	-	-	-
Senior R&D Director	R.O.C.	Fu-Le Lin	Male	1998.04	303,595	0.12	11,153	0	0	0	Ph.D. in Polymer Science, University of Akron, USA Former Senior Engineer of Vishay General Semiconductor Taiwan Ltd. Former Researcher of Material Research Laboratories, Industrial Technology Research Institute	Corporate Representative Director of Koatech Technology Corporation	-	-	-	-
Vice President and Chief Information Security Officer	R.O.C.	Jiang-Zhi Zhao	Male	2007.04	0	0	0	0	0	0	Master of Science in Finance, Drexel University Former Vice President of Cradle Technology Corp. Former Vice President of Origo Co., Ltd.	Corporate Representative Director of Taichem Materials Co., Ltd. (Note 1) Director of Taiflex Scientific (Thailand) Co., Ltd. (Note 1)	-	-	-	-
Vice President	R.O.C.	Chin-Te Ni	Male	2024.03	0	0	0	0	0	0	Master of Communications Management, Shih Hsin University Vice President of HR Administration Division, Sino Horizon Holdings Limited Vice President of HR Administration Division, Taiwan Express Co., Ltd.	Corporate Representative Director of Koatech Technology Corporation	-	-	-	-
Senior Assistant Vice President	R.O.C.	Zhen Lin	Male	2014.02	10,062	0	2,091	0	0	0	Master of Mechanical Engineering, National Taiwan University Former Acting Plant Chief of Himax Technologies, Inc	Corporate Representative Director and President of Taiflex Green Power Co., Ltd. (Note 1)	-	-	-	-
Senior Assistant Vice President	R.O.C.	Chong-Chen Liu	Male	2016.02	63,345	0.02	0	0	0	0	Bachelor of Information Technology and Computer Science, Feng-Chia University	-	-	-	-	-

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											Former Assistant Vice President of W&Jsoft Inc.					
Senior Assistant Vice President	R.O.C.	Guo-Xiong Xia	Male	2017.02	61,059	0.02	0	0	0	0	Master of Biomedical Science and Engineering, National Yang-Ming University	Corporate Representative Director of Taichem Materials Co., Ltd. (Note 1) Corporate Representative Director of Koatech Technology Corporation	-	-	-	-
Senior Assistant Vice President	R.O.C.	Bing-Xun Zhang	Male	2018.02	0	0	0	0	0	0	Master of Industrial Engineering, National Taiwan University	-	-	-	-	-
Senior Assistant Vice President	R.O.C.	Xin-Yuan Chen	Male	2020.05	7,018	0	0	0	0	0	Master of Industrial Engineering and Business Information Department, Tunghai University Former Manager of Himax Technologies, Inc.	Corporate Representative Director and President of Taichem Materials Co., Ltd. (Note 1)	-	-	-	-
Assistant Vice President	R.O.C.	Kuo-Liang Chiang	Male	2021.07	254	0	0	0	0	0	Master of Safety, Health and Environmental Engineering, National Kaohsiung First University of Science and Technology	-	-	-	-	-
Assistant Vice President	R.O.C.	Yu-Han Huang	Female	2021.07	0	0	0	0	0	0	Master of Logistics Management, National Kaohsiung First University of Science and Technology	Director of Shenzhen Taiflex Electronic Co., Ltd. (Note 1) Director of Kunshan Taiflex Electronic Co., Ltd. (Note 1)	-	-	-	-
Assistant Vice President	R.O.C.	Yu-Meng Hsu	Female	2021.11	0	0	0	0	0	0	Master of E-Commerce, National University, California, CA Senior Buyer of Verari Systems Inc. Director of Commercial Marketing of Motech Industries Inc.	-	-	-	-	-
Assistant Vice President	R.O.C.	I-An Chen	Male	2022.02	55,000	0.02	0	0	0	0	Master of Industrial Engineering and Management, National Pingtung University of Science and Technology	-	-	-	-	-
Assistant Vice President	R.O.C.	Meng-Wu, Chen	Male	2022.07	0	0	15,689	0.01	0	0	Master of Business Administration, National Cheng Kung University	President of Rudong Fuzhan Scientific Co., Ltd. (Note 1)	-	-	-	-
Assistant Vice President	R.O.C.	Jen-Kai, Huang	Male	2022.09	6,275	0	0	0	0	0	Junior College Graduate of Chemical Engineering, Kun Shan University	-	-	-	-	-
Assistant Vice President	R.O.C.	Ling-Chun, Liu	Female	2024.07	7,000	0	0	0	0	0	Master of Information Management, National Sun Yat-Sen University	Director and President of Taiflex Scientific (Thailand) Co., Ltd. (Note 1)	-	-	-	-
Assistant Vice President	R.O.C.	Hui-Ting Chou	Female	2024.07	0	0	0	0	0	0	Bachelor of Financial and Economic Law, Fu Jen Catholic University	-	-	-	-	-

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Financial Officer and Corporate Governance Officer	R.O.C.	Chi-Yuan Pan	Male	2020.08	0	0	0	0	0	0	Master of Business Administration, National Cheng Kung University	Supervisor of Taichem Materials Co., Ltd. (Note 1) Supervisor of Taiflex Green Power Co., Ltd. (Note 1) Supervisor of Rudong Fuzhan Scientific Co., Ltd. (Note 1) Supervisor of Shenzhen Taiflex Electronic Co., Ltd. (Note 1) Supervisor of Kunshan Taiflex Electronic Co., Ltd. (Note 1) Corporate Representative Director and President of Koatech Technology Corporation	-	-	-	-
Internal Audit Officer	R.O.C.	Shu-Zhen Guo	Female	2002.09	112	0.00	0	0	0	0	Bachelor of Business Management-Accounting, National Sun Yat-Sen University	-	-	-	-	-

Note 1: Taiflex USA Corporation, Taiflex Scientific Japan Co., Ltd., Kunshan Taiflex Electronic Co., Ltd., Shenzhen Taiflex Electronic Co., Ltd., Rudong Fuzhan Scientific Co., Ltd., Taichem Materials Co., Ltd., Taiflex Green Power Co., Ltd. and Taiflex Scientific (Thailand) Co., Ltd. are 100%-owned investees of the Company.

Note 2: Where the Company's President or personnel with equivalent position (top executive) and Chairperson are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers): None.

2. Remuneration Paid to Directors (including Independent Directors), Supervisors, Presidents and Vice Presidents:

(1) Remuneration Paid to Directors and Independent Directors

As of December 31, 2024 (In Thousands of New Taiwan Dollars; Thousands of Shares; %)

Title	Name	Remuneration to Directors								Total of A, B, C and D and as a % of Net Income		Compensation Earned by Being an Employee of Taiflex or Taiflex's Consolidated Entities								Total of A, B, C, D, E, F and G and as a % of Net Income		Compensation from Non-consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D)				Base Compensation, Bonus and Allowances, etc. (E)		Severance Pay and Pensions (F)		Employee Compensation (G) (Note 4)						
		From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	Cash	Stock	Cash	Stock	
Chairperson	Ta-Wen Sun (Note 1)	0	0	0	0	11,054	11,054	200	233	11,254; 1.90	11,287; 1.90	7,877	7,877	0	0	3,356	0	3,356	0	22,487; 3.79	22,520; 3.80	None
Director	Ching-Yi Chang																					
Director	Fu-Le Lin																					
Director	Re-Zhang Lin (Note 2)																					
Director	Chun-Chi Lin																					
Director	Chein-Ming Hsu																					
Independent Director	Wen-I Lo	0	0	0	0	5,388	5,388	130	130	5,518; 0.93	5,518; 0.93	0	0	0	0	0	0	0	0	5,518; 0.93	5,518; 0.93	None
Independent Director	Shi-Chern Yen																					
Independent Director	Yung-Shun Chuang																					
<div>1. Please state the policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment: Remuneration is determined based on the Articles of Incorporation. The Compensation Committee would evaluate the involvement of Directors in the business operation of the Company and their contributions to the Company with reference to the remuneration standard of the industry, and report to the shareholders' meeting. As net income increased this year, it was reasonable to see an increase in the average remuneration paid to each Director.</div> <div>2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company (e.g., being a nonemployee consultant to the parent company/all consolidated entities/investees) in the most recent year: None.</div>																						

Note 1: Corporate representative director of Qiao Mei Development Corporation.

Note 2: Corporate representative director of Fuding Investment Co., Ltd.

Note 3: 2024 remuneration to Directors in the annual financial report approved in the Board meeting on February 26, 2025.

Note 4: 2024 employee compensation earned by Directors for concurrently serving as an employee of Taiflex in the annual financial report approved in the Board meeting on February 26, 2025.

Remuneration Paid to Directors

Ranges	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities
Under NT\$1,000,000	-	-	-	-
NT\$1,000,000 ~ NT\$1,999,999	Chein-Ming Hsu, Ching-Yi Chang, Fu-Le Lin, Chun-Chi Lin, Wen-I Lo, Shi-Chern Yen, Yung-Shun Chuang, Corporate Representative Director of Fuding Investment Co., Ltd.: Re-Zhang Lin	Chein-Ming Hsu, Ching-Yi Chang, Fu-Le Lin, Chun-Chi Lin, Wen-I Lo, Shi-Chern Yen, Yung-Shun Chuang, Corporate Representative Director of Fuding Investment Co., Ltd.: Re-Zhang Lin	Chein-Ming Hsu, Ching-Yi Chang, Chun-Chi Lin, Wen-I Lo, Shi-Chern Yen, Yung-Shun Chuang, Corporate Representative Director of Fuding Investment Co., Ltd.: Re-Zhang Lin	Chein-Ming Hsu, Ching-Yi Chang, Chun-Chi Lin, Wen-I Lo, Shi-Chern Yen, Yung-Shun Chuang, Corporate Representative Director of Fuding Investment Co., Ltd.: Re-Zhang Lin
NT\$2,000,000 ~ NT\$3,499,999	-	-	-	-
NT\$3,500,000 ~ NT\$4,999,999	Corporate Representative Director of Qiao Mei Development Corporation: Ta-Wen Sun	Corporate Representative Director of Qiao Mei Development Corporation: Ta-Wen Sun	Fu-Le Lin	Fu-Le Lin
NT\$5,000,000 ~ NT\$9,999,999	-	-	-	-
NT\$10,000,000 ~ NT\$14,999,999	-	-	Corporate Representative Director of Qiao Mei Development Corporation: Ta-Wen Sun	Corporate Representative Director of Qiao Mei Development Corporation: Ta-Wen Sun
NT\$15,000,000 ~ NT\$29,999,999	-	-	-	-
NT\$30,000,000 ~ NT\$49,999,999	-	-	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-	-	-
NT\$100,000,000 and above	-	-	-	-
Total	9	9	9	9

(2) Compensation Paid to Presidents and Vice Presidents

As of December 31, 2024 (In Thousands of New Taiwan Dollars; Thousands of Shares; %)

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonus and Allowance (C)		Employee Compensation (D)				Total of A, B, C and D and as a % of Net Income		Compensation from Non-Consolidated Affiliates or Parent Company
		From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex		From All Consolidated Entities		From Taiflex	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
Chairperson/CEO of Reinvestment	Ta-Wen Sun	14,460	14,460	0	0	8,326	8,388	7,258	0	7,258	0	30,044; 5.07	30,106; 5.08	None
President	Zong-Han Jiang													
Senior R&D Director	Fu-Le Lin													
Vice President	Jiang-Zhi Zhao													
Vice President	Guo-Xiong Xia													
Vice President	Chin-Te Ni													

Compensation Paid to Presidents and Vice Presidents

Ranges	Names of Presidents and Vice Presidents	
	From Taiflex	From All Consolidated Entities
Under NT\$1,000,000	-	-
NT\$1,000,000 ~ NT\$1,999,999	-	-
NT\$2,000,000 ~ NT\$3,499,999	Jiang-Zhi Zhao, Fu-Le Lin, Guo-Xiong Xia, Chin-Te Ni	Jiang-Zhi Zhao, Fu-Le Lin, Guo-Xiong Xia, Chin-Te Ni
NT\$3,500,000 ~ NT\$4,999,999	-	-
NT\$5,000,000 ~ NT\$9,999,999	Ta-Wen Sun, Zong-Han Jiang	Ta-Wen Sun, Zong-Han Jiang
NT\$10,000,000 ~ NT\$14,999,999	-	-
NT\$15,000,000 ~ NT\$29,999,999	-	-
NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-
NT\$100,000,000 and above	-	-
Total	6	6

(3) Employee Compensation to Managerial Officers

As of December 31, 2024 (In Thousands of New Taiwan Dollars)

	Title	Name	Stock	Cash	Total	Total as a % of Net Income
Managerial officers	Chairperson and CEO of Reinvestment	Ta-Wen Sun	0	12,804	12,804	2.16
	President	Zong-Han Jiang				
	Senior R&D Director	Fu-Le Lin				
	Vice President	Jiang-Zhi Zhao				
	Vice President	Guo-Xiong Xia				
	Vice President	Chin-Te Ni				
	Senior Assistant Vice President	Zhen Lin				
	Senior Assistant Vice President	Chong-Chen Liu				
	Senior Assistant Vice President	Bing-Xun Zhang				
	Senior Assistant Vice President	Chi-Yuan Pan				
	Senior Assistant Vice President	Xin-Yuan Chen				
	Assistant Vice President	Kuo-Liang Chiang				
	Assistant Vice President	Yu-Han Huang				
	Assistant Vice President	Yu-Meng Hsu				
	Assistant Vice President	Meng-Wu, Chen				
	Assistant Vice President	I-An Chen				
	Assistant Vice President	Jen-Kai, Huang				
	Assistant Vice President	Ling-Chun, Liu				
	Assistant Vice President	Hui-Ting Chou				

(4) Analysis of remuneration and compensation paid to Directors, Presidents and Vice Presidents by the Company and all consolidated entities in the recent two years as a percentage of net income in the parent company only or individual financial statements and explanations on remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks are as follows:

A. Analysis of remuneration and compensation paid to Directors, Supervisors, Presidents and Vice Presidents by the Company and all consolidated entities in the recent two years as a percentage of net income in the parent company only or individual financial statements:

(In Thousands of New Taiwan Dollars)

Item Title	Taiflex				All Consolidated Entities			
	2023		2024		2023		2024	
	Total	%	Total	%	Total	%	Total	%
Remuneration to Directors	22,121	5.23%	28,004	4.72%	22,144	5.24%	28,037	4.73%
Remuneration to Presidents and Vice Presidents	23,104	5.46%	30,044	5.07%	23,139	5.47%	30,106	5.08%
Net income	422,974	-	592,776	-	422,974	-	592,776	-

Note: Remuneration to Directors, Presidents and Vice Presidents increased in 2024 compared to 2023 primarily due to a year-over-year increase in net income.

B. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

(a) Remuneration to Directors:

Pursuant to Article 28 of the Company's Articles of Incorporation, if the Company records a profit for the fiscal year, no more than 4% of such profit may be allocated as remuneration to Directors. The Compensation Committee shall evaluate the reasonableness of the correlation between individual performance, Company performance, and potential future risks. Individual performance is assessed based on factors such as the Director's level of involvement in Company operations, the value of their contributions, performance evaluation results, and the scope of their responsibilities.

The performance evaluation of Board members shall cover at least the following six key aspects:

- i. Understanding of the Company's goals and missions
- ii. Awareness of Directors' duties and responsibilities
- iii. Level of participation in Company operations
- iv. Management of internal relationships and communication
- v. Professional expertise and continuing education
- vi. Effectiveness of internal control

Directors' remuneration is determined by the Board based on the recommendations of the Compensation Committee and with reference to industry standards. The proposed remuneration is submitted to the shareholders' meeting for approval and paid in accordance with the resolution of the shareholders' meeting. In addition, Directors receive meeting attendance fees based on the actual number of meetings attended.

(b) Compensation to Presidents and Vice Presidents:

The salaries of the President and Vice Presidents are determined based on their respective responsibilities, positions, and professional competencies, with reference to industry compensation benchmarks. Bonuses are directly linked to the Company's operating results (primarily annual profit) and individual performance.

Performance indicators include the following dimensions:

- i. Individual performance (e.g., KPI achievement rate)
- ii. Financial performance (e.g., revenue and profit target attainment)
- iii. Managerial capabilities (e.g., leadership)
- iv. Learning and development (e.g., language proficiency and participation in professional training)

The Company's compensation structure is designed to strike a balance between short-term financial performance and long-term development. All individual compensation payments are prudently assessed and subject to review and approval by both the Compensation Committee and the Board of Directors. Therefore, the Company's remuneration policy does not give rise to any significant uncertainties or material risks in the future.

3. Corporate Governance Implementation

(1) Board of Directors' Meeting Status:

Chairperson Ta-Wen Sun convened six (A) Board meetings in 2024. The attendance status of the Directors are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Chairperson	Qiao Mei Development Corporation Representative: Ta-Wen Sun	6	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Chein-Ming Hsu	6	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Ching-Yi Chang	6	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Fu-Le Lin	6	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Fuding Investment Co., Ltd. Representative: Re-Zhang Lin	5	1	83.33%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Chun-Chi Lin	5	1	83.33%	Re-elected at Shareholders' Meeting on May 30, 2023
Independent Director	Wen-I Lo	6	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Independent Director	Yung-Shun Chuang	5	1	83.33%	Re-elected at Shareholders' Meeting on May 30, 2023
Independent Director	Shi-Chern Yen	6	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023

For the Board meetings in 2024, the number of attendance available was 54 times and the attendance in person was 51 times. The attendance rate of the Board as a whole was 94.44%.

Annotations:

- The Board meeting's date, session, and content of motions, opinions of all Independent Directors, and actions taken by the Company regarding the opinions shall be specified if one of the following circumstances occurs:
 - Matters specified in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee. Article 14-3 of the Securities and Exchange Act is no longer applicable pursuant to Article 14-5 of the same Act.
 - Except for items specified above, other resolutions on which an Independent Director expresses objection or reservation, either by recorded statement or in writing: None.
- For situations where Directors recuse themselves from any motion due to conflict of interest, the Directors' names, content of motions, causes for the recusal, and participation in voting shall be specified:

Date of Board Meeting	Name of Directors	Content of Motions	Causes for Recusal	Participation in Voting
2024.01.25	Ta-Wen Sun Fu-Le Lin	1. 2023 compensation to employees and remuneration to Directors 2. 2023 net income bonus to managerial officers	Being the managers in the motion	Except for the two Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining seven Directors in attendance.
2024.06.25	Ta-Wen Sun Fu-Le Lin	1. To review the 2024 salary adjustment for managerial officers	Being the managers in the motion	Except for the two Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining seven Directors in attendance.
2024.07.31	Ta-Wen Sun Fu-Le Lin	1. To review the distribution of 2023 remuneration to Directors and compensation to managerial employees	Being the managers in the motion	Except for the two Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining seven Directors in attendance.

3. Performance evaluation of the Board:

Cycle	Period	Scope	Method	Details
Annually	January 1, 2024 to December 31, 2024	1. Performance assessment on the Board	Internal performance assessment	1. Level of participation in Company operations. 2. Enhancement on the quality of Board decisions. 3. Board composition and structure. 4. Director election and continuing education. 5. Effectiveness of internal control.
		2. Performance assessment on individual Board members		1. Understanding of the Company's goals and missions. 2. Awareness of Directors' duties and responsibilities. 3. Level of participation in Company operations. 4. Management of internal relationships and communication. 5. Professional expertise and continuing education. 6. Effectiveness of internal control.
		3. Performance assessment on functional committees		1. Level of participation in Company operations. 2. Awareness of functional committees' duties and responsibilities. 3. Enhancement on the quality of functional committees' decisions. 4. Composition of the functional committees and election of members. 5. Effectiveness of internal control.
At least once every three years	October 1, 2021 to September 30, 2022	Board efficiency (including performance) assessment	Engage an external professional institution to conduct the performance assessment	The Company commissioned Taiwan Corporate Governance Association to conduct the 2022 Board efficiency (including performance) assessment for the period between October 1, 2021 and September 30, 2022 in November 2022. The assessment encompassed 8 aspects (Board's composition, guidance, authorization, supervision, communication, internal control and risk management, discipline and others), questionnaires with 10 open-ended questions, and online interviews of the Chairperson, Vice Chairperson, three Independent Directors, the President, the corporate governance officer and the internal audit officer. The Taiwan Corporate Governance Association had issued the Board performance assessment report on November 29, 2022. The Association had no business transaction with the Company and was independent from the Company. The Company would continue to enhance the functionality of the Board based on recommendations from the Association. The aforementioned recommendations and actions to be taken were reported in the Board meeting on January 11, 2023.

4. Objectives for strengthening the functionality of the Board in the current and most recent year (e.g., establishing an audit committee, enhancing information transparency, etc.) and evaluation of their execution:

- (1) The Board had approved "Code of Ethical Conduct", "Principles of Business Ethics", "Guidelines on Corporate Governance", "Procedures and Guidelines of Business Ethics", "Sustainable Development Best Practice Principles", "Standard Operating Procedures of Handling Requests from Directors" and "Risk Management Policies and Procedures" in order to strengthen the functionality of the Board and enhance information transparency.

- (2) The Company had drawn up the “Rules of Procedure for the Board of Directors’ Meeting” in accordance with “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”. Directors’ attendance of the Board meetings was available at the Market Observation Post System (MOPS) website, and major resolutions from the Board meetings and election of Independent Directors were disclosed on the Company’s official website. These actions demonstrated our commitment and efforts on enhancing corporate governance functions.
- (3) The Board had approved the amended “Methods for Evaluating Board of Directors’ Performance” on October 27, 2021. Internal assessments on the Board shall be conducted at least once every year. The latest assessment result was reported in the Board meeting on January 25, 2024. Assessments by external institutions shall be carried out at a minimum of every three years for an objective opinion on the Board efficiency and recommendations for improvement and thereby enhance the Company’s corporate governance level. Please refer to details above for Board performance assessments.
- (4) The Board meeting on December 23, 2011 had approved the establishment of Compensation Committee to assist the Board with regular reviews and determination of remunerations to Directors and management team. It also performs periodic reviews on performance evaluations of Directors and managers and the policy, system, standards and structure of remuneration. Please refer to page 36 to 37 for details.

(2) Operations of Audit Committee:

The summary of tasks completed by and operations of Audit Committee in 2024 are as follows:

- A. The Company’s Audit Committee comprises three Independent Directors. Its function is to supervise the fair presentation of the Company’s financial statements, the appointment (discharge), independence and performance assessment of the Company’s CPAs, the effective implementation of internal controls, regulatory compliance, and controls over existing or potential risks of the Company. Its main responsibilities are listed as follows:
 - (a) To formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - (b) To assess the effectiveness of the internal control system.
 - (c) To formulate or amend procedures for significant financial or business activities pursuant to Article 36-1 of the Securities and Exchange Act; for example, acquisition or disposal of assets, derivatives transactions, lending funds to other parties, and provision of endorsements or guarantees to other parties.
 - (d) Matters involving Directors’ personal interests.
 - (e) Material asset or derivative instrument transactions.
 - (f) Material loans to others or provision of endorsement or guarantees.
 - (g) Offering, issuance, or private placement of equity-type marketable securities.
 - (h) Appointment and discharge of CPAs or their compensation.
 - (i) Appointment or discharge of a financial, accounting, or internal audit officer.
 - (j) Annual and semi-annual financial reports.
 - (k) Other material matters governed by the Company or the competent authorities.
- B. Review financial reports

The Board has prepared the Company’s 2024 business report, consolidated and parent company only financial statements and earnings distribution proposal. The consolidated and parent company only financial statements were audited by independent auditors, Jheng-Chu Chen and Ching-Piao Cheng, of Ernst & Young with independent auditors’ reports issued. The above-mentioned business report, consolidated and parent company only financial statements and earnings distribution proposal have been reviewed and

determined to be accurate by the Audit Committee.

C. Assess the effectiveness of internal controls

The Audit Committee has assessed the internal control system of the Company as of December 31, 2024 (including its supervision and management over subsidiaries). The assessment covers the effectiveness and efficiency of our operations; the reliability, timeliness and transparency of our financial reporting; and compliance with applicable laws and regulations. The design and execution of internal control systems are found to be effective. Moreover, the internal control system contains self-monitoring mechanisms, and Taiflex takes immediate remedial actions in response to any deficiencies identified.

D. CPAs

Audit Committee is in charge of assessing the independence of the Company's accounting firm to ensure the impartiality of financial reports. Except for tax-related services or items with special approval, the accounting firm cannot provide other services to the Company. Services rendered by the accounting firm shall all be approved by the Audit Committee.

To ensure the independence of the accounting firm, Audit Committee formulates independence assessment procedures in accordance with Article 47 of the Certified Public Accountant Act and Bulletin No. 10, "Integrity, Objectivity and Independence", of the Norm of Professional Ethics for Certified Public Accountants. CPAs are assessed for their independence, professionalism and suitability, and whether they are related parties to the Company or have business or financial interests in the Company.

In the 5th meeting of the third-term Audit Committee on February 20, 2024 and the 6th meeting of the tenth-term Board of Directors on the same date, the independence of CPAs, Shih-Chieh Huang and Ching-Piao Cheng, from Ernst & Young was assessed and approved. As they both met the Company's standards for independence, they were qualified to be the Company's CPAs for the financial statements and tax compliance audits for the first half of 2024. Due to internal organizational adjustments at the accounting firm, in the 8th meeting of the third-term Audit Committee on October 30, 2024 and the 10th meeting of the tenth-term Board of Directors on the same date, the independence of CPAs, Kuo-Sen Hung and Ching-Piao Cheng, from Ernst & Young was assessed and approved. As they both met the Company's standards for independence, they were qualified to be the Company's CPAs for the financial statements and tax compliance audits for the second half of 2024.

E. Mr. Wen-I Lo, convener of the Audit Committee, convened five (A) meetings in 2024. The attendance status of Independent Directors are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Wen-I Lo	5	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)
Member	Yung-Shun Chuang	4	1	80%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)
Member	Shi-Chern Yen	5	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)

Annotations:

- When one of the following situations occurs, the date and session of Audit Committee meeting; content of motions; objections, reservations or major recommendations of Independent Directors; resolutions of the Committee and actions taken by the Company regarding the Committee's opinions shall be specified.
 - Matters specified in Article 14-5 of the Securities and Exchange Act:

Date of Committee Meeting	Session	Content of Motions	Committee Resolution	Actions Taken
2024.01.25	4th meeting of the 3rd term	1. To provide endorsements and guarantees to subsidiaries	Approved	N/A
		2. To approve 2024 operation plan and capital expenditure budget	Approved	N/A
2024.02.20	5th meeting of the 3rd term	1. To assess the effectiveness of internal control system for 2023 and issue the Statement of Internal Control System	Approved	N/A
		2. To approve 2023 business report and financial statements	Approved	N/A
		3. To approve 2023 earnings distribution	Approved	N/A
		4. To approve the issuance of new shares for capitalization of earnings	Approved	N/A
		5. To appoint CPAs for 2024 and assess their independence and suitability	Approved	N/A
		6. To approve the provision of Letter of Comfort for investee - Koatech Technology Corporation	Approved	N/A
2024.04.24	6th meeting of the 3rd term	1. To approve the consolidated financial statements for the three months ended March 31, 2024	Approved	N/A
		2. To provide endorsements and guarantees to subsidiaries	Approved	N/A
2024.07.31	7th meeting of the 3rd term	1. To approve the consolidated financial statements for the six months ended June 30, 2024	Approved	N/A
		2. To confirm that accounts receivable overdue by more than three months beyond the normal credit period as of June 30, 2024 are not of a lending nature	Approved	N/A
		3. To provide endorsements and guarantees to	Approved	N/A

		subsidiaries		
		4. To approve the provision of Letter of Comfort for investees - Taiflex Green Power Co., Ltd. and Koatech Technology Corporation	Approved	N/A
2024.10.30	8th meeting of the 3rd term	1. To approve 2025 audit plan of the internal auditing office	Approved	N/A
		2. To approve the additions to the Company’s written internal control system and internal audit implementation rules	Approved	N/A
		3. To approve the appointment of the Company’s CPAs for the second half of 2024 and assessed their independence and suitability	Approved	N/A
		4. To approve the consolidated financial statements for the nine months ended September 30, 2024	Approved	N/A
		5. To provide endorsements and guarantees to subsidiaries	Approved	N/A
<p>(2) Except for above-mentioned items, resolutions which were not approved by the Audit Committee but was approved by two-thirds or more of all Directors in 2024: None.</p> <p>2. For situations where Independent Directors recuse themselves from any motion due to conflict of interest, the Independent Directors’ names, content of motions, causes for the recusal, and participation in voting shall be specified: None.</p> <p>3. Communications between the Independent Directors, the internal audit officer, and CPAs (It shall include material issues concerning the finance and business of the Company, and the means and outcomes of communication).</p> <p>(1) Besides submitting audit and follow-up reports on a monthly basis, the Company’s internal audit officer presented audit items, audit findings and follow-up status to Independent Directors during the quarterly Audit Committee meetings.</p> <p>(2) The Independent Directors and audit officer all attended the Board meetings convened by the Company each quarter, and the audit officer presented internal audit items at each Board meeting.</p> <p>(3) After reviewing the third-quarter financial statements and auditing the annual financial reports, CPAs attended the Audit Committee meeting to present the review or audit results, key audit matters, significant subsequent events, and updates on relevant laws and regulations. They also discussed, explained and communicated matters fully with Independent Directors.</p> <p>(4) When there were issues to be discussed between the audit officer, CPAs and Independent Directors, they would contact each other directly. The communication channels between them have worked well.</p> <p>(5) Communications between Independent Directors and internal auditors are summarized as follows:</p>				
Meetings Attended by Internal Audit Officer and Dates		Details	Outcome	
2024.01.25 Audit Committee meeting		1. Internal audit items from September to December 2023	1. Reported at the Audit Committee meeting and then the Board meeting	
2024.02.20 Audit Committee meeting		1. Internal audit items for January 2024 2. Assessment on the effectiveness of internal control system for 2023 3. 2023 “Statement of Internal Control System”	1. Reported at the Audit Committee meeting and then the Board meeting 2. Submitted to the Board once approved 3. Submitted to the Board once approved	
2024.04.24 Audit Committee meeting		1. Internal audit items from February to March 2024	1. Reported at the Audit Committee meeting and then the Board meeting	
2024.07.31 Audit Committee meeting		1. Internal audit items from April to June 2024	1. Reported at the Audit Committee meeting and then the Board meeting	

Meetings Attended by Internal Audit Officer and Dates	Details	Outcome
2024.10.30 Audit Committee meeting	<ol style="list-style-type: none"> 1. Internal audit items from July to September 2024 2. Additions to the Company's written internal control system and internal audit implementation rules 3. 2025 audit plan 	<ol style="list-style-type: none"> 1. Reported at the Audit Committee meeting and then the Board meeting 2. Submitted to the Board once approved 3. Submitted to the Board once approved
(6) Communications between Independent Directors and CPAs are summarized as follows:		
Meetings Attended by CPAs and Dates	Details	Outcome
2024.02.20 Audit Committee meeting	<ol style="list-style-type: none"> 1. The appointment of CPAs for 2024 and assessments on their independence and suitability 2. Explanations on parent company only and consolidated financial statements, including key audit matters, for the year ended December 31, 2023 	CPAs attended and reported at the Audit Committee meeting, and communicated and discussed with Independent Directors. Once reviewed in the Audit Committee meeting, these items were submitted to and approved in the Board meeting.
2024.10.30 Audit Committee meeting	<ol style="list-style-type: none"> 1. Explanations on consolidated financial statements for the nine months ended September 30, 2024 2. Appointment of the Company's CPAs for the second half of 2024 and assessment on their independence and suitability 3. Updates on the latest securities laws and regulations 	CPAs attended and reported at the Audit Committee meeting, and communicated and discussed with Independent Directors. Once reviewed in the Audit Committee meeting, these items were submitted to and approved in the Board meeting.

(3) Implementation of Corporate Governance Practices and Non-compliance with Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company follow “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies” to establish and disclose its corporate governance practices?	V		The Company has established “Code of Practice for Corporate Governance” in order to enhance its performance in corporate governance, secure shareholders’ rights, improve the functionality of the Board, respect stakeholder’s rights and enhance information transparency.	None
2. Ownership structure and shareholders’ rights				None
(1) Does the Company have internal operation procedures to handle shareholders’ suggestions, concerns, disputes and litigations? If yes, has these procedures been implemented accordingly?	V		(1) The Company has spokesperson, deputy spokesperson and departments such as investor relations, shareholder service and legal to handle shareholders’ suggestions or disputes.	
(2) Does the Company possess a list of major shareholders and ultimate owners of these major shareholders?	V		(2) Pursuant to Article 25 of the Securities and Exchange Act, the Company has monthly updated the changes in shareholdings of internal parties, including Directors, Supervisors, managers and shareholders with more than 10% shareholdings, at MOPS website designated by the Securities and Futures Bureau.	
(3) Does the Company establish and execute risk management and firewall mechanism between itself and affiliates?	V		(3) In addition to various risk management mechanisms already in place, there are Procedures to be followed for operational, business and financial transactions between the Company and its affiliates, for instance, the rules for reinvestments and rules governing the financial and business matters between the Company and related parties. These Procedures provide guidance for the subsidiaries to establish internal controls in writing, set authorization levels and formulate Procedures for Acquisition or Disposal of Assets, Endorsement and Guarantee, and Lending Funds to Other Parties based on the Company’s corresponding Procedures in order to enforce risk management mechanism on subsidiaries.	
(4) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities?	V		(4) The Company has established “Code of Ethical Conduct” and “Procedures for Handling Material Information and Preventing Insider Trading”, prohibiting insiders from using undisclosed information to trade securities. The Company also holds regular sessions to inform all relevant personnel of the Procedures to avoid violations.	

Assessment Item	Status			Non-compliance and Reasons								
	Yes	No	Description									
3. Composition and duties of the Board of Directors				None								
(1) Has the Board established a diversification policy and specific management goals and have them been implemented accordingly?	V		(1) Please refer to page 12 to 13.									
(2) Other than Compensation and Audit Committees which are required by laws, does the Company plan to set up other functional committees?	V		(2) In addition to Compensation Committee and Audit Committee, the Company established the Sustainable Development Committee in 2022 to assist the Board in managing the Company’s sustainable development issues and directions.									
(3) Has the Company formulated rules and methods for the performance assessment of the Board of Directors and evaluate the Board performance every year? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?	V		(3) The Board had approved the amended “Methods for Evaluating Board of Directors’ Performance” on October 27, 2021. Internal assessments on the Board shall be conducted at least annually and assessments by external institutions shall be carried out at a minimum of every three years. Please refer to page 23 to 24 for assessment details. The outcome of 2024 assessment was submitted to the Board meeting on January 16, 2025 and the procedures were in compliance with the spirit of corporate governance. It also was used as reference for the remuneration and re-election nomination of individual Director.									
(4) Has the Company periodically evaluated the independence of its CPAs?	V		(4) The Board annually evaluates the independence of CPAs and obtains the Declaration of Independence. Once it is confirmed that other than audit and tax fees, there is no financial interests nor business between the Company and the CPAs, and the family members of CPAs do not violate the requirements for independence, the Company would report to the Board. When discussing the independence and engagement of CPAs in the Board meeting, the resume (detailing the CPA’s past and current clients) and independence declaration (that he/she did not violate Article 10 of the Bulletins of Professional Ethics Code for CPAs) of each CPA shall be submitted for evaluation. Standards for CPA independence evaluation: <table><tr><th>Evaluation Item</th><th>Evaluation Result</th><th>Independence Status</th></tr><tr><td>1. Whether the CPAs have remained unchanged for seven years, up till the latest audit?</td><td>N</td><td>Y</td></tr><tr><td>2. Whether the CPAs have significant financial interests in the Company?</td><td>N</td><td>Y</td></tr></table>		Evaluation Item	Evaluation Result	Independence Status	1. Whether the CPAs have remained unchanged for seven years, up till the latest audit?	N	Y	2. Whether the CPAs have significant financial interests in the Company?	N
Evaluation Item	Evaluation Result	Independence Status										
1. Whether the CPAs have remained unchanged for seven years, up till the latest audit?	N	Y										
2. Whether the CPAs have significant financial interests in the Company?	N	Y										

Assessment Item	Status					Non-compliance and Reasons		
	Yes	No	Description					
			3.	Whether the CPAs have improper relationships with the Company?	N	Y		
			4.	Whether the assistants of CPAs have failed to be honest, fair and independent?	N	Y		
			5.	Whether the CPAs have audited the financial statements of companies where they have served during the previous two years?	N	Y		
			6.	Whether the CPAs allow others to use their credentials?	N	Y		
			7.	Whether the CPAs own shares of the Company or its associates?	N	Y		
			8.	Whether there is any financing between the CPAs and the Company or its associates?	N	Y		
			9.	Whether the CPAs have joint investments or profit-sharing agreements with the Company or its associates?	N	Y		
			10.	Whether the CPAs do regular works for the Company or its associates and receive fixed salaries?	N	Y		
			11.	Whether the CPAs are involved with decision-making management functions of the Company or its associates?	N	Y		
			12.	Whether the CPAs engages in businesses which may deprive them of audit independence?	N	Y		
			13.	Whether the CPAs are spouses, lineal relatives, relatives by marriage, or relatives within the second degree of kinship to managerial officers of the Company?	N	Y		
			14.	Whether the CPAs have received any commissions in association with their businesses?	N	Y		
			15.	Up till now, whether there is any circumstance where the CPAs have been punished or the independence principle violated?	N	Y		
			In addition, the Company assessed the independence and suitability of CPAs in accordance with the five scopes, i.e., profession, quality control, independence, monitor and creativity, of the Audit Quality					

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
			Indicators (AQIs). Based on the AQI data, we will continue to retain Ernst & Young as our CPA firm with Kuo-Sen Hung and Ching-Piao Cheng, instead of Shih-Chieh Huang and Ching-Piao Cheng, as independent auditors for our 2024 financial statements due to internal organizational adjustment of the accounting firm.	
4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer to handle matters pertaining to corporate governance (including but not limited to provide information required for business execution by directors and supervisors, assist directors and supervisors with regulatory compliance, handle matters pertaining to board meetings and shareholders' meetings according to laws and regulations, produce minutes of board meetings and shareholders meetings, etc.)?	V		The Company resolved in the Board meeting to appoint Mr. Chi-Yuan Pan, the Senior Assistant Vice President of Finance and Accounting Center, as the Corporate Governance Officer to safeguard shareholders' rights and interests and strengthen the Board's functions. Mr. Chi-Yuan Pan has served in the financial managerial position of a public company for over three years. The main duties of a Corporate Governance Officer are to handle matters relating to Board meetings and Shareholders' Meetings pursuant to laws and regulations, prepare minutes of Board meetings and Shareholders' Meetings, assist Directors with assuming office and continuing education, provide information required for business execution of Directors, and assist Directors with regulatory compliances.	None
5. Has the Company established a communication channel for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section at the Company's website to address their concerns on major corporate social responsibility issues?	V		The Company has spokesperson and deputy spokesperson. Depending on the circumstances, investor relations, shareholder service and legal units would also communicate with stakeholders (including but not limited to shareholders, employees, customers and suppliers). In addition, the contact information of spokesperson and relevant departments can be found on the corporate website and a stakeholder section has been created to address stakeholders' issues of concerns, including corporate social responsibilities. To facilitate effective communications with different stakeholders and report the performance to the Board, matters for 2024 were addressed in the Board meeting on January 16, 2025.	None
6. Has the Company appointed a professional registrar to organize the Shareholders' Meetings?	V		To service our shareholders, the Company has appointed the stock management service department of Yuanfa Securities to manage issues related to shareholders and organize the Shareholders' Meetings.	None
7. Information disclosure (1) Has the Company established a corporate website to disclose information regarding the	V		(1) The Company discloses financial and business information through the corporate website at https://www.taiflex.com.tw , which is maintained	None

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
<p>Company's financials, business and corporate governance status?</p> <p>(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating people to handle information collection and disclosure, appointing spokesperson, and webcasting investor conference on the corporate website)?</p> <p>(3) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?</p>	V		<p>by designated personnel. Information is available in both Traditional and Simplified Chinese as well as English. Material information, financial status, internal audit organization and operation, significant laws and regulations, corporate governance information and major resolutions of the Boards are available on the Company's official website for foreign and domestic investors to access.</p> <p>(2) The Company holds investor conferences as necessary with audio or video recordings of these events made available in the Investor Relations section of the Company's website. Relevant information is also filed on the MOPS. The Company has set up both Traditional and Simplified Chinese as well as English corporate websites and appointed dedicated personnel to collect relevant data and disclose material information. The spokesperson or deputy spokesperson is in charge of communications with external parties.</p> <p>(3) The Company has publicly announced and filed its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines. Information is available on the corporate website at https://www.taiflex.com.tw and MOPS website at http://mops.twse.com.tw.</p>	
<p>8. Does the Company have other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to rights and welfare of employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer policies, and liability insurance purchased by the Company for directors and supervisors) ?</p>	V		<p>(1) Employees' rights and welfare: An Employee Welfare Committee is formed by employees of the Company to undertake various welfare projects and activities. Please refer to "5. Employment Relations" (page 109 to 115) for details.</p> <p>(2) Investor relations: The Company values investors' rights. Relevant information is disclosed timely on the MOPS website pursuant to laws and regulations and on the Company's official website.</p> <p>(3) Supplier relations: The Company maintains good relationships with suppliers. The quality and delivery of goods from suppliers have met the standards and there has been no incident of shortage or interruption of supplies over the years.</p> <p>(4) Stakeholder' rights: The Company's official website has included a stakeholder section, serving as a communication channel to protect the legal rights of both parties.</p>	None

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
			<p>(5) Continuing education of Directors and Supervisors: Please refer to the table of “Continuing Education of Directors in 2024” (page 35) for details.</p> <p>(6) Implementation of risk management policy and risk measurement standards: The Company established “Risk Management Policies and Procedures” in October 20022. Details are available on the corporate website at https://www.taiflex.com.tw/abo_risk.html. As for the analysis and assessment on “Risks”, please refer to page 121 to 125 for details.</p> <p>(7) The implementation of customer policies: The Company follows ethical guidelines and maintains good relationships with customers. We actively respond to customers’ issues of concern, such as quality policy, research and development, innovation, continuous improvement, rapid response, customer satisfaction, protection of the planet, green care, etc. At the same time, we are committed to on-time delivery of orders and after-sales service, and deploy technical service personnel to solve relevant issues.</p> <p>(8) Liability insurance for Directors and Supervisors: The Company purchases liability insurance for Directors in every May.</p>	
<p>9. The improvement status for the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center and the priority of pending issues. (Companies not included in the Evaluation are exempted.)</p> <p>(1) The Company ranked in the top 21% to 35% of TWSE-listed company in the 10th Corporate Governance Evaluation conducted by the Taiwan Stock Exchange Corporate. This recognition reflected the Company’s outstanding performance across various management aspects, including protection of shareholders’ rights, equal treatment of shareholders, improvement on Board structure and operation, enhancement of information transparency, and promotion of sustainable developments.</p> <p>Improvements completed regarding the 10th Corporate Governance Evaluation include:</p> <p>A. Be invited to (or hold) at least two investor conferences every year.</p> <p>B. Acquire a third-party assurance for the sustainability report.</p> <p>(2) Pending issues with high priority are as follows:</p> <p>A. To enhance Board structure and operational diversity: Inclusion of female Directors on the Board.</p> <p>B. Continue to advance sustainable development: Voluntary disclosure of the TCFD (Task Force on Climate-related Financial Disclosures) report.</p> <p>(3) The Company performed self-assessment pursuant to the 11th Corporate Governance Evaluation in January 2025. The outcome will be reviewed to set the improvement plans.</p>				

10. The Company's Directors have duly attended courses organized by professional institutions. Continuing education of Directors in 2024 is as follows:

Title and Name	Date		Host	Class	Duration	Total Hours
	From	To				
Representative of corporate director: Ta-Wen Sun	2024/04/11	2024/04/11	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Business Practices Seminar	3	6
	2024/08/09	2024/08/09	Taiwan Corporate Governance Association	Balancing Digital Transformation and Smart Security Risks: Creating a Win-Win-Win for All	3	
Director Ching-Yi Chang	2024/08/29	2024/08/29	Taiwan Corporate Governance Association	Director and Supervisor Responsibilities in Corporate Mergers and Acquisitions	3	6
	2024/09/10	2024/09/10	Taiwan Corporate Governance Association	Industry 4.0 and Corporate Leadership in Innovation and Transformation	3	
Director Chein-Ming Hsu	2024/01/12	2024/01/12	Taiwan Corporate Governance Association	Corporate Carbon Management Strategies in the Wake of the Climate Change Response Act	3	6
	2024/04/12	2024/04/12	Taiwan Corporate Governance Association	Shareholders' Meeting, Proxy Contest and Ownership Strategy	3	
Director Chun-Chi Lin	2024/03/26	2024/03/26	Taiwan Corporate Governance Association	Code of Ethical Conduct and How to Avoid Crossing the Line on Director and Supervisor Liabilities	3	6
	2024/05/07	2024/05/07	Taiwan Investor Relations Institute	Integrity Practices and Insider Trading Prevention	3	
Representative of corporate director Re-Zhang Lin	2024/06/12	2024/06/12	Securities & Futures Institute	Risks and Considerations of Generative AI in Business	3	6
	2024/09/20	2024/09/20	Taiwan Corporate Governance Association	2024 Seminar on Prevention of Insider Trading	3	
Director Fu-Le Lin	2024/03/08	2024/03/08	Taiwan Corporate Governance Association	Corporate Crisis Management and Communication	3	6
	2024/05/07	2024/05/07	Taiwan Corporate Governance Association	Corporate M&A Regulations in Practice and Case Studies	3	
Independent Director Wen-I Lo	2024/01/19	2024/01/19	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance-Based Incentive Design	3	6
	2024/07/26	2024/07/26	Taiwan Corporate Governance Association	From TIPS to Practice: Building Enterprise IP Risk Prevention Mechanisms	3	
Independent Director Shi-Chern Yen	2024/03/12	2024/03/12	Taiwan Corporate Governance Association	International Trends and Best Practices in Corporate Integrity and Executive Accountability	3	7
	2024/05/22	2024/05/22	Taiwan Corporate Governance Association	Trends and Vision for Building a Green Ecosystem: An Outlook on the Taiwan Carbon Exchange	1	
	2024/10/25	2024/10/25	Securities & Futures Institute	2024 Seminar on Legal Compliance for Insider Share Trading for Enterprises	3	
Independent Director Yung-Shun Chuang	2024/04/19	2024/04/19	Greater China Financial and Economic Development Association	Business Strategies in the Digital Era	3	6
	2024/05/02	2024/05/02	Greater China Financial and Economic Development Association	2030/2050 Net Zero - Global Sustainability Challenges and Opportunities	3	

(4) The composition, duties and operations of the Compensation Committee:

- A. The Board has appointed Independent Directors, Yung-Shun Chuang, Wen-I Lo and Shi-Chern Yen, to form the third-term Compensation Committee.

Members of Compensation Committee				As of March 29, 2025
Title	<div>Condition</div> <div>Name</div>	Professional Qualifications	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving in the Compensation Committee
Independent Director (Convener)	Yung-Shun Chuang	Note 1	Note 1	0
Independent Director	Wen-I Lo	Note 1	Note 1	1
Independent Director	Shi-Chern Yen	Note 1	Note 1	0

Note 1: Members of the Compensation Committee are Independent Directors of the Company. Please refer to page 11 for details on their professional qualifications, experience and independent status.

Note 2: Compensation Committee shall exercise due care of a good administrator and duly carry out the following responsibilities:

1. To review the Charter periodically and propose recommendations.
2. To formulate and regularly review the Directors' and managers' annual and long-term performance targets as well as the compensation policies, systems, standards and structures.
3. To regularly assess the Directors' and managers' achievement rates concerning their performance targets and determine the compensation plans and amount for individuals. Recommendations made shall be submitted to the Board for discussion.

B. Compensation Committee:

- (a) The Company's Compensation Committee comprises three members.
- (b) Term of current Committee members: May 30, 2023 to May 29, 2026. The Compensation Committee held five (A) meetings in 2024. The qualification and attendance status of Committee members is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Independent Director (Convener)	Yung-Shun Chuang	5	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)
Independent Director	Wen-I Lo	5	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)
Independent Director	Shi-Chern Yen	5	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)

Annotation:

1. If the Board of Directors declined to adopt or modify a recommendation of the Compensation Committee, the date and session of the Board meeting, content of motions, resolution and actions taken by the Company regarding the Committee's opinions shall be specified (if the compensation package approved by the Board is superior to the recommendation made by the Committee, please specify the discrepancy and its reason): None.
2. As to the resolutions of the Compensation Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date and session of the committee meeting, content of motions, all members' opinions and actions taken regarding the opinions shall be specified: None.
3. The date and session of the Compensation Committee meetings in 2024, content of motions, the resolutions and actions taken by the Company regarding the Committee's opinions are as follows:

Date of Compensation Committee Meeting	Session	Content of Motions	Resolutions	Actions Taken
2024.01.25	4th meeting of the 5th term	1. To review the distribution of 2023 compensation to employees and remuneration to Directors	Approved	N/A
		2. To review the distribution of 2023 net income bonus to managerial officers	Approved	N/A
2024.02.20	5th meeting of the 5th term	1. To review new managerial appointments and related compensation packages	Approved	N/A
2024.06.25	6th meeting of the 5th term	1. To review adjustments to managerial appointments and related compensation packages	Approved	N/A
		2. To review the 2024 salary adjustment of managerial officers	Approved	N/A
2024.07.31	7th meeting of the 5th term	1. To review the 2023 remuneration to Directors and employee compensation to managerial officers	Approved	N/A
2024.10.30	8th meeting of the 5th term	1. To review adjustments to managerial appointments and related compensation packages	Approved	N/A

(5) The composition, duties and operations of the Sustainable Development Committee:

A. The composition of the Sustainable Development Committee

- (a) The Company's Sustainable Development Committee comprises five seats. As of December 31, 2024, there were four members.
- (b) Term of current Committee members: May 30, 2023 to May 29, 2026. The term is the same as the current Board of Directors.
- (c) The Sustainable Development Committee held two meetings in 2024. The Committee members, their expertise and attendance status are as follows:

Title	Name	Expertise	Attendance in Person	Attendance Rate (%)
Independent Director (Convener)	Shi-Chern Yen	Business and risk management, chemical engineering as well as environment, safety and health	2	100%
Independent Director	Wen-I Lo	Accounting, auditing and risk management	2	100%
Independent Director	Yung-Shun Chuang	Business and risk management	2	100%
Member (President)	Zong-Han Jiang	Management and marketing	1	50%
Member (Chief of Staff)	Fang-I Hsieh (Note)	Finance and corporate governance	1	100%

Note: Committee Member Fang-I Hsieh resigned from her position on the Company's Sustainability Development Committee effective December 1, 2024. The Board of Directors appointed Mr. Zhen Lin as her replacement on January 16, 2025.

- B. Sustainable Development Committee shall exercise due care of a good administrator, duly carry out the following responsibilities and be held accountable to the Board:
- (a) To formulate sustainable development policy.
 - (b) To draw up annual plans and strategic directions of sustainable developments.
 - (c) To monitor and review the execution and effectiveness of sustainable developments and report to the Board.

(d) To manage matters assigned by the Board.

C. Sustainable Development Committee:

The date and session of the Sustainable Development Committee meetings in 2024, content of motions, the resolutions and actions taken by the Company regarding the Committee's opinions are as follows:

Date of Sustainable Development Committee Meeting	Session	Content of Motions	Resolutions	Actions Taken
2024.07.16	4th meeting of the 2nd term	No discussion item	-	-
2024.12.17	5th meeting of the 2nd term	1. 2025 sustainability development plan	Approved	N/A

(5) Implementation of Sustainable Developments and Non-compliance with “Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies” and Reasons

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company establish a governance structure for promoting sustainable developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management being authorized by the Board to handle relevant issues under the supervision of the Board?	V		1. Our ESG mission is to “practice ESG sustainability and bring positive energy to the world”. Our visions are to “enhance green product innovation, forge a low-carbon value chain, comply with the highest corporate governance standards and create maximum value for stakeholders”. We created a level-one unit - “Sustainable Development Center” in 2022 to promote sustainability matters. On October 25, 2022, we established the Sustainable Development Committee and its charter to formulate and oversee the Company’s sustainable development plans. Functional units reporting to the Committee include sustainable product design, environmental sustainability, social charity, corporate governance and risk management, supply chain management and customer care. Level-one officers of relevant departments would lead the corresponding units. The position of executive secretary is created to assist the convener with monitoring the progress and achievements of each unit. The Chairperson is accountable for supervising the Committee’s operation. We continuously focus on and advance sustainability issues in all aspects. The Sustainable Development Committee duly performs its duties and reports twice to the Board every year on its progress, outcome and future work plans. It also keeps track of the implementation effectiveness to ensure the sustainable development strategies are fully incorporated into the daily operation of Taiflex. Please refer to page 37 to 38 for details on the composition, duties and operations of the Sustainable Development Committee.	None
2. Does the Company conduct risk assessments on 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?	V		2. Information disclosed covers the sustainability performance of our major sites between January to December 2024. The scope of risk assessment focuses on the Company, including our operations in Taiwan and mainland China. To fulfill our commitment to stakeholders and to respect and safeguard their legitimate interests, senior executives from various departments at Taiflex conducted an assessment of the likelihood and severity of potential positive and negative impacts across 22 sustainability topics under the three ESG dimensions, using a five-point scale. Each score was supported by a narrative explanation outlining the rationale and considerations behind the evaluation. Topics identified as having both high stakeholder concern and significant	None

Promotion Items	Status			Non-compliance and Reasons		
	Yes	No	Description			
			impact were defined as material topics and prioritized for communication. Risk management policies or strategies based on risks assessed are as follows:			
			Material Topic	Risk Assessment Item		Risk Management Policy or Strategy
			Economic	Corporate Governance, Ethical Business Practices, and Economic Performance		Establish a corporate governance unit, comply with securities laws and regulations and disclose information according to relevant rules to enhance the transparency of business performance. Ensure shareholders have the rights to be fully informed, participate in and make decisions on material matters of the Company. Implement corporate governance spirit and system to secure the rights and interests of shareholders and treat requests from shareholders fairly. Enhance Board functions and fulfill Directors’ responsibilities. A core training roadmap has been established to provide relevant continuing education topics, enabling Directors to stay informed of the latest legal and regulatory developments and to better understand their legal obligations. In 2024, the Company launched its trade secret registration process and successfully renewed its TIPS A-level certification. It also initiated a project in line with the TCFD framework for climate-related financial disclosures, with the inventory scheduled for completion in 2025. To improve operational performance, the Company continues to strengthen its core competitive advantages. It remains dedicated to R&D in FPC and semiconductor materials, with a focus on developing high value-added products. The Company is also working to increase the proportion of localized supply at each production site, implement flexible inventory strategies, optimize product portfolios, improve production efficiency, and enhance cost control measures to increase overall operational resilience.
			Environmental	Green Energy and Net-Zero Emissions		Taiflex is committed to implementing a range of energy-saving initiatives to reduce the environmental impact of energy consumption, while actively promoting the reuse and regeneration of waste materials to enhance competitiveness. These efforts align with the Company’s management goals of minimizing energy use and optimizing costs. Since 2015, the Company has pursued energy conservation, emissions reduction, and circular economy initiatives aimed at achieving

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
				<p>zero waste. Its long-term objective is to establish a zero-waste circular economy model by 2030, with a short-term goal of reaching an 80% waste conversion rate and obtaining UL 2799 certification by 2025.</p> <p>In 2024, the Group installed 431 kWp of self-consumption solar power capacity at its facility in Thailand, and 378 kWp at Rudong Fuzhan Scientific. Looking ahead to 2025, the Group will continue investing in green energy, with a target of having renewable sources account for 15% of its total electricity consumption by 2030.</p>
			<p>Social</p> <p>Employee Care</p>	<p>The Company has obtained ISO14001 Environmental Management Systems and ISO45001:2018 Occupational Health and Safety Management Systems certifications (including the factories in China), and continues to enhance workplace safety for employees.</p> <p>The Company conducts employee satisfaction surveys and, in response to workload-related feedback, engages in industry-academia collaborations and supplements its workforce as needed. These efforts aim to reduce overtime hours and foster a better work-life balance for employees.</p> <p>Pursuant to “Procedures for Safety, Health and Environment Protection Training” in Taiflex’s occupational safety and health management system, employees are taught of dangerous machinery and equipment and “Regulations for Occupation Safety and Health Education and Training”. With regards to employees’ health and safety, the Company provides continuing care and management. There are above-standard health check-ups, annual special health examinations, semi-annual environment monitoring, etc. Outcome of these examinations are analyzed in order to organize relevant health promotion activities. Guidance and health education services are provided to employees with unfavorable outcomes. There are also health-related seminars available to employees. We carry out safety and health promotion and monitor the effectiveness.</p>
			Customer Care	<p>1. In response to market globalization, Taiflex has actively pursued international safety certifications to ensure high product quality, safety, and reliability throughout the usage process. The Company has obtained multiple certifications, including those from Underwriters Laboratories Inc. (UL) and TÜV Rheinland, a German organization specializing in</p>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
<p>3. Environmental issues</p> <p>(1) Does the Company establish environmental management system designed to fit industry characteristics?</p>	V		<div> <div></div> <div> <p>product safety, quality, and management system certification.</p> <p>2. Customer satisfaction is our management philosophy. We are committed to deliver innovative products and services to customers and uphold the core value of accountability and enthusiasm. Taiflex has dedicated department providing services to customers and working closely with the quality assurance department to solve product issues ranging from appearance to functionality. To cope with production globalization of downstream customers, we have service personnel stationed at Kunshan, Shenzhen, Zhuhai, Xiamen, and Nantong besides Taiwan to enhance the accessibility and timeliness of our customer services.</p> </div> </div> <p>3.</p> <p>(1) All factories and subsidiaries of the Company have established their environmental management systems pursuant to the guidelines of ISO14001:2015 and continued to pass the third-party verifications. Greenhouse gas (GHG) inventory is carried out annually in accordance with the ISO14064-1 and the effects of emission reduction are tracked and disclosed at the sustainability report and the corporate website (https://www.taiflex.com.tw).</p> <p>The Company obtained ISO14001 Environmental Management Systems certification in October, 2004; IECQ-QC080000 HSPM certification in January, 2007; and certifications of CNS15506 Taiwan Occupational Safety and Health Management System and OHSAS18001 Occupational Health and Safety Management Systems in October, 2008. Also, Taiflex obtained ISO14064-1 Greenhouse Gas Inventory certification through the third-party certification body - BSI in 2017.</p> <p>Later, the Company transited to an updated version and obtained ISO14001:2015 Environmental Management System certification in September, 2019; ISO45001:2018 Occupational Health and Safety Management System and CNS45001:2018 Chinese National Standard Occupational Health and Safety Management System certifications in October 2019; as well as ISO50001 Energy Management certification in December 2021. We have scheduled to complete ISO14064-1:2018 GHG inventory and third-party verification annually from 2022. Among these,</p>	None

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(2) Is the Company committed to improving the energy efficiency and utilizing renewable materials that have low environmental impact?	V		<p>the most recent ISO 14001:2015 Environmental Management System certificate is valid from September 24, 2022 to September 24, 2025; and the most recent ISO 50001 Energy Management System certificate is valid from December 8, 2024 to December 8, 2027.</p> <p>We fully utilize various environmental management systems and carry out continual improvement processes to enhance our management competency, forging a management model conforming to the ESG sustainability standards. We have completed inventory and third-party verification pursuant to GHG inventory standards over the years. Also, we draw up a carbon roadmap, fulfill our corporate social responsibilities and contribute to environmental sustainability.</p> <p>(2) Taiflex is in the electronic component industry, specializing in high-end FPC materials such as Flexible Copper Clad Laminate (FCCL) and polymer film. Electric power and natural gas are the major sources of energy consumed during our manufacturing process. Facing the inevitable increases in energy and environmental costs due to climate changes, we are devoted to various energy-saving projects to reduce GHG emissions and diminish the impact on costs. At the same time, we remain committed to the recycling or renewal of waste resources, working towards the goals of minimum energy consumption and cost optimization to improve competitiveness and fight the global climate changes.</p> <p>Measures taken concerning electricity, natural gases and renewable materials are as follows:</p> <p>A. Electricity:</p> <p>Taiflex pursues the goal of maximizing energy efficiency. We implement various energy-saving measures, optimize e-energy management platform and conduct comprehensive energy inventory, making sure that every single unit of energy consumption are properly used. In 2021, we completed the ISO50001 Energy Management System Platform and the setting of various equipment performance indicators.</p> <p>Through the continuous efforts of our employees, the Company reduced electricity consumption by approximately 4% in 2024 compared to 2023.</p> <p>B. Natural gases:</p> <p>Volatile organic compounds (VOCs) are generated during the</p>	

Promotion Items	Status			Non-compliance and Reasons															
	Yes	No	Description																
			<p>manufacturing of FCCL. To mitigate their adverse impact on the environment, Taiflex 2 has adopted an enclosed processing system which is certified by the environmental protection agency to have achieved a collection efficiency of 100%. Furthermore, Taiflex uses zeolite rotor concentrators equipped with Toyobo technology from Japan to save natural gas consumption for waste gases processing. Waste gases collected in the enclosed system are condensed to become auxiliary fuel, which significantly reduces our natural gas consumption. By constantly enhancing our operation processes and management systems and maintaining equipment to operate at optimal condition, we can reduce VOCs emissions as well as natural gas and raw materials consumption, thereby lowering waste of resources and secondary pollutants.</p> <p>Gas consumption of RRTO over the years after the introduction of zeolite rotors is as follows:</p> <p style="text-align: right;">In m³/year</p> <table><tr><th>Year</th><th>Gas Consumption (m³)</th><th>Compared to Base Year - Reduction</th></tr><tr><td>2021</td><td>154,713,222</td><td>(Base year)</td></tr><tr><td>2022</td><td>125,808,221</td><td>-28,905,001</td></tr><tr><td>2023</td><td>128,504,152</td><td>-26,209,070</td></tr><tr><td>2024</td><td>142,315,766</td><td>-12,397,456</td></tr></table> <p>C. Renewable materials:</p> <p>Our raw materials comply with EU’s RoHS, REACH and the halogen-free standards. We have established the Environmental Sustainability Center in 2021 to build a circular system across platforms for resource integration, including material recycling, manufacturing with renewable energy and pollution reduction during production, thereby mitigating the environmental impact.</p> <p>To enhance the utilization efficiency of resources, promote the concept of recycling and reduce the adverse impacts on the environment, the Company takes the following actions:</p> <p>(a) Concentration, condensation, purification, and reuse of organic solvents in exhaust gases:</p>	Year	Gas Consumption (m³)	Compared to Base Year - Reduction	2021	154,713,222	(Base year)	2022	125,808,221	-28,905,001	2023	128,504,152	-26,209,070	2024	142,315,766	-12,397,456	
Year	Gas Consumption (m³)	Compared to Base Year - Reduction																	
2021	154,713,222	(Base year)																	
2022	125,808,221	-28,905,001																	
2023	128,504,152	-26,209,070																	
2024	142,315,766	-12,397,456																	

Promotion Items	Status			Non-compliance and Reasons																				
	Yes	No	Description																					
(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and takes measures to respond to climate-related issues?			<p>In 2024, a total of 232,040 Kg of VOCs from exhaust gases were recovered and reused after condensation, concentration, and purification.</p> <p>(b) Effective recycling and reuse of waste solvent: In 2024, a total of 189,845 Kg was processed in-house which generated 158,253 Kg for reuse. Recycling not only saves the costs of energy but also diminishes the adverse impacts of waste on the environment as we head towards the goal of circular economy.</p> <p>(c) The Company adopts the concept of 3R (Reduce, Reuse and Recycle) for recycling. Total volume processed was 1,487,000 Kg. This mitigates the environmental impact of incineration.</p> <p>(d) Targets of quantitative management - recycling rates over the years</p> <table><tr><td>Item</td><td>2022</td><td>2023</td><td>2024</td></tr><tr><td>Waste (MT)</td><td>1,219.25</td><td>1,824.73</td><td>2,133.41</td></tr><tr><td>Recycled (MT)</td><td>642.5</td><td>991.6</td><td>1,487</td></tr><tr><td>Reuse rate (%)</td><td>52.7%</td><td>54.3%</td><td>69.7%</td></tr><tr><td>Target</td><td>50%</td><td>52%</td><td>60%</td></tr></table> <p>The Company aggressively promotes various energy-saving measures. Through green manufacturing, we cut down unnecessary wastes of resources and develop technology for waste reduction and reuse. The entire value chain is involved with the recycling and reuse of packaging materials. As for products, we are dedicated to the testing of renewable materials with low environmental impact to maximize the efficiency of circular economy. Through raw material recycling, waste reduction technology and the design and selling of circular products, we create the value of sustainable operation.</p>	Item	2022	2023	2024	Waste (MT)	1,219.25	1,824.73	2,133.41	Recycled (MT)	642.5	991.6	1,487	Reuse rate (%)	52.7%	54.3%	69.7%	Target	50%	52%	60%	
	Item	2022	2023	2024																				
Waste (MT)	1,219.25	1,824.73	2,133.41																					
Recycled (MT)	642.5	991.6	1,487																					
Reuse rate (%)	52.7%	54.3%	69.7%																					
Target	50%	52%	60%																					
	V		<p>(3) Although Taiflex is not subject to the major electricity consumer clause, we have mapped out relevant investments to reduce carbon emissions in response to the low carbon transition and expectations of international customers, thereby minimizing carbon taxes and the risk of soaring energy costs in subsequent periods.</p> <p>Furthermore, by conducting GHG inventories and using low-carbon</p>																					

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(4) Does the Company calculate its GHG emissions, water consumption and total waste weight in the recent two years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	V		<p>footprint products, we are developing green products that align with sustainable low-carbon trends and increasing the proportion of recycled materials used.</p> <p>We will continue to follow up and practice climate targets of the Paris Agreement and incorporate these targets into our sustainable development strategy blueprint.</p> <p>In October 2022, the Company established a Sustainability Development Committee to promote climate action and target management, integrating sustainability strategies and climate-related issues into product development, operations, and value chain management. The Company has launched a TCFD project based on the 2019 TCFD guidelines developed by the Financial Stability Board. This includes establishing a climate risk identification process, formulating response measures based on the results, and integrating risk identification and assessment into the Company's management system. Once approved by the Board of Directors, the frameworks for governance, strategy, risk management, metrics, and targets, as well as the related response measures, are implemented under the Board's supervision. At the same time, the Company has preliminarily completed the analysis of climate-related risks and opportunities and formulated corresponding response measures. For detailed implementation, please refer to pages 63 to 72 of this annual report or the Company's sustainability report.</p> <p>(4) Details of the Company's GHG emissions, water consumption and total waste weight in the recent two years and relevant policies are as follows:</p> <p>A. GHG Emissions:</p> <p>The Company was re-verified and passed the ISO14064 Greenhouse Gas Accounting and Verification in August, 2017. Strategies to reduce GHG and carbon footprints were established based on the GHG inventory outcome to mitigate the adverse environmental impact of our operations. The production volume of Taiflex was 34,092 thousand m² and 40,905 thousand m² in 2023 and 2024, respectively.</p> <p>The GHG emissions during operation are listed as follows:</p>	

Promotion Items	Status			Non-compliance and Reasons																																																
	Yes	No	Description																																																	
			<div>Unit: MT CO₂e</div> <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Total</th></tr><tr><td>2022</td><td>10,936</td><td>18,215</td><td>29,151</td></tr><tr><td>2023</td><td>8,427</td><td>18,498</td><td>26,926</td></tr><tr><td>2024</td><td>10,439</td><td>19,535</td><td>29,974</td></tr></table> <div>Note:1. Scope 1: Direct GHG emissions, Scope 2: Indirect GHG emissions 2. Verification of 2024 GHG inventory data will be carried out in June 2025.</div> <div>Short-term and long-term GHG emission targets of Taiflex: (a) Short-term (2025 to 2026): With 2021 being the base year, cut Scope 1 GHG emissions by 4%. (b) Medium-term target (2027 to 2030): With 2021 being the base year, cut Scope 1 GHG emissions by 12%. (c) Long-term (2031 to 2040): With 2021 being the base year, cut Scope 1 GHG emissions by more than 27%. Details of electricity generated from in-house solar systems invested by the Group and carbon emission reductions are as follows:</div> <table><tr><th colspan="3">Electricity from Solar Energy</th></tr><tr><th>Year</th><th>Electricity (KWh)</th><th>Carbon Reduction (Kg)</th></tr><tr><td>2022</td><td>450,752</td><td>229,433</td></tr><tr><td>2023</td><td>740,922</td><td>366,756</td></tr><tr><td>2024</td><td>800,669</td><td>395,530</td></tr><tr><td>Total</td><td>1,992,343</td><td>991,719</td></tr></table> <div>2024 Quantitative Management Targets:</div> <table><tr><th>Item</th><th>Name</th><th>Reduction in 2024</th><th>Annual Reduction Target</th><th>Unit</th></tr><tr><td rowspan="2">Generation of electricity from renewables</td><td>Power generation</td><td>852,078</td><td>>600,000</td><td>KWh/year</td></tr><tr><td>CO₂e</td><td>420,927</td><td>>300,000</td><td>Kg/year</td></tr></table>	Year	Scope 1	Scope 2	Total	2022	10,936	18,215	29,151	2023	8,427	18,498	26,926	2024	10,439	19,535	29,974	Electricity from Solar Energy			Year	Electricity (KWh)	Carbon Reduction (Kg)	2022	450,752	229,433	2023	740,922	366,756	2024	800,669	395,530	Total	1,992,343	991,719	Item	Name	Reduction in 2024	Annual Reduction Target	Unit	Generation of electricity from renewables	Power generation	852,078	>600,000	KWh/year	CO ₂ e	420,927	>300,000	Kg/year	
			Year	Scope 1	Scope 2	Total																																														
			2022	10,936	18,215	29,151																																														
			2023	8,427	18,498	26,926																																														
			2024	10,439	19,535	29,974																																														
			Electricity from Solar Energy																																																	
			Year	Electricity (KWh)	Carbon Reduction (Kg)																																															
			2022	450,752	229,433																																															
			2023	740,922	366,756																																															
			2024	800,669	395,530																																															
Total	1,992,343	991,719																																																		
Item	Name	Reduction in 2024	Annual Reduction Target	Unit																																																
Generation of electricity from renewables	Power generation	852,078	>600,000	KWh/year																																																
	CO ₂ e	420,927	>300,000	Kg/year																																																

Promotion Items	Status			Non-compliance and Reasons																								
	Yes	No	Description																									
			<p>B. Water consumption:</p> <p>Water consumption was 92,364 m³ and 99,272 m³ in 2023 and 2024, respectively. Water is mainly used as cooling water for air conditioning, followed by employee daily usage, firefighting and consumption by the etching laboratory. The Company uses tap water. RO water is recycled at the factories as cooling water for air conditioning.</p> <table><tr><th>Factory</th><th>2023</th><th>2024</th><th>Changes</th></tr><tr><td>Taiflex 1</td><td>4,905 m³</td><td>5,986 m³</td><td>1,081m³</td></tr><tr><td>Taiflex 2</td><td>20,641 m³</td><td>22,767 m³</td><td>2,126 m³</td></tr><tr><td>Taiflex 3</td><td>48,898 m³</td><td>52,838 m³</td><td>3,940 m³</td></tr><tr><td>Taiflex 5</td><td>17,920 m³</td><td>17,681 m³</td><td>-239 m³</td></tr><tr><td>Total</td><td>92,364 m³</td><td>99,272 m³</td><td>6,908 m³</td></tr></table> <p>Note: In 2021, we increased the electrical conductivity setting of water discharged from the cooling towers and recycled the condensed water from the NMP purification system for the vacuum system to lower tap water consumption.</p> <p>C. Waste management:</p> <p>The principles of waste management policy are to enhance the utilization efficiency of resources, promote the concept of recycling and reduce the adverse impacts on the environment.</p> <p>Waste generated from our production can be categorized into two types: general and hazardous industrial waste and it is handled by qualified waste disposal vendors in accordance with relevant laws and regulations. On-site inspections at hazardous waste treatment plants are carried out regularly every year to ensure proper disposal of waste. Recyclable waste is recycled and reused. Hazardous industrial waste is first subject to in-house process through effective management measures in an attempt to reduce the volume outsourced and incineration rate, thereby lower operating costs and mitigating the environmental impact.</p>	Factory	2023	2024	Changes	Taiflex 1	4,905 m ³	5,986 m ³	1,081m ³	Taiflex 2	20,641 m ³	22,767 m ³	2,126 m ³	Taiflex 3	48,898 m ³	52,838 m ³	3,940 m ³	Taiflex 5	17,920 m ³	17,681 m ³	-239 m ³	Total	92,364 m ³	99,272 m ³	6,908 m ³	
Factory	2023	2024	Changes																									
Taiflex 1	4,905 m ³	5,986 m ³	1,081m ³																									
Taiflex 2	20,641 m ³	22,767 m ³	2,126 m ³																									
Taiflex 3	48,898 m ³	52,838 m ³	3,940 m ³																									
Taiflex 5	17,920 m ³	17,681 m ³	-239 m ³																									
Total	92,364 m ³	99,272 m ³	6,908 m ³																									

Promotion Items	Status					Non-compliance and Reasons																																																								
	Yes	No	Description																																																											
			Waste output and recycling rates in 2024																																																											
			<table><tr><th colspan="5">Waste Statistics</th></tr><tr><th>Composition</th><th colspan="2">Hazardous Waste</th><th colspan="2">Non-Hazardous Waste</th><th rowspan="2">Total</th></tr><tr><th>Processing Method</th><th>On-site</th><th>Off-site</th><th>On-site</th><th>Off-site</th></tr><tr><td rowspan="2">Transfer during disposal</td><td>342.24</td><td>223.81</td><td>0</td><td>920.95</td><td rowspan="2">1,487.00</td></tr><tr><td colspan="2">566.05</td><td colspan="2">920.95</td></tr><tr><td rowspan="2">Direct disposal</td><td>0</td><td>430.75</td><td>0</td><td>215.67</td><td rowspan="2">646.42</td></tr><tr><td colspan="2">430.75</td><td colspan="2">215.67</td></tr><tr><td>Total</td><td colspan="2">996.80</td><td colspan="2">1,136.61</td><td>2,133.41</td></tr><tr><td>Total waste</td><td colspan="5">2,133.41</td></tr><tr><td>Recycling rate</td><td colspan="5">69.7%</td></tr></table>					Waste Statistics					Composition	Hazardous Waste		Non-Hazardous Waste		Total	Processing Method	On-site	Off-site	On-site	Off-site	Transfer during disposal	342.24	223.81	0	920.95	1,487.00	566.05		920.95		Direct disposal	0	430.75	0	215.67	646.42	430.75		215.67		Total	996.80		1,136.61		2,133.41	Total waste	2,133.41					Recycling rate	69.7%					
Waste Statistics																																																														
Composition	Hazardous Waste		Non-Hazardous Waste		Total																																																									
Processing Method	On-site	Off-site	On-site	Off-site																																																										
Transfer during disposal	342.24	223.81	0	920.95	1,487.00																																																									
	566.05		920.95																																																											
Direct disposal	0	430.75	0	215.67	646.42																																																									
	430.75		215.67																																																											
Total	996.80		1,136.61		2,133.41																																																									
Total waste	2,133.41																																																													
Recycling rate	69.7%																																																													
			Notes: 1. Transfer during disposal: Recycling; Direct disposal: Incineration (with energy recovery), incineration (without energy recovery), landfill. 2. Recycling rate is calculated as: Recycled waste volume / Total waste volume × 100%. 3. Amounts are displayed to the second decimal place and are truncated without rounding.																																																											
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights?	V		(1) The Company establishes management measures based on international human rights standards, e.g., the Code of Conduct of the Responsible Business Alliance, the Guiding Principles on Business and Human Rights of the United Nations and the Nine Core Human Rights Treaties of the United Nations, and announces such on the corporate website. We believe in having the right person for the right job and aggressively recruit FPC talents from all over the world, including the U.S., Japan, China and Thailand. We abide by principles of the International Bill of Human Rights and establish the “Management Rules for Employee Appointment” to protect and respect human rights. The Company also recruits disabled people and create appropriate jobs for them. As of the end of 2024, we met the quota of disabled employees and complied with the regulatory requirements of Taiwan.					None																																																						

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(2) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation?	V		<p>In late October 2024, the Company engaged an external professional consulting firm to conduct the 2024 Employee Job Satisfaction Survey. Based on the survey findings, the Company formulated improvement plans to address key issues. The global employee opinion survey focused on two primary dimensions: job satisfaction and employee engagement, which were further broken down into 15 sub-categories, including value alignment, job enthusiasm, leadership, and team dynamics. The survey achieved a response rate of 55.61%, with an average overall satisfaction score of 3.84 out of a maximum of 6.</p> <p>In response to the survey results, the Company has introduced the following improvement initiatives:</p> <p>A. Develop a competitive compensation and benefits system through internal and external benchmarking.</p> <p>B. Enhance the internal career development roadmap and performance feedback mechanisms.</p> <p>C. Continue to strengthen internal training programs and promote awareness of corporate policies.</p> <p>(2) A. The Company has established the Compensation Committee to perform regular reviews on operational performance and the policy, system, standard and structure of compensation. A certain percentage of current year's earnings, if any, would be appropriated as year-end bonus and employee compensation, and the latter shall not be lower than five percent of the earnings. In addition, the Company conducts market compensation surveys from time to time and makes adjustments based on the market level, economic trends and personal performance in order to stay competitive in terms of compensation. "Salary Management Rules", "Attendance Management Rules" and "Bonus Distribution Rules" of all sorts are formulated to have the operating performance properly reflected in employee compensation.</p> <p>B. Employees are entitled to recess, holidays and regular leaves pursuant to the government's labor regulations. For employees who need a longer period of time for parental care, major injuries or illness, accidents, etc., they may apply for unpaid leaves to attend to personal and family affairs.</p>	

Promotion Items	Status			Non-compliance and Reasons																				
	Yes	No	Description																					
(3) Does the Company provide a safe and healthy work environment and provide safety and health training regularly?	V		C. The Company has established the Employee Welfare Committee. Pursuant to the “Employee Welfare Fund Regulation”, a maximum of 0.15% would be appropriated from monthly operating revenue as funds for employee benefits. Welfare measures organized by the Company allow employees to enjoy a broad range of benefits including personal travel allowance, subsidies to clubs, cash gifts for birthday, wedding and new babies, funeral subsidies, employee health check-up, discounts at authorized stores, educational allowance for dependent children, and free inspection/maintenance allowance for motorcycles. There are also a variety of employee activities such as the family day and trips to promote body and mind balance.																					
			(3) A. Occupational safety and health (OSH) policy and management: Taiflex places great importance on workplace safety and the physical and mental well-being of its employees, recognizing them as the Company’s most valuable asset. We continue to advocate for a humanistic safety culture, comply with and even surpass domestic OSH regulations and international standards to construct a safe and healthy work environment. We strive to achieve the best healthy workplace of “zero accident”, fulfill our corporate social responsibilities and embrace sustainability as the foundation of our business. We have established five major OSH policies and set five short, medium and long-term targets accordingly for all employees and stakeholders to follow: <table><tr><th>Policy</th><th>2024 Target (OSH)</th><th>2024 Achievement Rate (OSH)</th><th>2025 Target (OSH)</th></tr><tr><td>Regulatory compliance</td><td>1. Major event and occupational accident (hospitalization): 0 incident</td><td>1. Major event and occupational accident (hospitalization): 1 incident</td><td>1. Major event and occupational accident (hospitalization): 0 incident</td></tr><tr><td>Full participation</td><td>2. Maintain 0 incident of occupational disease from chemical exposure</td><td>2. Maintain 0 incident of occupational disease from chemical exposure</td><td>2. Maintain 0 incident of occupational disease from chemical exposure</td></tr><tr><td>Workplace safety</td><td>3. Disabling injuries frequency rate (FR) ≤ 1.5</td><td>3. Disabling injuries frequency rate (FR) = 0.63</td><td>3. Disabling injuries frequency rate (FR) ≤ 0.9</td></tr><tr><td>Risk control</td><td></td><td></td><td></td></tr><tr><td>Continuous improvement</td><td></td><td></td><td></td></tr></table>		Policy	2024 Target (OSH)	2024 Achievement Rate (OSH)	2025 Target (OSH)	Regulatory compliance	1. Major event and occupational accident (hospitalization): 0 incident	1. Major event and occupational accident (hospitalization): 1 incident	1. Major event and occupational accident (hospitalization): 0 incident	Full participation	2. Maintain 0 incident of occupational disease from chemical exposure	2. Maintain 0 incident of occupational disease from chemical exposure	2. Maintain 0 incident of occupational disease from chemical exposure	Workplace safety	3. Disabling injuries frequency rate (FR) ≤ 1.5	3. Disabling injuries frequency rate (FR) = 0.63	3. Disabling injuries frequency rate (FR) ≤ 0.9	Risk control			
Policy	2024 Target (OSH)	2024 Achievement Rate (OSH)	2025 Target (OSH)																					
Regulatory compliance	1. Major event and occupational accident (hospitalization): 0 incident	1. Major event and occupational accident (hospitalization): 1 incident	1. Major event and occupational accident (hospitalization): 0 incident																					
Full participation	2. Maintain 0 incident of occupational disease from chemical exposure	2. Maintain 0 incident of occupational disease from chemical exposure	2. Maintain 0 incident of occupational disease from chemical exposure																					
Workplace safety	3. Disabling injuries frequency rate (FR) ≤ 1.5	3. Disabling injuries frequency rate (FR) = 0.63	3. Disabling injuries frequency rate (FR) ≤ 0.9																					
Risk control																								
Continuous improvement																								

Promotion Items	Status			Non-compliance and Reasons																
	Yes	No	Description																	
			<table><tr><td></td><td>4. Disabling severity rate (SR) ≤ 3.6 5. Voluntary participation in health promotion scheme > 40%</td><td>4. Disabling severity rate (SR) = 6.33 5. Voluntary participation in health promotion scheme = 56.3%</td><td>4. Disabling severity rate (SR) ≤ 15 5. Voluntary participation in health promotion scheme > 45%</td></tr></table> <p>Upon the occurrence of any incident, the Company immediately reviews and implements corrective and preventive measures. This includes designing safety aids, enhancing employee training, and concurrently reviewing the suitability of other operational procedures and supporting tools to ensure employee safety in the workplace.</p> <p>(a) Continue to reinforce safety and health management measures</p> <p>i. To protect employees from hazardous substance at workplace, we provide employees with healthy and comfortable work environment. The monitoring of operational environment is carried out twice every year to understand the true exposure of employees.</p> <p>ii. In order for internal inspections on machinery, equipment and safety and health items to be conducted voluntarily, thereby eliminating potential operational hazards, the safety management unit conducts audits on five major areas of daily operation, i.e., chemicals, machinery and equipment, on-site environment, fire safety equipment and waste treatment.</p> <p>iii. New recruits are arranged to take OSH education and training during orientation. Assessments would then be conducted to enhance employees’ awareness on OSH and operation safety. Employees also undertake OSH training.</p> <p>(b) Statistical data of OSH training and promotion in the past three years</p> <table><tr><th>Year</th><th>Number of Attendees</th><th>Training Hours</th></tr><tr><td>2022</td><td>2,560</td><td>2,094.5</td></tr><tr><td>2023</td><td>2,228</td><td>1,217.3</td></tr><tr><td>2024</td><td>2,407</td><td>1,953.5</td></tr></table> <p>(c) In order to improve the physical and mental health of employees, we are committed to improve the health conditions of employees with a</p>		4. Disabling severity rate (SR) ≤ 3.6 5. Voluntary participation in health promotion scheme > 40%	4. Disabling severity rate (SR) = 6.33 5. Voluntary participation in health promotion scheme = 56.3%	4. Disabling severity rate (SR) ≤ 15 5. Voluntary participation in health promotion scheme > 45%	Year	Number of Attendees	Training Hours	2022	2,560	2,094.5	2023	2,228	1,217.3	2024	2,407	1,953.5	
	4. Disabling severity rate (SR) ≤ 3.6 5. Voluntary participation in health promotion scheme > 40%	4. Disabling severity rate (SR) = 6.33 5. Voluntary participation in health promotion scheme = 56.3%	4. Disabling severity rate (SR) ≤ 15 5. Voluntary participation in health promotion scheme > 45%																	
Year	Number of Attendees	Training Hours																		
2022	2,560	2,094.5																		
2023	2,228	1,217.3																		
2024	2,407	1,953.5																		

Promotion Items	Status			Non-compliance and Reasons												
	Yes	No	Description													
			<p>combination of internal and external resources. Through occupational disease and health hazard prevention management and regular physical and mental assessments and assistance measures, we prevent occupational injuries and diseases and safeguard the health of individuals.</p> <p>i. Based on statistical data from employee health check-ups, the Company organizes improvement programs targeting the “three highs” (hypertension, hyperlipidemia, and hyperglycemia), as well as weight management. An annual weight management and weight-loss competition is held to raise employees’ awareness and motivation regarding weight control. Results from the past three years are as follows:</p> <table><tr><th>Year</th><th>Number of Participants Meeting the Goals</th><th>Total Weight Lost (kg)</th></tr><tr><td>2022</td><td>41</td><td>275</td></tr><tr><td>2023</td><td>44</td><td>372.7</td></tr><tr><td>2024</td><td>37</td><td>303.3</td></tr></table> <p>ii. The Company also offers physical and mental health support to employees, including on-site physician services, a range of health-related seminars, and referral services for psychological counseling.</p> <p>B. Certifications:</p> <p>(a) Taiflex obtained the ISO45001 certification in 2020. We have established quantitative indicators under systematic operation, expanded OSH activities to products and relevant services, enhanced the overall OSH performance and effectively controlled risks. In 2024, the ISO45001 certification is renewed and we obtained the Taiwan Occupational Safety and Health Management Systems (TOSHMA) certification which is valid from August 2022 to August 2025.</p> <p>(b) The Company continues to uphold a people-centered philosophy by “demonstrating leadership commitment, strengthening workforce health, and expanding positive impact.” In recognition of these efforts, the Company received the 2024 Excellence Award for Leader in</p>	Year	Number of Participants Meeting the Goals	Total Weight Lost (kg)	2022	41	275	2023	44	372.7	2024	37	303.3	
Year	Number of Participants Meeting the Goals	Total Weight Lost (kg)														
2022	41	275														
2023	44	372.7														
2024	37	303.3														

Promotion Items	Status			Non-compliance and Reasons												
	Yes	No	Description													
(4) Has the Company established effective career development training programs for employees?	V		<p>Sustaining a Healthy Workforce from the Workforce Development Agency, Ministry of Labor.</p> <p>C. Statistics of disabling injuries in the past three years are as follows:</p> <table><tr><th>Year</th><th>Fatal Accidents</th><th>Disability Accidents</th></tr><tr><td>2022</td><td>Male:0 Female:0</td><td>Male:7 Female:2</td></tr><tr><td>2023</td><td>Male:0 Female:0</td><td>Male:5 Female:0</td></tr><tr><td>2024</td><td>Male:0 Female:0</td><td>Male:5 Female:2</td></tr></table> <p>Our Frequency-Severity Indicator (FSI) in 2024 was 0.06. Compared to our target of 0.07, we had met the target and improved our performance compared to 2023. There was one on-site disabling injuries and six employees suffered disabling injuries from commuting, which added up to a total of seven employees with incidents. We have yet to achieve the target of zero accident. In view of increasing number of commuting incidents and the causes of accidents were mostly due to a lack of awareness on defensive driving, relevant courses were arranged in 2024. We reinforced employees' awareness and compliance with safe driving practices through physical courses (one session) and announcements regarding special traffic signals during specific time periods within the industrial park. Furthermore, we continue to conduct periodic motorcycle inspections for the safety of employees.</p> <p>With disaster precaution and prevention being the core concepts, we utilize proper management tools, sophisticated technology and resources available to integrate OSH issues at operation and provide effective solutions to improve our OSH culture. The Company has rules which clearly define individuals' responsibilities and tasks in major events such as fire, natural disasters and infectious disease. Sessions on safety measures and drills are held regularly. No fire incidents occurred at the Company in 2024.</p>	Year	Fatal Accidents	Disability Accidents	2022	Male:0 Female:0	Male:7 Female:2	2023	Male:0 Female:0	Male:5 Female:0	2024	Male:0 Female:0	Male:5 Female:2	
Year	Fatal Accidents	Disability Accidents														
2022	Male:0 Female:0	Male:7 Female:2														
2023	Male:0 Female:0	Male:5 Female:0														
2024	Male:0 Female:0	Male:5 Female:2														
(4) Taiflex is committed to strengthening its human capital through a comprehensive talent development roadmap. Our dedication to employee training reflects our core belief in a people-centered approach. We aim for every employee to meet workplace challenges with competence, enthusiasm, innovation and courage, continuously learning and growing along the way.																

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(5) Has the Company complied with related regulations and international standards for issues of customer health and safety, customer privacy, marketing and labeling of products and services, and formulated relevant consumer or customer protection policies and complaint procedures?	V		<p>Talent development roadmap:</p> <p>A. New employee orientation: New employee orientation and Mentor</p> <p>B. Core competency: Communication and teamwork, presentation skills and work report, problem analysis and solution, work improvement skills, time management, quality control</p> <p>C. Management competency: Top-level manager - strategy camp for management team and Dale Carnegie Training; Mid-level manager - Management Training Program (MTP) and competency-based behavioral interview/recruiting skills; Entry-level manager - Training within Industry (TWI) for entry-level managers and seven basic tools of QC</p> <p>D. Professional competency: Six sigma project, lean production, quality control circle project, professional certification training, R&D management, project management, sales training course</p> <p>E. Self-development: Internal lecturer training, TOEIC class, foreign language course, study group, keynote speech</p> <p>Through diverse training and education channels, we improve the learning effectiveness of employees with on-job training, off-job training, e-learning and various subsidies, such as subsidies for TOEIC, language trainings and project-based trainings.</p> <p>In 2024, a total of 2,786 employees completed competency training programs, with a cumulative total of 13,966 training hours. The majority of the training focused on professional competencies. The Company has also established a comprehensive performance management mechanism. Through regular performance review meetings, supervisors and employees jointly discuss and plan individual development plans. These are reviewed and adjusted periodically to provide tailored support for employees in shaping their optimal career development paths.</p> <p>(5) To extend our global reach, we proactively obtain various international safety certifications to ensure the quality, safety and reliability of our products. International certificates of the Company include:</p> <p>Underwriter Laboratories Inc. (UL): UL is an U.S. non-profit organization which aims to ascertain the safety level of products at mass production stage by inspecting and classifying samples from raw materials, components, system, structure, process and conditions of usage, and conducting follow-up</p>	

Promotion Items	Status			Non-compliance and Reasons			
	Yes	No	Description				
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, OSH, or labor rights, and the implementation results?	V		<p>tests. The ultimate goal is to ensure the safety of users’ life and property. Certification logos are issued for identification purpose.</p> <p>Japan Electrical Safety & Environment Technology Laboratories (JET): JET issues certification logos to electrical products which meet the safety standards stipulated by Japanese government. It is a certification body designated by the Japanese government to conduct inspections and product testing for factories of electrical products. According to Japanese DENTORL, safety certifications are required for products to enter the Japan market.</p> <p>TUV Rheinland (TUV): German safety certification institution. It provides certification services for product safety, quality and management system.</p> <p>In addition to protecting the customer rights through international certifications, we also value their opinions and level of satisfaction concerning our services. Thus, we set up a stakeholder section on the corporate website as a complaint channel to understand the needs of customers and address their concerns with care. For detailed information on the complaint handling process, please refer to the sustainability report.</p> <p>(6) Taiflex requires all suppliers (including new/potential ones) to comply with the quality management system, the environment, safety and health (ESH) management system and the AEO evaluation. Through our supplier procurement procedures, we examine suppliers by indicators including basic information, relevant certifications, quality assurance records, ESH management investigation, operation, product information, manufacturing process, financial status of raw material suppliers under business continuity management, procurement contracts, green product management, and social responsibilities.</p> <p>By establishing a supply chain management framework for risk control and prompting suppliers to advance together, we create greater shared value and influence. In 2024, our suppliers must fully comply with the following requirements:</p> <table><tr><td rowspan="2">Supplier assessment</td><td>Qualified suppliers shall pass the supplier assessment first and fully comply with Taiflex’s Supplier Code of Conduct. They shall also sign the Corporate Social Responsibility Statement.</td></tr><tr><td>Suppliers of raw materials used during our manufacturing process shall have their production factories passed the criteria under</td></tr></table>	Supplier assessment	Qualified suppliers shall pass the supplier assessment first and fully comply with Taiflex’s Supplier Code of Conduct. They shall also sign the Corporate Social Responsibility Statement.	Suppliers of raw materials used during our manufacturing process shall have their production factories passed the criteria under	
Supplier assessment	Qualified suppliers shall pass the supplier assessment first and fully comply with Taiflex’s Supplier Code of Conduct. They shall also sign the Corporate Social Responsibility Statement.						
	Suppliers of raw materials used during our manufacturing process shall have their production factories passed the criteria under						

Promotion Items	Status			Non-compliance and Reasons										
	Yes	No	Description											
			<table><tr><td rowspan="3"></td><td>ISO9001 Quality Management System</td></tr><tr><td>To ensure contractors of facilities and relevant operations can fully understand ESG trends, carbon reduction measures and international certifications during the evaluation process, and plan to organize online or offline ESG seminars for contractors, encouraging them to obtain relevant certifications or develop relevant competences.</td></tr><tr><td>Suppliers are required to obtain valid factory registration certificates issued by the government and ISO14001 environmental management certification of their business category.</td></tr><tr><td>Supplier audit</td><td>Taiflex has set up an audit unit and a counselling team to monitor suppliers’ progresses in improving deficiencies, thereby jointly enhancing product quality and production technology as well as improving ESH performance. Automation equipment is also adopted to increase production and reduce occupational hazards. An annual supplier evaluation program is also arranged, involving on-site or document-based audits, with corresponding scoring and assessments.</td></tr><tr><td>Supplier training</td><td>Taiflex holds training and small forums from time to time to effectively improve ESH performance and comply with international standards through different forms of sharing and communication. The courses include occupational health, employee health, maintenance of fire safety equipment, carbon footprint investigation, climate change, regulatory risk and business ethics.</td></tr><tr><td>Supplier meeting and recognition</td><td>Taiflex held supplier conferences in 2024 to communicate the Company’s sustainability philosophy and goals, as well as to outline management indicators and requirements. During the meetings, suppliers demonstrating outstanding performance and significant contributions in three key areas, namely quality improvement, cost reduction, and technological advancement, were specially recognized and commended.</td></tr></table>		ISO9001 Quality Management System	To ensure contractors of facilities and relevant operations can fully understand ESG trends, carbon reduction measures and international certifications during the evaluation process, and plan to organize online or offline ESG seminars for contractors, encouraging them to obtain relevant certifications or develop relevant competences.	Suppliers are required to obtain valid factory registration certificates issued by the government and ISO14001 environmental management certification of their business category.	Supplier audit	Taiflex has set up an audit unit and a counselling team to monitor suppliers’ progresses in improving deficiencies, thereby jointly enhancing product quality and production technology as well as improving ESH performance. Automation equipment is also adopted to increase production and reduce occupational hazards. An annual supplier evaluation program is also arranged, involving on-site or document-based audits, with corresponding scoring and assessments.	Supplier training	Taiflex holds training and small forums from time to time to effectively improve ESH performance and comply with international standards through different forms of sharing and communication. The courses include occupational health, employee health, maintenance of fire safety equipment, carbon footprint investigation, climate change, regulatory risk and business ethics.	Supplier meeting and recognition	Taiflex held supplier conferences in 2024 to communicate the Company’s sustainability philosophy and goals, as well as to outline management indicators and requirements. During the meetings, suppliers demonstrating outstanding performance and significant contributions in three key areas, namely quality improvement, cost reduction, and technological advancement, were specially recognized and commended.	
	ISO9001 Quality Management System													
	To ensure contractors of facilities and relevant operations can fully understand ESG trends, carbon reduction measures and international certifications during the evaluation process, and plan to organize online or offline ESG seminars for contractors, encouraging them to obtain relevant certifications or develop relevant competences.													
	Suppliers are required to obtain valid factory registration certificates issued by the government and ISO14001 environmental management certification of their business category.													
Supplier audit	Taiflex has set up an audit unit and a counselling team to monitor suppliers’ progresses in improving deficiencies, thereby jointly enhancing product quality and production technology as well as improving ESH performance. Automation equipment is also adopted to increase production and reduce occupational hazards. An annual supplier evaluation program is also arranged, involving on-site or document-based audits, with corresponding scoring and assessments.													
Supplier training	Taiflex holds training and small forums from time to time to effectively improve ESH performance and comply with international standards through different forms of sharing and communication. The courses include occupational health, employee health, maintenance of fire safety equipment, carbon footprint investigation, climate change, regulatory risk and business ethics.													
Supplier meeting and recognition	Taiflex held supplier conferences in 2024 to communicate the Company’s sustainability philosophy and goals, as well as to outline management indicators and requirements. During the meetings, suppliers demonstrating outstanding performance and significant contributions in three key areas, namely quality improvement, cost reduction, and technological advancement, were specially recognized and commended.													
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of sustainability report or other reports which	V		5. The Company compiles the sustainability report pursuant to the GRI standards issued by the Global Reporting Initiative and discloses relevant indexes and ESG information with reference to SASB standards. Our corporate website, https://www.taiflex.com.tw , has an ESG section which discloses relevant and	None										

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?			reliable corporate social information, including corporate social responsibility, friendly workplace, environmental sustainability, green innovation and the SDGs of UN. Later, we plan to have third-party verification body conducting external audits.	
<p>6. If the Company has established its sustainable principles according to "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies", please specify any discrepancy between the policies and their implementation: The Company has established "Sustainable Development Best Practice Principles," providing guidance on topics of environmental protection, community participation, contribution to society, service to society, public welfare, consumer rights and interests, human rights, safety and health, etc. Information can be downloaded from the corporate website. Please refer to Implementation of Sustainable Developments under III. Corporate Governance (page 37 to 72) of this annual report or the Company's sustainability report for details.</p>				
<p>7. Other important information to facilitate better understanding of the Company's sustainable practices (e.g., systems and measures that the company has adopted with respect to environmental protection, community participation, contribution to society, service to society, public welfare, consumer rights and interests, human rights, safety and health, and other CSR activities, and the status of implementation):</p> <p>(1) System and measures taken for environmental protection and safety and health, and the implementation status: Taiflex applies ISO14001: Plan-Do-Check-Act (PDCA) cycle to continually improve its environmental protection management standards. Resource is recycled based on the concept of 3R (Reduce, Reuse and Recycle). Packaging materials are reused to reduce waste and cost. The Company aims to achieve zero waste through continuous improvement on the recycling rate. In addition to compliance with national environmental policies and regulations, the Company also spends an enormous amount of money on environmental improvement and green product research and development. In terms of air pollution control, optimal prevention equipment is adopted to achieve process efficiency of 98% and above, which effectively mitigate the environmental impact. Also, the Company employs the framework of CNS15506 Taiwan Occupational Safety and Health Management System and the risk assessment management strategies and regulation identification under OHSAS18001 Occupational Health and Safety Management System to comply with changes in regulatory requirement and reduce hazardous risks. The goal is to control risks and eliminate potential disaster. On top of persistently improving work environment for an enhanced comfort and safety level at work, Taiflex attaches great importance to employee health and continuously launches health promotion projects and health management measures to fulfill the Company's responsibilities concerning social environment and safety.</p> <p>(2) Community participation, social contribution, social services, and public welfare: Corporate success lies not only in economic growth but also in a commitment to social welfare and environmental sustainability. Guided by the principles of sustainable development, Taiflex embraces the United Nations Sustainable Development Goals (SDGs) as a core framework and actively promotes diverse public welfare initiatives. By fulfilling our corporate social responsibility (CSR), we aim to generate a positive social impact.</p> <p>A. In 2011, employees of the Taiflex Group initiated the charitable club "Youth Care Club," which led to the official establishment of the Kaohsiung City Youth Care Association and the Taiflex Volunteers in the following year. Fourteen years on, the Group remains steadfast in its efforts. In 2024 alone, Taiflex invested nearly NT\$800,000 in initiatives spanning education support, care for the underprivileged, cultural promotion, community participation, and public-interest collaboration. These efforts not only address pressing social needs and promote equitable resource distribution, but also support local community development while aligning with global sustainability trends. Taiflex is committed to creating a better environment for future generations in</p>				

Promotion Items	Status			Non-compliance and Reasons	
	Yes	No	Description		
Taiwan. Through long-term dedication to ESG goals, the Company continues to strengthen its connection with society, striving to expand its positive influence and foster a more inclusive and sustainable model of social development through concrete action.					
A summary of Taiflex’s social engagement activities in 2024 is as follows:					
January:	Hosted the Leadership & Peace Camp (Winter session)				
February:	Co-organized a blood donation event at Kaohsiung Qianzhen Technology Industrial Park				
March:	Implemented the Educational Support Program				
April:	Held the SDGs Board Game Workshop				
July:	Hosted the Leadership & Peace Camp (Summer session)				
August:	Organized the Life Creativity Growth Camp (Summer session)				
August:	Conducted the Kaohsiung Study Tour				
August:	Celebrated the Taiflex Anniversary				
October:	Launched the Train the Trainer program				
December:	Held a Christmas A Cappella Concert				
December:	Implemented the Christmas Giving Initiative				
January 2025:	Hosted the Taiflex New Year Celebration, featuring a performance by the charity band The Flighty Seven				
B. The outcomes of the aforementioned public welfare initiatives are summarized as follows:					
No.	Category	Activity	SDGs	Amount (NT\$)	Description
1	Educational support	Educational Support Program	SDG 4.3 SDG 4.5	100,000	The success of an enterprise is built on the efforts of its employees. As Taiflex values not only employee development but also the well-being of their families, it has long promoted the Educational Support Program to provide scholarships for the children of employees who passed away or were seriously injured due to accidents or illness. The program helps ensure that these children can continue their education in a stable environment, reducing the risk of school dropout caused by financial hardship.
2		Leadership & Peace Camp (Winter/Summer), Life Creativity Growth Camp (Summer)	SDG 4.4 SDG 4.A	150,000	In collaboration with universities in southern Taiwan, including National Sun Yat-sen University, National Kaohsiung Normal University, National University of Kaohsiung, National Kaohsiung University of Science and Technology, Kaohsiung Medical University, and Tainan University of Technology, Taiflex organizes educational camps during winter and summer vacations. These include the Leadership & Peace Camps (winter/summer) and the Life Creativity Growth Camp (summer), which offer courses in science experiments, creative thinking, teamwork, and outdoor exploration. The camps promote educational innovation and diverse learning opportunities, cultivating practical skills and future competitiveness among students.

Promotion Items				Status			Non-compliance and Reasons
				Yes	No	Description	
3		Train the Trainer	SDG 4.7 SDG 4.C SDG 17.16 SDG 17.17		100,000	Taiflex organized the Train the Trainer program, sending professional instructors to Chung-Shan Industrial & Commercial School, one of its industry-academia partners, to provide specialized training for teachers and promote the United Nations SDGs. By deepening educators' understanding of sustainability issues, the program supports the integration of SDG concepts into the curriculum, helping to broaden students' global perspectives and improve their sustainability literacy. This initiative also strengthens the education system's ability to respond to future challenges.	
4		SDGs Board Game Workshop	SDG 4.7 SDG 12.8		50,000	To further encourage students to incorporate sustainability into their daily lives and cultivate future civic awareness, thereby contributing to the long-term development of both society and business, Taiflex held an SDGs Board Game Workshop for overseas students, primarily from Southeast Asia, at Chung-Shan Industrial & Commercial School, one of its industry-academia partners. The workshop promotes the United Nations SDGs through interactive board games that combine education with entertainment. This approach helps students understand the importance of environmental protection, social responsibility, and corporate governance, while deepening their awareness of global sustainability issues.	
5	Care for the Disadvantaged	Christmas Giving Initiative	SDG 1.2 SDG 10.2		Employee funded	The Christmas Giving Initiative invited underprivileged children supported by the Good Shepherd Social Welfare Foundation to write wish cards. These wishes were then adopted by Taiflex employees, who purchased and personally delivered the gifts. This initiative not only brings warmth and hope to the children but also addresses the resource gap caused by economic inequality, ensuring that each child can grow up with care and support.	
6		Kaohsiung Study Tour	SDG 4.7 SDG 11.4		200,000	To foster awareness of urban sustainability among the younger generation and promote social inclusion and diverse learning opportunities, the Company organized a two-day Kaohsiung Study Tour. High school students from the Puren Youth Care Foundation were invited to participate in immersive learning experiences, exploring Kaohsiung's cultural landmarks, technology industries, and natural attractions. The program deepens students' understanding of urban development, environmental protection, and cultural preservation, while inspiring future possibilities.	
7	Cultural Promotion & Community Engagement	Taiflex Anniversary Celebration	SDG 10.2 SDG 11.4		50,000	Through mutual support in education and culture, the Company fosters social inclusion and provides equitable development opportunities for diverse communities. Overseas students from Southeast Asia at Chung-Shan Industrial & Commercial School, an industry-academia partner of Taiflex, were invited to participate in the Company's anniversary celebration. They showcased their cultural heritage through	

Promotion Items			Status			Non-compliance and Reasons
			Yes	No	Description	
					dance and performances, promoting cultural exchange and mutual understanding. Scholarships were also awarded to encourage these students to continue their education and personal development in Taiwan, supporting both educational equity and cultural diversity.	
8		Christmas A Cappella Concert	SDG 11.4	75,000	To promote musical arts and cultural diversity while fostering social inclusion and sustainable cultural development, the Company hosted a Christmas A Cappella Concert. The event served as a platform for students from Kaohsiung Municipal Wunshan Senior High School to showcase their musical talents. By creating more opportunities for the younger generation to express their voices and take the stage, the concert encouraged students to explore their artistic potential through choral and a cappella performances. It also helped them build self-confidence and improve their communication skills. Beyond advancing music education, the event nurtured creativity and teamwork, laying a strong foundation for the students' future development.	
9	Public Interest Collaboration & Community Engagement	Blood donation event at Kaohsiung Qianzhen Technology Industrial Park	SDG 3.8 SDG 17.17	20,000	In collaboration with the Kaohsiung Qianzhen Technology Industrial Park, the Company organized a large-scale blood donation event, mobilizing employees and community partners to participate. This initiative aimed to raise awareness of the need for medical resources and support blood bank operations through concrete action. In addition to providing direct support to the healthcare system, the event strengthened the connection between the Company and the local community, fostering a spirit of mutual support and civic responsibility.	
10	Public Interest Action (Integrated with Corporate Events)	Charity Performance - "The Flighty Seven"	SDG 8.5 SDG 8.9 SDG 10.2 SDG 10.3	14,000	During the annual year-end celebration, the Company hosted a special performance by the band The Flighty Seven, integrating corporate festivities with public interest efforts. The event provided a platform for artists with disabilities to showcase their talents, promoting awareness of inclusive arts and cultural diversity. Performance honorariums were also provided to support the ongoing professional development of visually impaired musicians, ensuring their artistic contributions are recognized and respected.	
Total				759,000		

(3) Consumer rights and interests:

The Company complies with contractual terms and fulfills its obligations to protect the rights of consumers and the Company.

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
<div>(4) Human rights: The Company provides equal employment opportunities to all individuals, regardless of gender, color, language, religion, political inclination, race, age, sexual orientation, nationality and place of residence. It also establishes a safe environment to protect employees from discrimination and harassment.</div> <div>(5) Safety and health: The Company complies with the Occupational Safety and Health Act and establishes safety and health management organizations and dedicated units accordingly to draft, plan, promote and oversee the implementation of various safety and health measures.</div>				

(6) Climate-related Information of TWSE/TPEX-Listed Companies

A. Implementation of climate-related information

Item	Implementation status																																	
1. Describe the oversight and governance of the Board and management on climate-related risks and opportunities.	<p>The Board of Directors serves as the highest decision-making body for risk management in the Company, overseeing the effective operation of risk management mechanism to ensure that the Company’s business strategies can be effectively implemented to achieve business objectives. The Board authorizes the Chairperson to be the convener of risk management plans, coordinating and directing the plan promotion and operation.</p> <p>The Sustainable Development Committee reports to the Board twice a year, reviewing climate change-related risks and opportunities, and proposing corresponding short, medium, and long-term plans, measures, and goals. The Board regularly evaluates the effectiveness of climate response strategies based on the plan progress of functional teams summarized by the Sustainable Development Committee (Sustainable Development Center).</p>																																	
2. Describe how the identified climate risks and opportunities would affect the business, strategy, and finance of the entity (short, medium, and long-term).	<p>The Company has identified three major climate-related risks and three major climate-related opportunities based on its assessment of climate risks and opportunities.</p> <ul style="list-style-type: none">Climate Risks <table><tr><th>Risk Ranking</th><th>Risk</th><th>Scope</th><th>Time Horizon</th><th>Likelihood</th><th>Financial Impact</th></tr><tr><td>1</td><td>[Transition Risk] Increased pricing on GHG emissions (Carbon fees)</td><td>Upstream, Taiflex</td><td>Long-term</td><td>Low</td><td>Very Low</td></tr><tr><td rowspan="3">2</td><td rowspan="3">[Transition Risk] Substitution of existing products with low-carbon alternatives</td><td rowspan="3">Upstream, Taiflex, Downstream</td><td>Short-term</td><td>Low</td><td>Moderate</td></tr><tr><td>Medium-term</td><td>Moderate</td><td>High</td></tr><tr><td>Long-term</td><td>High</td><td>Very High</td></tr><tr><td rowspan="2">3</td><td rowspan="2">[Physical Risk] Extreme weather events (e.g., typhoons, floods)</td><td rowspan="2">Taiflex</td><td>Short-term</td><td>High</td><td>Low</td></tr><tr><td>Medium to Long-term</td><td>High</td><td>Moderate</td></tr></table>	Risk Ranking	Risk	Scope	Time Horizon	Likelihood	Financial Impact	1	[Transition Risk] Increased pricing on GHG emissions (Carbon fees)	Upstream, Taiflex	Long-term	Low	Very Low	2	[Transition Risk] Substitution of existing products with low-carbon alternatives	Upstream, Taiflex, Downstream	Short-term	Low	Moderate	Medium-term	Moderate	High	Long-term	High	Very High	3	[Physical Risk] Extreme weather events (e.g., typhoons, floods)	Taiflex	Short-term	High	Low	Medium to Long-term	High	Moderate
Risk Ranking	Risk	Scope	Time Horizon	Likelihood	Financial Impact																													
1	[Transition Risk] Increased pricing on GHG emissions (Carbon fees)	Upstream, Taiflex	Long-term	Low	Very Low																													
2	[Transition Risk] Substitution of existing products with low-carbon alternatives	Upstream, Taiflex, Downstream	Short-term	Low	Moderate																													
			Medium-term	Moderate	High																													
			Long-term	High	Very High																													
3	[Physical Risk] Extreme weather events (e.g., typhoons, floods)	Taiflex	Short-term	High	Low																													
			Medium to Long-term	High	Moderate																													

Item	Implementation status					
	• Climate Opportunities					
	Opportunity Ranking	Opportunity	Scope	Time Horizon	Likelihood	Financial Impact
	1	[Climate Opportunity] Adoption of more efficient production processes	Taiflex	Short, Medium to Long-term	Very High	Moderate
	2	[Climate Opportunity] Use of low-carbon energy / Participation in renewable energy projects	Taiflex, Downstream	Short-term	Very High	Low
				Medium to Long-term	Very High	Moderate
	3	[Climate Opportunity] Recycling and reuse	Upstream, Taiflex, Downstream	Short-term	Very High	Moderate
				Medium to Long-term	Very High	High
3. Describe the financial impact of extreme weather events and transition activities.	1. Financial Impact of Climate Risk Scenarios and Response Strategies					
	Risk	Financial Impact		Response Strategy		
	[Transition Risk] Increased pricing on GHG emissions (Carbon fees)	The Company anticipates no risk of carbon fee imposition by the government in the short to medium term. However, in the long term, carbon emissions are expected to exceed the regulatory threshold, triggering carbon fee payments and resulting in financial impacts on costs and profitability.		To mitigate this, the Company will implement annual energy-saving projects to reduce energy consumption and install self-consumption solar power facilities to lower GHG emissions. In addition, the Company plans to offset emissions by purchasing voluntary carbon credits from other sources. These measures are expected to reduce cash outflows from operating activities as a result of rising carbon costs. These outflows will be funded through the Company’s own resources, resulting in no operational or cash flow risks. The impact on financing availability and cost of capital is expected to be minimal.		

Item	Implementation status		
	<p>[Transition Risk] Substitution of existing products with low-carbon alternatives</p>	<p>If the Company fails to meet customer demands for low-carbon products, it may result in the loss of certain orders, leading to a negative financial impact on profitability.</p>	<p>To mitigate this risk, the Company will fully comply with customer requirements for the use of recycled materials to prevent the loss of orders. While the use of recycled materials will increase costs, the Company plans to gradually adjust product prices to offset the financial impact. Following the implementation of this strategy, the Company expects limited impact on profitability in the short, medium, and long term, with no significant effect on financing availability or cost of capital.</p>
	<p>[Physical Risk] Extreme weather events (e.g., typhoons, floods)</p>	<p>Extreme weather events such as typhoons and floods may lead to higher disaster-related expenses, resulting in operating cash outflows and adverse effects on profitability.</p>	<p>The Company has assessed the exposure to this physical risk and determined that it is within an acceptable range. Accordingly, it has adopted a risk acceptance strategy. The impact on financing availability and cost of capital is expected to be minimal.</p>
	2. Financial Impact of Climate Opportunity Scenarios and Response Strategies		
	<p>Opportunity</p>	<p>Financial Impact</p>	<p>Response Strategy</p>
	<p>[Climate Opportunity] Adoption of more efficient production processes</p>	<p>The Company has implemented a series of investments in high-efficiency equipment and energy-saving improvements. While these initiatives will increase capital amortization and equipment maintenance costs, they are expected to reduce energy consumption and lower utility expenses. Overall, these efforts are expected to</p>	<p>Electricity and natural gas are the primary energy sources used in the Company's production processes. The Company has established short-, medium-, and long-term plans for equipment upgrades and energy efficiency improvements. Cash outflows related to investing and operating activities will be funded by the Company's own resources, resulting in no operational or cash flow risks. The</p>

Item	Implementation status		
		enhance the Company's financial opportunities and increase profitability.	impact on financing availability and cost of capital is expected to be minimal.
	[Climate Opportunity] Use of low-carbon energy / Participation in renewable energy projects	The Company has installed solar and biomass power generation systems. These investments will increase capital amortization, maintenance costs, and interest expenses. However, they will also generate revenue through electricity sales to Taipower and reduce costs associated with purchasing electricity. Overall, these initiatives are expected to enhance the Company's financial opportunities and increase profitability.	The Company has established short-, medium-, and long-term renewable energy investment plans. Cash outflows associated with investing and operating activities during these periods will be funded by the Company's own capital and bank loans. These projects are not expected to pose operational or cash flow risks. The impact on financing availability and cost of capital is expected to be minimal.
	[Climate Opportunity] Recycling and reuse	The Company plans to invest in processes and equipment for the recycling and reuse of waste gases and solvents. Although these investments will increase capital amortization and maintenance costs, they are expected to reduce the cost of raw material procurement and waste treatment, while generating additional revenue from the resale of recovered solvents and purified gases. Overall, these efforts are expected to enhance the Company's financial	The Company has developed short-, medium-, and long-term investment plans for recycling and reuse processes and equipment. Cash outflows associated with investing and operating activities during these periods will be funded by the Company's own capital. These projects are not expected to pose operational or cash flow risks. The impact on financing availability and cost of capital is expected to be minimal.

Item	Implementation status		
		opportunities and increase profitability.	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company has established a Risk Management Policy and Procedures and, with reference to the risk identification and assessment framework recommended by the TCFD, has incorporated climate-related risks into its existing risk management processes. For each identified item, response strategies and objectives are developed. The Sustainable Development Committee is responsible for ongoing monitoring and oversight, and regularly reports implementation progress to the Board of Directors to ensure alignment with overall strategic direction. Climate change risk and opportunity identification and assessment meetings are convened by the Corporate Governance and Risk Management Team. During the meeting, risks and opportunities were identified and assessed using a matrix based on predefined risk levels. The process results in the identification and confirmation of those with the highest level of risk or opportunity. Based on the assessed likelihood and potential impact of each item, responsible departments are assigned to formulate appropriate response plans. For items that are both highly likely to occur and have a significant potential impact, the Company forms cross-functional project teams to coordinate resources and responses. Risk response actions are regularly reviewed and refined to mitigate potential impacts.		
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions and analysis factors used as well as major financial impacts shall be described.	The Company has developed climate scenarios based on the two risk categories—transition risk and physical risk—and climate opportunities, as recommended by the TCFD. Since climate-related risks and opportunities may influence future strategy and financial planning, the Company adopts a worst-case scenario approach to evaluate the resilience of its climate strategy.		
	Type of Risk and Opportunity <ul style="list-style-type: none"> • Transition Risk • Opportunity 	Scenario Used for Risk and Strategy Assessment <ul style="list-style-type: none"> • 1.5°C Scenario • Taiwan’s 2050 Net-Zero Emissions Pathway and Strategy • Taiwan’s 2030 Nationally Determined Contribution (NDC) • Taiwan Climate Change Response Act 	Scenario Description As the world advances toward net-zero carbon emissions by 2050, Taiwan’s Executive Yuan released the 2050 Net-Zero Emissions Pathway and Strategy Overview in March 2022, outlining four key transitions—energy, industry, lifestyle, and society—supported by two governance foundations: technological innovation and climate legislation, aimed at stringent control of GHG emissions. In December 2022, the National Development Council (NDC)

Item	Implementation status		
			announced phased goals and key strategies for the 2050 transition. Subsequently, in late 2024, Taiwan's Ministry of Environment declared that by 2030, national net GHG emissions shall be reduced to 28% \pm 2% of the 2005 baseline, representing a 5% increase over the previously announced NDC target of 24% \pm 1%. These developments may have operational implications for the Company and its value chain.
	<ul style="list-style-type: none"> Physical Risk 	<ul style="list-style-type: none"> SP5-8.5 (Worst-case Global Warming Scenario) from the IPCC Sixth Assessment Report 	Under the extremely high GHG emissions scenario (SSP5-8.5), climate change is projected to cause intensified fluctuations in average temperature, extreme heat, annual rainfall, maximum daily precipitation, number of consecutive dry days, and the frequency of severe typhoons. These changes may lead to potential operational impacts on the Company and its value chain.
6. If there is a transition plan for managing climate-related risks, describe the plan details, and the indicators and targets used to identify and manage physical risks and transition risks.	To effectively guide progress across the areas of climate risk governance, strategy, and risk management, the Company has established short-, medium-, and long-term action plans and targets for GHG reduction and the deployment of renewable energy generation systems. These initiatives aim to strengthen the Company's ability to mitigate both transition and physical climate risks, support national climate policies, and demonstrate the Company's commitment to achieving a low-carbon transition. For details of the plans and targets, please refer to Table 1–2.		
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	To further enhance internal energy-saving and carbon-reduction performance, the Company has introduced an internal carbon pricing mechanism. At the current stage, a benchmark internal carbon price of NT\$300 per metric ton of CO ₂ equivalent has been adopted, in line with the carbon fee rate announced by Taiwan's Ministry of Environment for 2025. When assessing the investment benefits of energy-saving and carbon-reduction projects, the Company monetizes the associated environmental benefits and includes the implied cost of carbon fees in the decision-making process. This approach not		

Item	Implementation status			
	only improves the effectiveness of internal carbon reduction efforts but also supports the Company's long-term commitment to sustainability.			
8. If climate-related targets have been set, the activities covered, the scope of GHG emissions, the planning horizon, and the progress achieved each year shall be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or the quantity of RECs to be offset shall be specified.	To reduce carbon emissions, improve energy efficiency, and lower energy costs, the Company has established the following climate-related targets:			
	Period Indicator	Current (2024)	Short Term (2025–2026)	Mid to Long Term (2027–2040)
	VOCs Recovery Rate (Scope 1)	VOCs recovery rate >1% compared to base year (2021) *In 2024, the rate increased by 3.3%; target achieved.	VOCs recovery rate >1% increase compared to base year (2021)	VOCs recovery rate > 5~30% increase compared to base year (2021)
9. GHG inventory and assurance status as well as reduction targets, strategy, and concrete action plans. (Data available in 1-1 and 1-2)	Energy Saving Target (Scope 2)	Energy saving rate >1% compared to previous year *In 2024, energy saving rate was 4.8%; target achieved.	Energy saving rate >1% compared to previous year	Energy saving rate >1% compared to previous year
	Please refer to tables 1-1 and 1-2 below.			

1-1. GHG inventory and assurance status in the recent two years

1-1-1 GHG inventory information

Describe the GHG emission volume (MT CO ₂ e), intensity (MT CO ₂ e /NT\$ million), and data coverage in the recent two years.		
GHG Emissions of Taiflex in the Recent Two Years (MT CO ₂ e):		
Year	2023	2024
Scope 1	8,427.16	10,439.39
Scope 2	18,498.35	19,534.71
Total	26,925.51	29,974.10
Emission intensity (MT CO ₂ e / NT\$ millions)	3.9378	3.6487
Data coverage	Taiflex 1, 2, 3 and 5	Taiflex 1, 2, 3 and 5
Assurance agency	TÜV Rheinland	SGS Taiwan Limited (scheduled for June)
Note: 1. Scope 1 emissions are direct emissions (i.e., emissions directly from sources owned or controlled by the Company). Scope 2 emissions are indirect energy emissions (i.e., indirect GHG emissions from electricity, heat, or steam). 2. The intensity of GHG emissions may be calculated per unit of product/service or revenue. The parent company only revenue of the Company amounted to NT\$6,838 million and NT\$8,215 million in 2023 and 2024, respectively. 3. In accordance with the Sustainable Development Roadmap of TWSE and TPEx-listed Companies, the inventory and assurance of the parent company shall be completed by 2026 and 2028, respectively. We had completed both in 2022.		

1-1-2 GHG assurance information

Describe the assurance status in the recent two years, including the assurance scope, agency, standards, and opinion.	
Basic information of the Company <input type="checkbox"/> Companies with capital of NT\$10 billion or above, the iron and steel industry, or the cement industry <input type="checkbox"/> Companies with capital of NT\$5 billion or above but less than NT\$10 billion <input checked="" type="checkbox"/> Companies with capital under NT\$5 billion	Minimum disclosure required by the Sustainable Development Roadmap for TWSE/TPEx-Listed Companies: <input type="checkbox"/> Inventory for parent company only <input type="checkbox"/> Inventory for all consolidated entities <input type="checkbox"/> Assurance for parent company only <input type="checkbox"/> Assurance for all consolidated entities

Assurance status:		
Year	2023	2024
Scope	Taiflex 1, 2, 3 and 5	
Agency	TÜV Rheinland	SGS Taiwan Limited
Standards	ISO14064-1:2018	
Opinion	Reasonable assurance for Scope 1 + Scope 2, and limited assurance for Scope 3	The complete GHG assurance opinion has yet to be available (Note 1)

Note 1: As of the date of this annual report, the Company has yet to obtain a complete GHG assurance opinion. The information will be disclosed in the next annual report.

1-2 GHG reduction targets, strategy, and concrete action plans

Specify the GHG reduction base year and its data; the reduction targets, strategy and concrete action plans; and the status of target achievement.							
With 2021 being the base year, we conduct audits every year to examine the differences compared to the base year as well as formulate corresponding carbon reduction plans:							
	2021 (Base year)	2022	Compared to Base Year (%)	2023	Compared to Base Year (%)	2024	Compared to Base Year (%)
Scope 1	10,077.93	10,936.00	8.5%	8,427.16	-16.4%	10,439.39	3.6%
Scope 2	20,340.13	18,215.25	-10.4%	18,498.35	-9.1%	19,534.71	-4.0%
Scope 1 + Scope 2	30,418.06	29,151.26	-4.2%	26,925.51	-11.5%	29,974.10	-1.5%
<ul style="list-style-type: none"> Short-term reduction targets (2025 to 2026): <ul style="list-style-type: none"> 4% reduction in Scope 1 emissions with 2021 being the base year. Taiflex Green Power Co., Ltd. (a subsidiary) with a cumulative installed renewable energy capacity of 2,800 kW. Medium-term reduction targets (2027 to 2030): <ul style="list-style-type: none"> -12% reduction in Scope 1 emissions with 2021 being the base year. Taiflex Green Power Co., Ltd. (a subsidiary) with a cumulative installed renewable energy capacity of 2,949 kW. Long-term reduction targets (2031 to 2040): <ul style="list-style-type: none"> >27% reduction in Scope 1 emissions with 2021 being the base year. Taiflex Green Power Co., Ltd. (a subsidiary) with a cumulative installed renewable energy capacity of 3,379 kW. 							

Performance:

- Production expansion from the 7.1% increase in parent company only revenue led to a 3.6% increase in Scope 1 emissions in 2024 compared to 2021. As a result, the Company did not achieve its originally reduction target in 2024. In 2025, the Company had carried out boiler maintenance and replaced ceramic heat-retaining media to maintain combustion efficiency and better control natural gas consumption.
- The replacement of ceramic heat-retaining media in the RTO at Taiflex 2 between October and November 2022, along with the installation of a zeolite rotor concentrator at Taiflex 3 to condense low-concentration VOCs into high concentrations and enhance their use as auxiliary fuel, led to a significant reduction of 92.3725 km³ in RTO natural gas consumption compared to 2023, which is equivalent to approximately 190 metric tons of CO₂e.
- The installed capacity of Taiflex Green Power Co., Ltd. (a subsidiary) totaled 1,938 kW in 2024. At the end of 2023, it participated in the second round of auction for small-amount green power purchases organized by Taipower and won the bid for 10,000 kWh, which was used by Taiflex 2 in 2024.

(7) Performance in Ethical Management and Non-compliance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies” and Reasons

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Establishment of ethical management policies and schemes				None
(1) Does the Company formulate ethical management policies approved by the Board of Directors and clearly express ethical management policies and actions as well as the Board and senior management’s commitment to implement those policies in the Company’s internal rules and external documents?	V		(1) The Company has established and publicly announced to all personnel the “Principles of Business Ethics”. Unless otherwise stipulated in laws and regulations, the Board meetings shall be conducted in accordance with the Company’s “Rules of Procedure for the Board of Directors’ Meetings”. The designated division in charge of the Board meetings shall have relevant information ready for Directors to study at all times and notify relevant departments’ managers, other than ones serving as Directors, to attend the Board meetings depending on the subject matters of the agenda. The CPAs or other professionals may also be invited to present at the meeting if necessary.	
(2) Does the Company establish assessment mechanism for risk arising from unethical conducts, regularly analyze and assess operating activities with higher risk of unethical conduct within its business, and formulate preventive schemes accordingly, which at least contain preventive measures for conducts set forth in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?	V		(2) The Company has established measures to prevent operating activities involving higher risk of unethical conduct, which include: A. Offering and acceptance of bribes B. Provision of illegal political contribution C. Improper charitable donations or sponsorship D. Offering or acceptance of unreasonable gifts, hospitality or other improper benefits E. Infringement of trade secrets, trademarks, patents, copyrights and other intellectual property rights F. Unfair competition G. Maliciously and gravely jeopardize the rights, health and safety of consumers or other stakeholders during the process of research and development, purchase, manufacture, rendering or sale of products and services	
(3) Does the Company have clear statements regarding relevant procedures, conduct guidelines, disciplinary measures and compliant system in the schemes to prevent unethical conduct, and does the Company	V		(3) The Company has established “Procedures and Guidelines of Business Ethics” to encourage internal and external parties to report unethical behaviors or misconducts. Based on the degree of misconduct, whistleblowers could receive a citation of merit	

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
implement them accordingly and regularly review those schemes?			pursuant to the Company's reward and discipline policy. Internal personnel making false accusation or malicious claims will be disciplined. Serious offense can lead to termination of employment. The Company has organized internal, independent whistleblowing mailbox and hotline for internal and external personnel of the Company.	
2. Implementation of ethical management				None
(1) Does the Company review the counterparty's history of ethical conduct and include the compliance of business ethics as a clause in the contract?	V		(1) Personnel of the Company shall avoid engaging in business with unethical agents, suppliers, customers or other business counterparties. Once we are aware of the counterparty's misconduct, we will terminate all business dealings and blacklist the counterparty for future dealings to meet our requirement for business ethics.	
(2) Has the Company established a dedicated department under the Board to promote ethical conducts and report regularly (at least once every year) its ethics policies and preventive schemes for unethical conducts as well as implementation status to the Board of Directors?	V		(2) The Company appoints a dedicated division to formulate and monitor the execution of ethics policies and preventive schemes for unethical conducts, as well as report to the Board of Directors. There was no major unethical conduct in 2024.	
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels and thoroughly implement the policies?	V		(3) Before signing contracts, the Company and its subsidiaries shall fully understand the degree of business ethics of the counterparty and include the compliance of business ethics as a clause in the contract. Once a party becomes aware of any violation of contractual terms on prohibition of commission, rebates or other benefits, it shall promptly inform the other party of the violator's identity, method of provision, promise, request, or acceptance of improper benefits, amount or other benefits and provide relevant evident to assist with investigation. The Company and its subsidiaries are entitled to make a claim to the other party for any detriment suffered as a result. The claims can be deducted from our payables if this clause was explicitly stated in the contract. Moreover, in order to thoroughly implement the rules regarding conflict of interest and prevent damage to the Company, the Internal Auditing Office will soon establish a whistleblowing	

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
<p>(4) Has the Company established effective accounting and internal control systems for the implementation of ethics policies and had the internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits?</p> <p>(5) Has the Company regularly held internal and external training sessions on business ethics?</p>	V		<p>system as a proper complaint channel to avoid any conflict of interest.</p> <p>(4) The Company has established effective accounting and internal control systems as well as the Internal Auditing Office reporting directly to the Board. Each year, the Internal Auditing Office carries out audits according to the Annual Audit Plan, monitors corrective actions for deficiencies and regularly submits audit reports to the Audit Committee and the Board for management to understand the implementation status of internal control system in order to achieve the effectiveness of the design and execution of the systems.</p> <p>(5) The Company conveys the importance of business ethics at orientation programs, regular meetings and corporate ethics sessions. Ethics is one of the indicators in performance review.</p>	
<p>3. Implementation of whistleblowing system</p> <p>(1) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible complaint channels, and designated responsible individuals to handle the complaint received?</p> <p>(2) Has the Company established standard operating procedures for investigating the complaints received, actions to be taken upon the completion of investigation, and mechanisms for confidentiality?</p> <p>(3) Has the Company established measures to protect whistleblowers from retaliation?</p>	V		<p>(1) The Company has provided proper channels for reporting of unethical conducts. It would keep the identity and complaint of the whistleblower confidential. The Company has designated responsible individuals to investigate the complaint.</p> <p>(2) The Company follows standard operating procedures and relevant mechanism to maintain the confidentiality of case details when conducting investigations.</p> <p>(3) The Company follows standard operating procedures and confidentiality mechanism to protect whistleblowers from retaliation.</p>	None
<p>4. Enhancement on information disclosure</p> <p>Does the Company disclose its principles of business ethics and information about implementation of such guidelines on its website and MOPS?</p>	V		<p>The Company has disclosed the “Principles of Business Ethics” on the corporate website at https://www.taiflex.com.tw and the MOPS website at http://mops.twse.com.tw. Relevant information can also be found in this annual report.</p>	None
<p>5. If the Company has established ethical conduct policies based on “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies“, please specify any discrepancy between the policies and their implementation:</p>				

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
The Company upholds the principles of fairness, honesty, trustworthiness and transparency in all business transactions. Principles of Business Ethics are established in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies“ for all employees to follow. There is no significant discrepancy between the policies and their implementation.				
6. Other important information to facilitate better understanding of the Company’s ethical conduct practices (e.g., the Company reviews and revises its Principles of Business Ethics, etc.): Besides listing the Principles of Business Ethics as a mandatory course for orientation program, we incorporate relevant principles into the employee reward and discipline policy and the code of conduct for suppliers, thereby instilling ethics into daily operation. Also, we follow ethical guidelines for all business transactions and encourages business partners to follow suit.				

(8) Other important information to facilitate better understanding of the Company’s corporate governance:

- A. Procedures for internal material information: The Company has established the “Procedures for Handling Material Information and Preventing Insider Trading” for Directors, management and employees to follow. The Procedures specify that the Company’s Directors, management and employees shall not violate laws, regulations and orders regarding insider trading. Please refer to the corporate website at <https://www.taiflex.com.tw> for more details.
- B. For details on Independent Directors’ nomination and election method, nomination process, (qualified) candidates’ profile, election process and outcome, please refer to the Company and MOPS websites at <https://www.taiflex.com.tw> and <https://mops.twse.com.tw>, respectively.

(9) Internal Control System Execution Status:

- A. Statement of Internal Control System: The Company's Statement of Internal Control System is available on the MOPS and can be accessed at the following website: <https://mops.twse.com.tw/mops/#/web/t06sg20>.
- B. Where CPAs are retained to audit the internal control system, please disclose the CPAs' audit report: None.

(10) Major resolutions of shareholders' meetings and Board of Directors' meetings in the most recent year and up to the date of this annual report:

- A. Major resolutions of shareholders' meetings and Board of Directors' meetings are summarized as follows:

Shareholders / Board Meetings	Date	Major Resolutions
Shareholders' Meeting	2024.05.24	<ol style="list-style-type: none"> 1. Approved the Company's audited 2023 financial statements 2. Approved the Company's 2023 earnings distribution 3. Approved the issuance of new shares for capitalization of earnings
Board Meeting	2024.01.25	<ol style="list-style-type: none"> 1. Approved the Company's distribution of 2023 compensation to employees and remuneration to Directors 2. Approved the Company's 2023 net income bonus to managerial officers 3. Approved the Company's 2024 operation plan and capital expenditure budget 4. Approved the renewal of credit lines with financial institutions to meet business needs 5. Approved the provision of endorsements and guarantees for subsidiaries 6. Approved the disposal of operating equipment through related-party transactions 7. Approved the 2024 sustainability development plan
Board Meeting	2024.02.20	<ol style="list-style-type: none"> 1. Approved the Company's 2023 assessment on the effectiveness of internal control system and issuance of the "Statement of Internal Control System" 2. Approved the Company's 2023 business report and financial statements 3. Approved the Company's 2023 earnings distribution 4. Approved the issuance of new shares for capitalization of earnings 5. Appointed the Company's CPAs for 2024 and assessed their independence and suitability 6. Approved the provision of Letter of Comfort for investee - Koatech Technology Corporation 7. Amended the Company's "Rules of Procedure for the Board of Directors' Meetings" 8. Approved matters related to the agenda of the 2024 annual shareholders' meeting 9. Approved matters related to shareholder proposals for the 2024 annual shareholders' meeting
Board Meeting	2024.04.24	<ol style="list-style-type: none"> 1. Approved organizational changes 2. Approved the consolidated financial statements for the three months ended March 31, 2024 3. Authorized the Chairperson to dispose of marketable securities 4. Approved the disposal of operating equipment through related-party transactions 5. Approved the renewal of credit lines with financial institutions to meet business needs

Shareholders / Board Meetings	Date	Major Resolutions
		6. Approved the provision of endorsements and guarantees for subsidiaries
Board Meeting	2024.06.25	1. Reviewed adjustments to managerial appointments and related compensation packages 2. Reviewed the 2024 salary adjustment of managerial officers 3. Approved the Company's ex-rights and ex-dividend schedule for 2024
Board Meeting	2024.07.31	1. Reviewed the distribution of 2023 remuneration to Directors and compensation to managerial employees 2. Approved the consolidated financial statements for the six months ended June 30, 2024 3. Confirmed that accounts receivable overdue by more than three months beyond the normal credit period as of June 30, 2024 are not of a lending nature 4. Approved the record date for capital increase through the issuance of new shares related to the Company's first overseas unsecured convertible bonds 5. Approved the renewal of credit lines with financial institutions to meet business needs 6. Approved the provision of endorsements and guarantees for subsidiaries 7. Approved the provision of Letter of Comfort for investees - Taiflex Green Power Co., Ltd. and Koatech Technology Corporation
Board Meeting	2024.10.30	1. Reviewed adjustments to managerial appointments and related compensation packages 2. Approved the donation to establish the "Kaohsiung Taiflex Educational Foundation" 3. 2025 audit plan of the internal auditing office 4. Approved the additions to the Company's written internal control system and internal audit implementation rules 5. Approved the adoption of the Company's "Sustainability Information Management Policy" 6. Approved amendments to certain provisions of the "Sustainability Development Committee Charter" 7. Approved amendments to certain provisions of the "Sustainability Report Preparation and Assurance Procedures" 8. Appointed the Company's CPAs for the second half of 2024 and assessed their independence and suitability 9. Approved the consolidated financial statements for the nine months ended September 30, 2024 10. Approved the record date for capital increase through the issuance of new shares related to the Company's first overseas unsecured convertible bonds 11. Approved the renewal of credit lines with financial institutions to meet business needs 12. Approved the provision of endorsements and guarantees for subsidiaries 13. Approved the schedule of Board meetings for 2025

B. Execution of resolutions of 2024 Annual Shareholders' Meeting:

(a) Approved the Company's audited 2023 financial statements

Voting Results

(In Shares)

Total Votes	Votes For	Votes Against	Abstain
160,489,110	152,021,586	9,630	8,457,894
100.00%	94.73%	0.00%	5.27%

(b) Approved the Company's 2023 earnings distribution

Execution: July 29, 2024 was set as the distribution record date, and in accordance with the resolution of the shareholders' meeting, the distribution was completed in full on August 26, 2024. (A cash dividend of NT\$1 and a stock dividend of 0.5 shares per share.)

Voting Results

(In Shares)

Total Votes	Votes For	Votes Against	Abstain
160,489,110	152,221,622	49,719	8,217,769
100.00%	94.85%	0.03%	5.12%

(c) Approved the issuance of new shares for capitalization of earnings

Execution: July 29, 2024 was set as the record date for capital increase through earnings capitalization, and in accordance with the resolution of the shareholders' meeting, the distribution was completed in full on August 26, 2024. Shareholders received 50 bonus shares for every 1,000 shares held.

Voting Results

(In Shares)

Total Votes	Votes For	Votes Against	Abstain
160,489,110	152,165,383	107,325	8,216,402
100.00%	94.81%	0.07%	5.12%

(11) Different opinions expressed by Directors or Supervisors regarding major resolutions, either by recorded statement or in writing, in the most recent year and up to the date of this annual report: None.

4. Audit Fees for CPA

(In Thousands of New Taiwan Dollars)

Accounting Firm	Name of CPA (Note 1)	Audit Period	Audit Fee	Non-audit Fee (Note 2)	Total	Note
Ernst & Young	Shih-Chieh Huang and Ching-Piao Cheng	January to June 2024	3,395	550	3,945	1. In line with the internal organizational restructuring of the CPA firm. 2. Non-audit fee included tax compliance audits of NT\$150 thousand, audits on the physical inventory of bonded goods of NT\$100 thousand and money advanced of NT\$300 thousand.
	Kuo-Sen Hung and Ching-Piao Cheng	July to December 2024				

(1) Non-audit fees paid to CPAs, CPA's accounting firms and their affiliates exceeding 25% of the audit fees: None.

- (2) Change of accounting firms with audit fee paid in the year of change being less than the previous year: None.
- (3) Over 10% decrease in audit fee on a year-to-year basis: None.

5. Change of CPA

(1) Former CPA

Date of Change	September 27, 2024		
Reasons for Change and Explanation	In line with the internal organizational restructuring of Ernst & Young, effective from the third quarter of 2024, CPA Shih-Chieh Huang has been replaced by CPA Kuo-Sen Hung, with CPA Ching-Piao Cheng remaining in position.		
Explain whether the Company ended the engagement or CPA declined further engagement	Parties		CPA
	Cases	The Company	
	Voluntarily Termination of Engagement	N/A	
Decline (Terminate) Further Engagement			
Opinion and reason for the former CPA to issue an audit report expressing other than an unqualified opinion during the two most recent years	None		
Disagreement with the Company	Yes		Accounting principle or practice
			Financial report disclosure
			Auditing scope or procedure
			Others
	No	V	
	Explanation: None		
Supplementary Disclosure (Matters specified in Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None		

(2) Successor CPA

CPA Firm	Ernst & Young
CPAs	Kuo-Sen Hung and Ching-Piao Cheng
Date of Engagement	October 30, 2024
Consultation on accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered prior to the engagement	None
Written opinions from successor CPA regarding disagreeable items of the former CPA	None

- (3) Response by mail from the former CPA regarding matters specified in Items 1 and 2-3, Subparagraph 5, Article 10 of the Regulations: None.

6. Any of the Company's Chairperson, President, or Managers in Charge of Finance or Accounting Held a Position in the CPA's Firm or Its Affiliates in the Most Recent Year: None.

7. Changes in Shareholding and Shares Pledged by Directors, Supervisors, Managers and Shareholders with 10% Shareholdings or More in the Most Recent Year and up to the Date of this Annual Report

Relevant information has been announced and filed on the MOPS. Please refer to the following form available on the MOPS website:

- "Summary Statement of Shareholdings of Directors, Supervisors, Managerial Officers, and Major Shareholders"

URL: https://mops.twse.com.tw/mops/#/web/stapap1_all

- "Recent Changes in Shareholdings of Major Shareholders Holding 10% or More"

URL: https://mops.twse.com.tw/mops/#/web/t93sb06_1

8. Top 10 Shareholders Who are Related Parties, Spouses, or within Second-Degree of Kinship to Each Other

Relationship between Top 10 Shareholders

As of March 29, 2025; (In Shares; %)

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
Chang Wah Electromaterials Inc. Representative: Chuen-Sing Hung	17,929,336	6.99	0	0	0	0	-	-	-
Qiao Mei Development Corporation Representative: Ta-Wen Sun	17,011,579	6.63	0	0	0	0	-	-	-
E Ink Holdings Inc. Representative: Johnson Lee	11,786,000	4.59	0	0	0	0	-	-	-
BaoJie Funds in custody of Standard Chartered Bank Main Branch	11,160,607	4.35	0	0	0	0	-	-	-
Huasheng International Investment Co., Ltd. Representative: Zhi-Cheng Zhang	8,900,209	3.47	0	0	0	0	-	-	-
Ching-Yi Chang	6,097,328	2.38	2,091	0	0	0	-	-	-
Yingruiji Funds in custody of Standard Chartered Bank Main Branch	5,847,702	2.28	0	0	0	0	-	-	-
Chang Wah Technology Co., Ltd. Representative: Chuen-Sing Hung	3,482,085	1.36	0	0	0	0	-	-	-
Vanguard Total International Stock Index Fund Managed under Vanguard Star Funds in custody of Standard Chartered Bank Main Branch	2,731,592	1.06	0	0	0	0	-	-	-
You Ben Investment Co., Ltd.	2,570,363	1.00	0	0	0	0	-	-	-

9. Number of Shares Held and Shareholding Percentage of the Company, the Company's Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities on the Same Investee

Shareholding Percentage

(In Thousands of Shares; %)

Investee (Note 1)	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities		Total	
	Shares	%	Shares	%	Shares	%
Taistar Co., Ltd.	21,825	100.00	0	0	21,825	100.00
Koatech Technology Corporation	16,124	52.97	2,867	9.42	18,991	62.39
Innovision FlexTech Corp.	2,799	10.62	4	0.01	2,803	10.63
TFS Co., Ltd.	15,520	100.00	0	0	15,520	100.00
Taiflex Scientific Japan Co., Ltd.	6	100.00	0	0	6	100.00
TSC International Ltd.	0	0	21,170	100.00	21,170	100.00
Kunshan Taiflex Electronic Co., Ltd. (Notes 2)	0	0	0	100.00	0	100.00
Richstar Co., Ltd.	44,000	73.94	15,510	26.06	59,510	100.00
Shenzhen Taiflex Electronic Co., Ltd. (Note 2)	0	0	0	100.00	0	100.00
Taiflex USA Corporation	1	100.00	0	0	1	100.00
Rudong Fuzhan Scientific Co., Ltd. (Note 2)	0	0	0	100.00	0	100.00
Taichem Materials Co., Ltd.	17,000	100.00	0	0	17,000	100.00
Taiflex Green Power Co., Ltd.	5,000	100.00	0	0	5,000	100.00
Taiflex Scientific (Thailand) Co., Ltd.	120,600	100.00	0	0	120,600	100.00
KTC Global Co., Ltd.	0	0	3,960	100.00	3,960	100.00
KTC PanAsia Co., Ltd.	0	0	3,955	100.00	3,955	100.00
Kunshan Koatech Technology Corporation (Note 2)	0	0	0	100.00	0	100.00

Note 1: Long-term investments of the Company as of December 31, 2024.

Note 2: Investments in companies located in China through reinvestment of a company established in the third area.

III. Capital Overview

1. Capital and Shares

(1) Source of Capital:

A. History

As of March 29, 2025 (In Shares; NT\$)

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source	Capital Increase by Assets Other than Cash	Others
2024.08	10	300,000,000	3,000,000,000	219,575,677	2,195,756,770	Capitalization of earnings	None	By Yuan-Shou-Gao- Zi No. 1135400226 on 2024.08.09
2024.08	10	300,000,000	3,000,000,000	233,934,708	2,339,347,080	Overseas unsecured convertible bonds	None	By Yuan-Shou-Gao- Zi No. 1135400231 on 2024.08.15
2024.11	10	300,000,000	3,000,000,000	254,911,704	2,549,117,040	Overseas unsecured convertible bonds	None	By Yuan-Shou-Gao- Zi No. 1135400282 on 2024.11.13
2025.03	10	300,000,000	3,000,000,000	256,276,999	2,562,769,990	Overseas unsecured convertible bonds	None	By Yuan-Shou-Gao- Zi No. 1145400045 on 2025.03.20

B. Type of share capital

As of March 29, 2025 (In Shares)

Type \ Shares	Authorized Capital			Remark
	Outstanding	Unissued Shares	Total	
Listed Common Shares	256,650,999	43,349,001	300,000,000	A total of 374,000 common shares subscribed through the exercise of employee stock options are pending registration of capital change

C. Shelf Registration: None.

(2) Major Shareholders

The name, number of shares and shareholding percentage of shareholders with holdings equal to or exceed 5% or the top 10 shareholders:

As of March 29, 2025 (In Shares; %)

Major Shareholders	Shareholding	Shares	%
Chang Wah Electromaterials Inc.		17,929,336	6.99
Qiao Mei Development Corporation		17,011,579	6.63
E Ink Holdings Inc.		11,786,000	4.59
BaoJie Funds in custody of Standard Chartered Bank Main Branch		11,160,607	4.35
Huasheng International Investment Co., Ltd.		8,900,209	3.47

Major Shareholders	Shareholding	Shares	%
Ching-Yi Chang		6,097,328	2.38
Yingruiji Funds in custody of Standard Chartered Bank Main Branch		5,847,702	2.28
Chang Wah Technology Co., Ltd.		3,482,085	1.36
Vanguard Total International Stock Index Fund Managed under Vanguard Star Funds in custody of Standard Chartered Bank Main Branch		2,731,592	1.06
You Ben Investment Co., Ltd.		2,570,363	1.00

(3) Dividend Policy and Its Execution Status

A. The dividend policy is stipulated in the Articles of Incorporation as follows:

Article 28-1 Current year's earnings of the Company, if any, shall be distributed in the following order:

- (a) Taxes and dues
- (b) Deficit compensation
- (c) 10% of net profit as legal reserves. However, this shall not apply when the accumulated legal reserve has equaled the total capital of the Company
- (d) Special reserve appropriated or reversed as stipulated by relevant laws and regulations or competent securities authority
- (e) For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of earnings. Regarding earnings distributed by an issuance of new shares, the proposal shall be approved by the shareholders' meeting, and for earnings distributed in the form of cash, the proposal shall be submitted to the Board of Directors' meeting for resolution.

The Company authorizes the Board to approve the distribution of dividends and bonuses or the legal reserve and capital surplus stipulated in Paragraph 1, Article 241 of the Company Act, in whole or in part, in the form of cash with the consent of majority of attending directors which represents more than two-third of all directors pursuant to Paragraph 5, Article 240 of the Company Act and report to the shareholders' meeting.

Article 29 After taking into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash, the Board of Directors shall draw up an earnings distribution proposal according to the distributable earnings calculated pursuant to Article 28-1 and submit it to the Shareholders' Meeting for approval. At least forty percent of the distributable earnings calculated shall be appropriated as shareholders' dividends. The cash dividend shall not be lower than ten percent of the total dividends and shall be capped at one hundred percent.

B. Earnings distribution proposal

The 2024 earnings distribution plan approved in the Board of Directors' meeting on February 26, 2025 is as follows:

- (a) Cash dividend: NT\$640,692 thousand from 2024 earnings, i.e., NT\$2.5 per share. The Board is authorized to set the record date after the distribution of cash dividends is approved by the Board.
- C. Explanation on expected significant changes in dividend policy: None.
- (4) Impact of Stock Dividends on Operation Performance and Earnings per Share: None.
- (5) Compensation to Employees, Directors and Supervisors
 - A. The percentage or range of compensation to employees and remuneration to Directors in the Articles of Incorporation is as follows:
 - Article 22 The Compensation Committee would evaluate the involvement of directors (including the independent directors) in the business operation of the Company and their contributions to the Company, and make recommendations to the Board concerning their remuneration. The Board of Directors has been delegated to determine the remuneration based on the recommendations from the Compensation Committee with reference to the remuneration standard of the industry.
 - Article 28 When the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to the directors shall not be higher than four percent of the balance.

The compensation can be made in the form of stock or cash based on the Board resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who met certain conditions set by the Board. The distribution plan of compensation to employees and remuneration to the directors shall be approved in the Board of Directors' meeting by the majority of attending directors which represents more than two-third of all directors and reported to the shareholders' meeting.

However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to the directors based on the above-mentioned ratios.
 - B. The estimation basis of compensation to employees and remuneration to Directors, calculation basis for number of shares distributed as employee compensation and accounting treatments for difference between estimated and actual payment amount:
 - (a) Please refer to (5)A for the estimation basis of compensation to employees and remuneration to Directors.
 - (b) The calculation basis for number of shares distributed as employee compensation: The Company did not distribute shares as employee compensation in 2024, thus, this is not applicable.
 - (c) Accounting treatments for difference between estimated and actual payment amount: Amount resolved to be distributed by the Board of Directors was recognized as operating expense in 2024. Changes in the amount after the parent company only financial statement for the year has been approved and authorized for issue by the Board would be accounted for as changes in accounting estimates and recognized in profit or loss of 2025.

C. Proposed compensation approved by the Board

With regard to compensation to employees and remuneration to Directors, the proposed 2024 earnings distribution plan approved in the Board of Directors' meeting on February 26, 2025 is as follows:

- (a) Cash compensation to employees of NT\$60,131,588 and remuneration to Directors of NT\$16,442,407, as approved by the Board upon adoption of the 2024 annual financial statements on February 26, 2025 were consistent with the amounts recognized as expenses in 2024.
- (b) Amount of stock distributed as employee compensation and as a percentage to net income of parent company only or individual financial statements and aggregate compensation to employees: Not applicable.

D. Actual payment of compensation to employees and remuneration to Directors and Supervisors in the previous fiscal year

(In NT\$)

Item	Estimates	Amount Resolved at Shareholders' Meeting (2024.05.24)	Difference	Cause of Difference
Remuneration to Directors (in Cash)	41,163,482	41,163,482	0	None
Compensation to Employees (in Cash)	11,255,760	11,255,760	0	None

(6) Buyback of Common Shares: None.

2. Corporate Bonds:

(1) Corporate bonds

As of March 29, 2025

Type of Corporate Bonds	First overseas unsecured convertible bonds in 2021
Issue Date	November 30, 2021
Denomination	US\$100 thousand
Place of Issuance and Listing	Singapore Exchange Securities Trading Limited
Issue Price	100% of par value
Total Amount	US\$70,000 thousand
Coupon Rate	Coupon rate of 0% p.a.
Tenure	Five years from the issue date; Maturity date is November 30, 2026
Guarantor	None
Trustee	Citicorp International Limited
Underwriter	Overseas lead underwriter: KGI Asia Limited Domestic lead underwriter: KGI Securities Co., Ltd.
Legal Counsel	Johnson F.H. Huang, Johnson & Partners
CPA	Jheng-Chu Chen, Ernst & Young
Repayment	1. Unless the bonds have been redeemed, repurchased and cancelled or converted by the bondholders, the Company will redeem the bonds in whole at the par value plus an annual interest rate of 0% on the maturity date. 2. The redemption amount at maturity is converted to New Taiwan dollars using the Fixed Exchange Rate, and the

		New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by the Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.
Outstanding Principal		US\$9,000 thousand (As of March 29, 2025)
Redemption or Early Repayment Clause		<ol style="list-style-type: none"> 1. Three months after the issuance of the bonds and prior to the maturity date, the issuing company may redeem the bonds, in whole or in part, at 100% of the principal amount of the bond plus an annual interest rate of 0% (hereinafter, the “early redemption amount”) when the closing price of the Company’s common stocks listed on the TWSE is at least 130% of the total amount determined by multiplying the early redemption amount by the conversion price and divided by the principal amount of the bonds for a period of thirty consecutive trading days. 2. When more than 90 percent of the bonds have been redeemed, converted, repurchased and cancelled, the issuing company may redeem the outstanding bonds early, in whole but not in part, at the “early redemption amount”. 3. When changes in the tax laws of the ROC would result in an increase in tax, additional expenses or cost for the issuing company, the issuing company may redeem the outstanding bonds early, in whole but not in part, at the “early redemption amount” in accordance with the bond indenture. For bondholders who choose not to have their bonds redeemed, they shall not request issuing company to bear the additional taxes or expenses. 4. The early redemption amount is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by the Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.
Restrictions		None
Name of Credit Rating Agency, Date of Rating and Rating of Corporate Bond		None
Other Rights	Amount of Converted (Exchanged or Subscribed) Common Shares, Global Depository Receipts or Other Marketable Securities up to the Date of the Annual Report	US\$61,000 thousand
	Rules Governing the Issuance and Conversion (Exchange or Subscription)	Please refer to the corporate bonds section under Investment in the MOPS
Possible Dilutive Effect on Equity and Impacts on Shareholders’ Equity from the Rules Governing the Issuance, Conversion, Exchange or Subscription as well as Issuance Conditions		If all outstanding overseas unsecured convertible bonds were fully converted, the dilution ratio would be approximately 2.07%. The resulting dilutive effect on the equity of original shareholders is limited.
Custodian		Not applicable

(2) Convertible bonds

Type of Corporate Bonds		First overseas unsecured convertible bonds in 2021	
Item	Year	2024	As of March 29, 2025
Market price (Note 1)	Highest	US\$138.75	US\$94.55
	Lowest	US\$82.11	US\$81.65
	Average	US\$98.61	US\$88.86
Conversion Price		NT\$44.78/share	
Issue Date and Conversion Price at Issuance		Issue date: November 30, 2021 Conversion price at issuance: NT\$53.50/share	
Conversion Obligation		Issuance of new shares	

3. Preferred Shares: None.

4. Global Depositary Shares: None.

5. Employee Stock Options

- (1) Outstanding employee stock options up to the date of this annual report and the impact on shareholders' equity:

Employee Stock Options

As of March 29, 2025

Employee Stock Options Granted	Forth Grant
Approval Date by Competent Authority and Total Units	November 30, 2022; 3,000 units
Issue Date	February 22, 2023
Number of Options Granted	3,000 units
Number of Options to be Granted	0
Percentage of Shares Exercisable to Outstanding Shares	1.17061%
Option Duration	5 years
Source of Option Shares (Note 1)	New Shares
Vesting Schedule and %	Cumulative % of Options Exercisable during the Vesting Period: 2nd Year: up to 50% 3rd Year: up to 100%
Shares Exercised	374,000 shares
Value of Shares Exercised	NT\$14,062,400
Shares Unexercised	2,156,000 shares
Exercise Price Per Share of Shares Unexercised	NT\$37.60
Percentage of Shares Unexercised to Outstanding Shares	0.84%
Effects on Shareholders' Equity	If all outstanding employee stock options were exercised, the dilution ratio would be approximately 0.82%. The resulting dilutive effect on shareholders' equity is limited.

Note 1: Please specify whether it is shares issued or new shares.

Note 2: The total number of issued shares is calculated based on the share count of 256,276,999 shares as registered with the Ministry of Economic Affairs.

(2) Names of managers and top 10 employees receiving the employee stock options as well as the cumulative number of options received and exercised up to the date of this annual report:

	Job Title (Note 1)	Name	No. of Shares Exercisable (In Thousands of Shares)	No. of Shares Exercisable as a % to Total No. of Issued Shares (Note 3)	Exercised				Unexercised			
					No. of Shares (In Thousands of Shares)	Exercise price	Value of Shares Exercised (In Thousands of NT\$)	No. of Shares as a % to Total No. of Issued Shares (Note 3)	No. of Shares (In Thousands of Shares)	Exercise price	Value of Shares to be Exercised (In Thousands of NT\$)	No. of Shares as a % to Total No. of Issued Shares
Managerial Officers	Senior Assistant Vice President	Guo-Xiong Xia	960	0.37%	127	37.60	4,775	0.04%	833	37.60	31,321	0.33%
	Senior Assistant Vice President	Xin-Yuan Chen										
	Assistant Vice President	Kuo-Liang Chiang										
	Senior Assistant Vice President	Zhen Lin										
	Senior Assistant Vice President	Chong-Chen Liu										
	Assistant Vice President	Jen-Kai Huang										
	Senior Assistant Vice President	Chi-Yuan Pan										
	Assistant Vice President	Yu-Han Huang										
	Assistant Vice President	I-An Chen										
	Senior Assistant Vice President	Bing-Xun Zhang										
	Assistant Vice President	Yu-Meng Hsu										
	Assistant Vice President	Ling-Chun Liu										
Employees (Note 2)	Employee	Yuan-Fu Lin	680	0.27%	80	37.60	3,008	0.03%	600	37.60	22,560	0.24%
	Employee	Kai-Ping Wang										
	Employee	Ching-Hung Huang										
	Employee	Yu-Chih Kao										
	Employee	Yuan-Ching Shih										
	Employee	Liang-Chun Weng										
	Employee	Che-Jen Chang										
	Employee	Wei-Hsun Hsu										
	Employee	Ling-Kun Kung										
	Employee	Pei-Chen Chen										

Note 1: Including managerial officers and employees (those who have resigned or passed away shall be specified). The names and job titles shall be disclosed by individuals. However, the number of options granted and subscribed may be disclosed in aggregate.

Note 2: Top 10 employees receiving the employee stock options refer to employees other than the managerial officers.

Note 3: Number of issued shares refer to the number of shares indicated in the amendment registration with the Ministry of Economic Affairs.

Note 4: For exercised employee stock options, the exercise price at the time of execution shall be disclosed.

Note 5: For unexercised employee stock options, the adjusted exercise price calculated in accordance with the issuance terms shall be disclosed.

6. Employee Restricted Stock: None.

7. New Share Issuance in Connection with Mergers and Acquisitions: None.

8. Execution of Funding Plans

- (1) Plan details of previous issuance or private placement of securities not yet completed or completed in the past three years with benefits yet to be shown as of the quarter preceding the date of this annual report: None.
- (2) Implementation status of previous issuance or private placement of securities not yet completed or completed in the past three years with benefits yet to be shown as of the quarter preceding the date of this annual report: None.

IV. Operational Highlights

1. Business

(1) Business Scope

A. Major Products/Services

- (a) CC01080 electronic parts and components manufacturing
- (b) F107170 wholesale of industrial catalyst
- (c) F107200 wholesale of chemistry raw material
- (d) F107990 wholesale of other chemical products
- (e) F119010 wholesale of electronic materials
- (f) F207170 retail sale of industrial catalyst
- (g) F207200 retail sale of chemistry raw material
- (h) F207990 retail sale of other chemical products
- (i) F219010 retail of electronic materials
- (j) ZZ99999 other businesses which are not prohibited or restricted by the laws, in addition to business approved

B. Major Products as a Percentage to Revenue

(In Thousands of New Taiwan Dollars; %)

Main Products	2023		2024	
	Net Revenue	Percentage (%)	Net Revenue	Percentage (%)
Electronic Materials	7,524,355	92.32	9,250,829	93.08
Others	626,164	7.68	687,306	6.92
Total	8,150,519	100.00	9,938,135	100.00

C. Major Products/Services

The Company mainly engages in the researching, developing, manufacturing and selling of Flexible Copper Clad Laminate (FCCL), Cover-layer (CL), bonding sheet, stiffener and composite sheet.

D. Development of New Products

The Company will allocate additional resources to new product development and accelerate time-to-market. Building on its core technologies, Taiflex will strengthen its R&D capabilities through collaboration with industry, government, academia, and peers, integrating resources to focus efforts on the development of the following products:

(a) Flexible Printed Circuit (FPC) Materials:

The development of our electronic materials focuses on the following three aspects:

- (i) High-frequency and high-speed materials: In response to the demand for high-speed transmission with 5G and above, the antennas and data transmission cables of portable devices shall use materials featuring high-frequency and high-speed in order for users to enjoy the full benefits of high-speed internet and achieve the goal of artificial intelligence of things. Furthermore, with the recent rapid growth of AI servers around the world, the significant increase in

computing power, including data transmission, will benefit the demand for high-frequency and high-speed materials. Regarding the demand for different frequency, the Company develops a variety of Low Dk and Low Df materials. The product lineup includes modified polyimide (MPI)-based and liquid crystal polymer (LCP)-based materials as well as fluoro-based FCCL materials designed for ultra-high-speed transmission.

- (ii) High dimensional stability and ion migration-resistant materials: As handheld devices become thinner while maintaining high data transmission demands, there is a growing trend toward fine-line circuit designs on PCBs. This shift has increased the demand for materials with high dimensional stability to support the required precision. In addition, with the rise of ultra-fine line spacing, materials must also offer strong resistance to ion migration to prevent signal interference or short circuits. In response, the Company is actively developing materials with ultra-high dimensional stability and enhanced resistance to ion migration to meet evolving market needs.
- (iii) Materials for fast-charging applications: with advancing functions and performance, power consumption of portable devices has always been an issue, thus comes the need for fast charging. Relatively speaking, fast charging requires higher voltage and current, therefore, thick copper and thick insulation layer materials are the mainstream. The processing of thick copper materials is more challenging and requires a certain degree of process stability. With years of experience in copper foil, we excel in process control. We have rolled out a series of thick copper and thick insulation layer materials to meet customer demand and continue to enhance product functions to satisfy this growing trend.

(b) Advanced semiconductor packaging materials

- (i) Development of high-thermal and chemical resistant laser debonding coatings primarily as temporary adhesive materials in the advanced packaging process for semiconductors. After customers complete the processes on the carrier, they would use laser release to remove the carrier and produce the final products.
- (ii) Development of laser debonding films with high heat and chemical resistance. Leveraging Taiflex's years of expertise in coating technology, laser debonding materials are formulated into adhesive films to accommodate carriers of various sizes and surface areas, thereby enhancing production efficiency for customers.
- (iii) Development of temporary bonding films for advanced semiconductor packaging processes. Utilizing Taiflex's extensive experience in coating technology, temporary bonding materials are developed into adhesive films. These films can be customized in thickness and performance to meet varying heat resistance and cleaning efficiency requirements, helping customers improve manufacturing efficiency.

(2) Industry Overview

A. Industry Status and Development

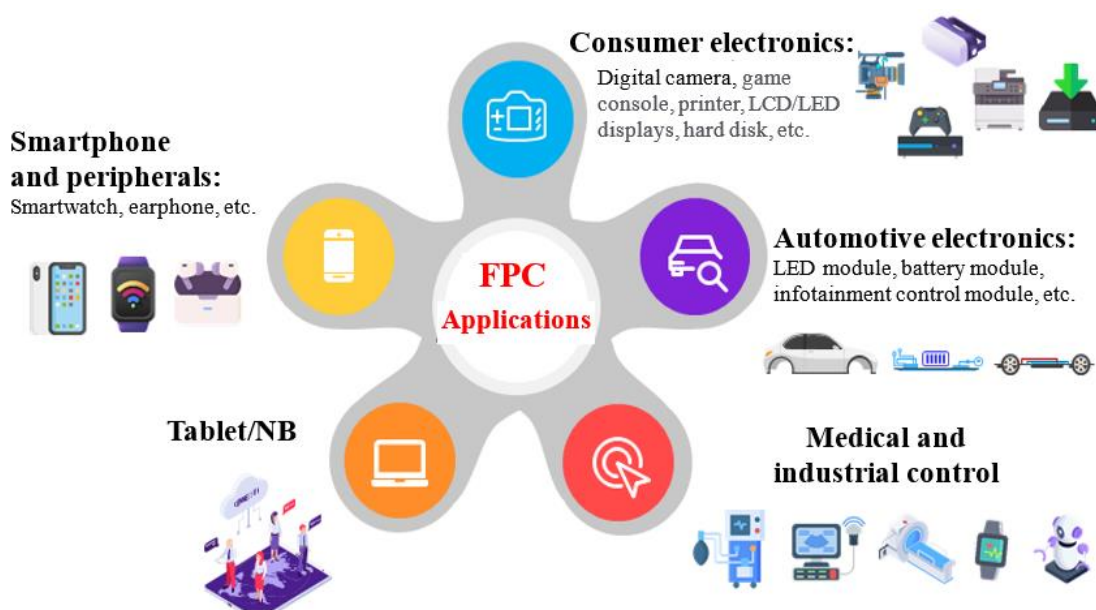
Flexible Print Circuit (FPC) refers to flexible copper clad laminates processed through photolithographic technology into a conductor for data transmission in electronic devices. FPC composes mainly of insulating materials, bonding adhesive and copper foil conductors. A cover-layer (CL) is applied once the flexible circuit is completed to avoid oxidation of copper wires and to protect the circuit from heat and moisture.

Flexible Copper Clad Laminate (FCCL), the primary product of Taiflex, is composed of copper foil and PI resin. It is a key base material for FPC and represents an upstream segment of the FPC supply chain. FCCL is primarily categorized into two types: the traditional adhesive 3L-FCCL and adhesiveness 2L-FCCL. At present, the latter is the mainstream specification widely adopted in the market.

On the application side, FPC is more flexible, thinner and lighter. Those characteristics satisfy the needs of data transmission and telecommunication products to be compact. Thus, consumer electronics industry is the primary market for FPC and accounts for approximately 80% to 90% of its sales. Currently, smartphones, tablet PCs, notebooks and wearable devices are the main end-use products of FPCs. In terms of components, FPCs are mostly used in the connection of antenna, battery, camera, display, button, slot and charging port to the motherboards. With the unchanging trend of electronic devices evolving towards being thin and lightweight, FPC is further advanced from its pure connection function to be an extension of the PCB design with its advantages of being lighter, thinner and more flexible than rigid PCBs, opening to a wider range of applications.

All in all, the increasing functionality of handheld devices will prompt more versatile and multilayer designs for FPC components, consequently driving greater demand for FPC raw materials.

Applications of FPCs



FPC is a highly concentrated industry. The main producers are located in Japan, Taiwan and Korea, and the top 10 producers account for over 70% of global output. In recent years, Chinese manufacturers have rapidly emerged, supported by strong domestic demand and favorable localized supply chain policies. Their potential shall not be underestimated. Amid rising geopolitical tensions, international customers are increasingly calling for resilient supply chains. In response, many FPC manufacturers are relocating production to Southeast Asia and India. As a result, Mainland China and Southeast Asia are expected to become the primary production bases for the FPC industry in the future.

Since the explosive growth of mobile devices in 2010 triggered an enormous increase in FPC production, penetration of smartphones and tablets PCs continued to climb and contributed significantly to the overall growth of FPC industry. However, as smartphones

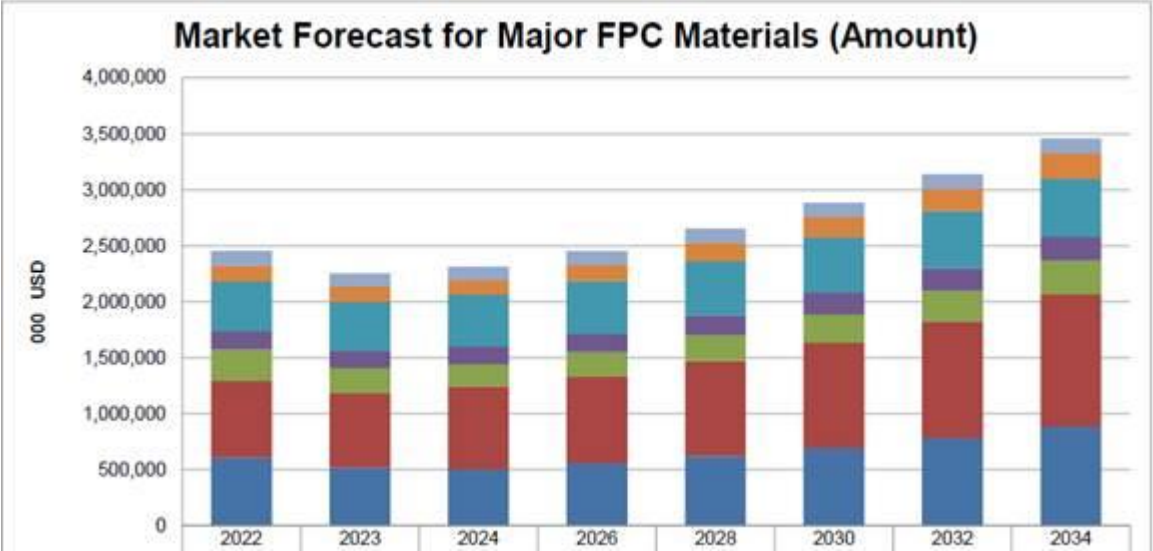
and tablets already have high market penetration rates, it is unlikely that the shipment of these two products will significantly boost the FPC industry. The future growth momentum of the FPC industry will depend on emerging applications such as next-generation communication standards (e.g., Beyond 5G), foldable smartphones, and edge AI. These technologies are expected to drive demand for advanced materials, thereby enhancing the economic value added of the FPC industry.

In 2021, the Covid-19 pandemic led to a rapid surge in consumer demand as governments around the world adjusted their pandemic prevention measures. However, with the arrival of the post-pandemic era, central banks globally adopted tightening monetary policies in response to high inflationary pressure. High interest rates affected consumer willingness to spend, resulting in weak demand in the end market. As a result, the entire supply chain was impacted by inventory adjustments, leading to a decline in overall smartphone shipments.

As inventory adjustments near their end, the consumer electronics market saw a moderate recovery in 2024. According to data from market research firm IDC, global smartphone shipments are projected to grow by 6.4% year over year in 2024 and continue to experience single-digit growth in 2025. With ongoing upgrades in end devices, the integration of edge AI capabilities, and the evolution of 5G communication technologies, the functional design of mobile devices will continue to drive demand for high-frequency, high-speed, ultra-thin, and fine-line materials. Enhancing product performance to meet these requirements will be a key challenge for FPC manufacturers, who also look forward to the business opportunities brought by the next wave of device replacement, particularly in high value-added materials.

Market Size Forecast of FPC Materials

(In thousands of US dollars)

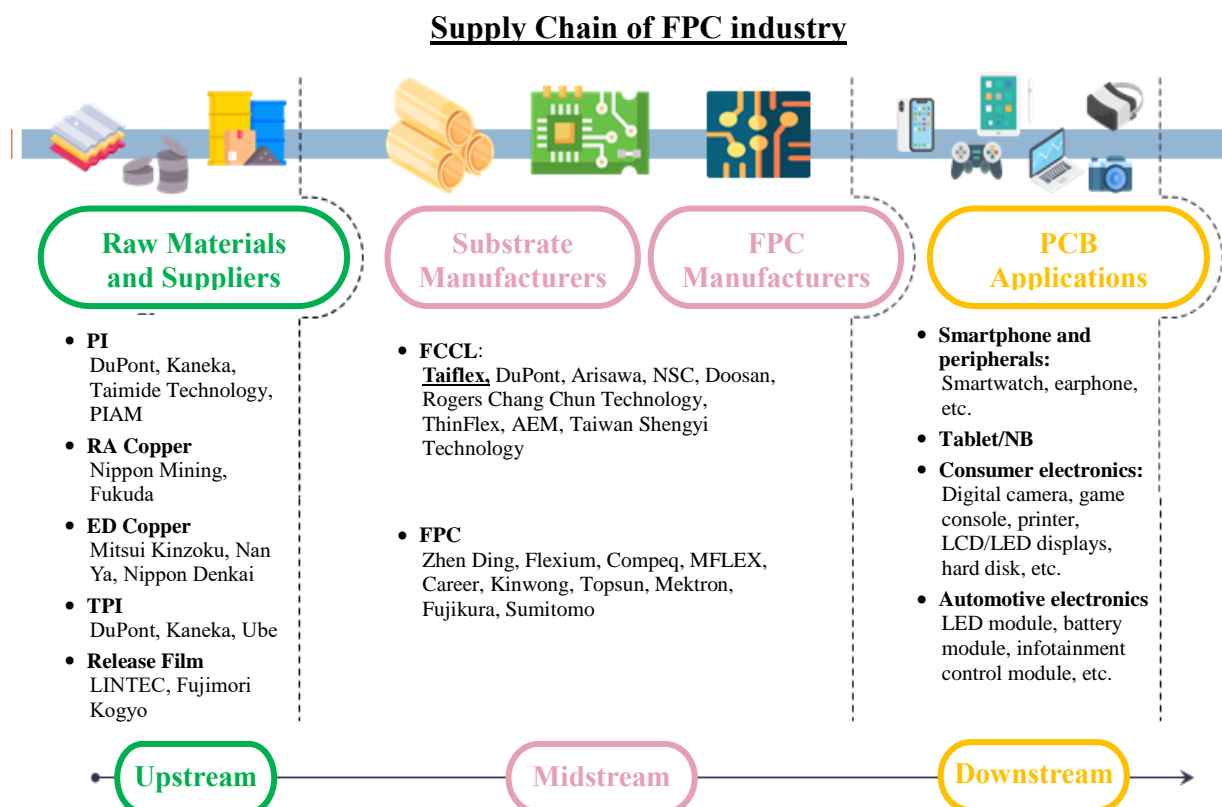


Source: JMS (2024)

B. Supply Chain

The upstream segment of the FPC industry primarily consists of raw materials such as polyimide (PI) film, copper foil, and adhesives. The midstream segment is flexible copper clad laminate (FCCL), which is the core business of the Company. The downstream segment includes FPC manufacturers.

For major industry players and FPC applications, please refer to the diagram below:



C. Macro-economy and Industry Development Trend

Amid rising geopolitical tensions and protectionism worldwide, end customers are placing greater emphasis on supply chain resilience. From an industry-wide perspective, production capacity in Southeast Asia has begun to increase. In line with this global trend, the Company has established a new production base in Chonburi Province, Thailand, which has already commenced mass production to enhance our global footprint.

However, in terms of industrial clustering, availability of skilled technical labor, and infrastructure, Mainland China still holds a significant cost advantage. As such, many manufacturers have adopted a strategy that prioritizes China as the primary production base, supplemented by global diversification. After assessing customer needs and overall global layout, the Company has also established a comprehensive production line and a robust distribution network in China to meet local customer demand.

In the FPC industry, the development of copper clad laminate (CCL) products and technologies is driven by the market's growing demand for lightweight, compact, highly reliable, and multifunctional electronic products. This has led to increasing requirements for high-frequency, high-speed, fine-line, and ion migration-resistant materials, prompting FCCL manufacturers to focus on the development of such advanced products.

The use of electronic materials stresses on reducing pollution given the increasing awareness in maintaining a green environment. Thus, suppliers intensify their efforts in the research and development of eco-friendly materials. Under European Union RoHS regulations, electronic industry switches to halogen-free materials, which initiates material evolution in the CCL industry. At present, large smartphone manufacturers gradually shift to eco-friendly substrates, and eco-friendly materials will become basic product requirements due to rising environmental awareness and regulatory requirements.

Looking ahead, high-frequency and high-speed materials are expected to be the most promising area of growth in material development. This is primarily driven by the

demands of high-speed computing applications such as 5G, AI, and autonomous driving, all of which require upgraded data transmission capabilities to realize the vision of a more connected future. Depending on the required bandwidth and transmission efficiency, materials such as MPI, LCP, hydrocarbon, and fluoro-based CCLs must be used in the design. Therefore, the ability to offer comprehensive product solutions will be the key to competitiveness going forward.

Overall, Taiflex is in the leading position regarding capacity, scale, customer portfolio and market share, and remains highly competitive in the FPC industry.

D. Product Competition

In terms of global market share for FPC materials, Japan, Taiwan, and South Korea continue to dominate the industry, maintaining a tripartite leadership structure. Major competitors include Nippon Steel and Arisawa from Japan, Doosan from South Korea, and Asia Electronic Materials (AEM) from Taiwan. However, China's PCB industry has experienced rapid growth in recent years, supported by government policies. A complete industry cluster, which includes copper foil plants, CCL plants, and assembly factories, is taking shape. Meanwhile, there are peers entering the FCCL market. For instance, ITEQ and Shengyi Technology have been actively switching from CCL to FCCL recently. Consequently, the competition has become more complicated. Furthermore, with rising demand driven by AI, 5G, and automotive electronics, manufacturers are actively investing in the development and market penetration of high-frequency, high-speed materials, which has become a key area of competition in recent years.

(3) Technology and Research and Development

A. Technology and R&D

The Company's R&D division was established when Taiflex was founded in August, 1997. In the early stage, the division focused on the research and development of Polymer film (Cover-layer) and copper clad laminate (Flexible Copper Clad Laminate (FCCL)). In 1999, Taiflex signed the Adhesiveless FPC Material Technology Transfer Agreement and collaborated on the development of substrate packaging materials with ITRI. In 2000, Arisawa MFG Co., Ltd. transferred FCCL and cover-layer process inspection technology to the Company. Those technologies are the foundation of Taiflex's development.

In addition to the existing FPC materials, the Company actively researches and develops new products of semiconductor and high-end server applications to expand the business scope. Besides in-house research and development, the Company improves technical capability by cooperating with other players in the industry; for example, it cooperates with ITRI and domestic universities as well as well-known companies in Taiwan in research and integration. Those efforts accelerate the Company's transformation into a world-class flexible material specialist.

B. Education Level of Research and Development Personnel

(In people)

Year	2022	2023	2024
Education			
Ph.D. and Master's Degree	68	65	67
Bachelor's Degree/College	58	51	43
Senior High School	8	5	19
Total	134	124	129

C. Research and Development Expenses from 2020 to 2024

(In Thousands of New Taiwan Dollars)

Year	2020	2021	2022	2023	2024
R&D Expenses	281,360	323,220	400,591	366,518	394,321
Net Revenue	8,766,318	9,405,002	8,721,875	8,150,519	9,938,135
Percentage of Revenue (%)	3.21	3.44	4.59	4.50	3.97

Source: Audited financial statements from 2020 to 2024

D. Technology or Product Developed from 2020 to 2024

Year	Item	Result
2020	Development of single/double-sided FPC with high dimensional stability	Developed single/double-sided FPC with PI-based multi-layer casting type FCCL
	Cover-layer for fine-line with low ion transport	Developed materials for anti-migration cover-layer for fine-line and fine-pitch applications
	Fluoro-based material for millimeter wave	Developed single/double-sided FPC with fluoro-based FCCL
	Materials for displays	Applied CPI + hard coating to the development of foldable display materials
2021	Bonding sheet for fine-line with low ion transport	With 35/35 fine circuit, it passed the tests of 85°C/85%RH at 1000hrs, 50VDC and 110°C/85%RH at 144 hours, 50VCD with no ion migration nor whisker formation. It has high reliability.
	Development of 2nd-generation stiffener	Improved storage stability to further reduce the defect rate at customer end
	Ultra-thin cover-layer for fine-line with low ion transport	Featuring fine-line and ultra-thinness for the designs of next-generation FPC
2022	Development of sub 6GHz high-frequency and high-speed transmission materials	Development of MPI FCCL materials with a better insertion loss to be applied in higher-end products
	Development of laminate materials for high power battery of smart electric vehicle	Development of FCCL with high CTI (≤ 2) and sound reliability as well as electrical properties to be used by FPC manufacturers in automotive products
	Advanced composite flexible electronic materials	Development of rigid-flex board with thickness uniformity of 0.25 μm and dimensional stability $\leq 0.03\%$ for L/S $< 35 \mu\text{m}$
	Development of millimeter wave materials for automotive 77GHz radar	High-frequency, fluoro-based products with stable DK and DF under variable frequency and temperature. The product can be used in national defense, communications, automotive, radar and satellite industries.
2023	In-house development of ultra-thin, anti-migration cover-layer for periscope lenses in camera module	Mass production and transfer of in-house ultra-thin cover-layer with high reliability, PI thickness of 5 μm and l/s 20/20; and its application in high-end U.S. mobile phones
	Completed the development of low-loss bonding sheet	Mass production and transfer of new bonding sheet to be applied in high-frequency multi-layer PCBs and rigid-flex boards with glue overflow improved during

Year	Item	Result
		multiple lamination cycles; passed the UL 94 test with VTM-0 rating plus improved processing operability at customer end and a shelf life of 10 months
	Production of 3-layer FCCL at Rudong factory	Mass production and transfer of 3-layer FCCL for automotive applications to Rudong factory to realize China-for-China
	Completed the development of anti-migration bonding sheet	Mass production and transfer of bonding sheet for fine-pitch applications where baking is not needed, which improves process efficiency and cost performance ratio; passed the UL 94 test with VTM-0 rating
	Development of 2-layer FCCL for foldable phone	Mass production of FCCL for single-layer stack-ups with air-gap featuring anti-adhesiveness; to be applied in foldable phones including flip phones or smartphones that fold in or out vertically
	Development of 2 nd -generation in-house white cover-layer with high reflectivity	PFAS-free white cover-layer to be applied in LED light-bar and automotive lighting
2024	Completed the development of in-house black ultra-thin ion migration-resistant cover-layer	Development of an in-house black ultra-thin ion migration-resistant cover-layer to meet end-user demands. The black PI layer is 5 μm thick, and the adhesive layer supports L/S designs of 20 μm /20 μm .
	Development of flexible resin-coated copper (FRCC) for camera modules	Development of a new stacked structure of Cu/PI/AD to meet the demand for thinner camera modules. The PI layer is 5 μm thick, and the adhesive layer supports L/S designs of 35 μm /35 μm .
	Completed the development of low-loss PI FCCL for foldable phone antennas	Development of a highly flexible, low-loss PI FCCL to meet the design requirements for high-frequency transmission lines in foldable phones. The bending durability has doubled compared to previous versions with a Df <0.003.

(4) Business Development Plan

A. Long-term Business Development Plan

(a) Marketing strategy

- (i) Establish regional marketing offices and logistic centers to enhance competitiveness and advantages
- (ii) Identify niche markets and diversify product profile to diminish the impacts of business cycle on operation
- (iii) Segment target markets precisely and establish appropriate strategies to increase market share
- (iv) Form strategic alliances, maintain long-term supply chain relationships and pursue sustained cooperative development.

(b) Production strategy

- (i) Establish domestic and overseas production bases to stay close to customers and set up global logistics centers to lower logistic costs

- (ii) Identify specific function for each equipment to enhance production efficiency, yield and outputs
- (iii) Dual certification and sourcing of key materials to lower the risk of factories shutdown or logistics disruption from a single area
- (iv) Simplify manufacturing process and identify cost elements to improve production efficiency and reduce waste
- (c) Product development strategy
 - (i) Introduce advance materials and technology through cooperation with international companies to develop cutting edge products
 - (ii) Strengthen industry-academia collaboration to build technical capabilities for materials
 - (iii) Purchase from domestic vendors in compliance with government policies
 - (iv) Expedite the development and launches of new products through supply chain integration
- (d) Scale of operation and financing

Through diversification and internationalization, Taiflex expands its markets to increase operation scale. The Company also utilizes various financial instruments and international fund-raising tools to supplement operating capital, lower finance costs and build global presence to achieve business goals and sustainability.

B. Short-term Business Development Plan

- (a) Marketing strategy
 - (i) Actively expand share of wallet among end customers by supporting market and product design trends, strengthening customer service, and building strong, interactive relationships. This approach aims to earn customer trust in both the market and the Company, ultimately enhancing overall customer satisfaction.
 - (ii) Understand the dynamics of end customers' product designs and the use of major materials, and provide real-time feedback to R&D, production, and quality assurance departments to increase customer loyalty and preference.
 - (iii) Seek additional distribution partners, particularly in the less-penetrated European and overseas markets, to enhance brand and product visibility.
 - (iv) Attend overseas seminars and product launches to enhance corporate presence as well as identify potential customers.
 - (v) Establish and develop product application database for product promotion.
- (b) Production strategy
 - (i) Enhance production flexibility to cope with temporary volatility in orders.
 - (ii) Improve supply-chain management to shorten the delivery of raw materials, decrease lead time, expedite product delivery and improve accuracy to enhance customer satisfaction and lower inventory costs.
 - (iii) Identify optimal cost-efficient material suppliers with considerations to the price, service and capability factors in order to obtain the lowest costs possible and minimize the overall cost through strategic alliance in supply chain.

- (c) Product development strategy
 - (i) Enhance the quality and improve the usability of existing products to expand their range of applications.
 - (ii) Improve manufacturing process and yield, lower product costs and enhance product competitiveness.
- (d) Operation and financial strategy

In response to potential declines in consumer spending and rising operating costs driven by current global geopolitical tensions, inflation, and tariff conflicts, we would pay special attention to inventory control and credit management in order to minimize potential drops in sales. Also, we would structure ideal fund-raising channels using various financing tools to supplement short-term operating capital and lower the cost of short-term financing. Furthermore, we would implement control systems to enhance company presence and attract talented personnel to strengthen management performance and corporate health.

2. Market and Sales Overview

(1) Market Analysis

A. Sales Distribution by Region

(In Thousands of New Taiwan Dollars; %)

Region \ Year	2023		2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	2,609,349	32.02	2,859,824	28.78
China	5,363,242	65.80	6,697,558	67.39
Others	177,928	2.18	380,753	3.83
Total	8,150,519	100.00	9,938,135	100.00

B. Market Share

According to a market research report by JMS, the Company estimates its market share in FPC materials was approximately 15% to 20% in 2024, positioning it as the world's largest supplier by shipment volume.

C. Future Supply and Demand and Market Growth

FCCL and CL produced by the Company are key upstream raw materials in the FPC industry. Currently, the main applications of FPCs include smartphones, tablet PCs, notebook computers, and wearable devices. Looking ahead, the electrification of automotive components and the growing demand for high-speed transmission driven by AI servers are expected to serve as the next wave of growth drivers. Nonetheless, smartphones and tablets remain the primary application areas for FPCs at this stage.

Smartphone and tablet industries are summarized as follows:

(a) Smartphones

Since Apple launched the iPhone and sparked a global wave of smartphone adoption, the market has flourished. However, with smartphones now widely adopted, the market has gradually reached saturation. As a result, the momentum of sales growth has slowed, and demand has shifted to being primarily driven by replacement cycles. High-end innovations such as AI edge computing smartphones and foldable devices are expected to gradually replace traditional models, leading to a shift in product mix. Overall, the global smartphone market is expected to see slow growth.

IDC, an international market research company, reported global smartphone shipment of 1.24 billion units in 2024, representing a year-over-year increase of approximately 6.4%. This growth is mainly due to the low comparison base from 2023, when central banks around the world adopted tightening monetary policies in response to high inflation. The resulting high interest rates reduced consumer spending power and led to a decline in overall smartphone shipments. In 2024, as inventory adjustments across the supply chain near completion, the market is showing signs of a moderate recovery. Currently, major smartphone brands are actively launching 5G models with innovative features such as foldable designs and AI capabilities, aiming to stimulate consumer replacement demand.

Compared to a feature phone, a smartphone requires more FPCs as it provides multi-functions. The addition of various external components, including touch panel, side keys, and antennas, are connected to the mainboard through FPC, leading to the surge in demand. Moreover, FPC gradually becomes the base material for circuit design following the trend for a thinner and lighter mobile phone.

In general, a traditional mobile phone uses 3 to 6 FPCs whereas a smartphone could use 6 to 8 FPCs. As functions increase, some models might employ more than 20 FPCs. As the number of FPCs used by each phone increases, FPC industry is expected to maintain a growth rate above market average even if the overall smartphone growth slows down.

Also, the smartphone market has been dominated by major players and top brands have enjoyed obvious competitive advantages. Our key strategy in the slow-growth market would be to increase our market share in the major brands' supply chain. As major mobile phone brands have strict requirements on supplier qualifications, the entire supply chain is showing signs of contraction where only large international corporations are selected.

Shipment and Market Share Ranking of Top 5 Smartphone Brands
in the Recent Two Years

Top 5 Companies, Worldwide Smartphone Shipments, Market Share, and Year-Over-Year Growth, Calendar Year 2024 (Preliminary results, shipments in millions of units)					
Company	2024 Shipments	2024 Market Share	2023 Shipments	2023 Market Share	Year-Over-Year Change
1. Apple	232.1	18.7%	234.3	20.1%	-0.9%
2. Samsung	223.4	18.0%	226.7	19.5%	-1.4%
3. Xiaomi	168.5	13.6%	146.0	12.5%	15.4%
4. Transsion	106.9	8.6%	94.9	8.2%	12.7%
5. OPPO	104.8	8.5%	103.4	8.9%	1.4%
Others	402.9	32.5%	358.9	30.8%	12.3%
Total	1,238.8	100.0%	1,164.1	100.0%	6.4%
Source: IDC Worldwide Quarterly Mobile Phone Tracker, January 13, 2025					

(b) Tablets

In the broader consumer electronics segment, FPCs are most widely used in smartphones, followed by tablet PCs. According to global market research firm Canalsys, worldwide tablet shipments are approximately 148 million units in 2024, representing a year-over-year growth of 9.2%. Compared to 2023, this indicates a steady recovery. In addition to the low base effect from the previous year, the launch of new tablet models by leading brand Apple has also helped drive replacement demand in the tablet market.

However, as consumer demand becomes increasingly saturated, IDC forecasts that tablet shipments will decline slightly by around 0.8% in 2025. The tablet market is highly concentrated, with the top two brands holding a significant share. Therefore, securing certification and design-in adoption from major brands will be a critical factor for success in this market.

Shipment and Market Share Ranking of Top 5 Tablet Brands in the Recent Two Years

Top Five Tablet Companies, Worldwide Shipments, Market Share, and Growth, Calendar Year 2024 (Preliminary results, combined company view for the current quarter only, shipments in millions)					
Company	2024 Shipments	2024 Market Share	2023 Shipments	2023 Market Share	Year-Over- Year Growth
1. Apple	56.9	38.6%	54.1	40.0%	5.3%
2. Samsung	27.8	18.8%	25.7	19.0%	8.2%
3. Huawei	10.7	7.3%	8.3	6.1%	29.3%
4. Lenovo	10.4	7.1%	9.3	6.9%	12.0%
5. Xiaomi	9.2	6.2%	5.3	3.9%	73.1%
Others	32.6	22.0%	32.5	24.1%	-0.1%
Total	147.6	100.0%	135.2	100.0%	9.2%
Source: Canalys PC Analysis (sell-in shipments), February 2025					

D. Competitive Advantage

(a) Proximity to the market to expedite services

The Company has established comprehensive production lines and well-structured distribution channels in the Greater China Region, the largest production and consumer market in the world. Geographical advantages allow the Company to respond to customers promptly and offer highly flexible supply capability and reasonable prices. It also helps customers to cut down the overall costs which in turn facilitates our long-term strategic cooperation with major customers.

Besides setting up production bases in both China and Taiwan, the Company chooses Thailand to build its third production base in response to rising concerns over geoeconomic risks from customers around the world. We strengthen our global presence to meet customer demand and enhance supply resilience.

(b) Good relationships with upstream raw material suppliers

Some of the key components for FCCL are highly oligopolized; therefore, supply chain management and stable supply of raw materials are vital in industry competition. As one of the industry leaders, Taiflex has advantages in purchasing volume and customer portfolio and forms long-term strategic alliances with key raw material suppliers on this basis. Consequently, the Company enjoys greater advantages in obtaining key materials and better ability in meeting customers' real-time demand than our competitors.

(c) Strong research and development capabilities

As a professional supplier of electronic materials, the Company's research and development capabilities are acknowledged by international corporations. Fine adhesives are developed according to customer requirements using the core technology of chemical synthesis. Moreover, long-term relationships with key raw material suppliers facilitate collaborations to satisfy customers' needs for new technology and materials. The Company's research and development team receives positive reviews among peers.

(d) Leading process technology

In addition to chemical synthesis technology, Taiflex also possesses core technologies in precision coating and high-temperature processing. With fully equipped facilities for coating and lamination, the Company is capable of producing a wide range of products for the FPC, semiconductor, and optical industries. This not only helps diversify risk but also significantly enhances customer satisfaction.

(e) Bright future for the industry

With the arrival of 5G era and the emerge of AI-related applications, the demand for high-frequency and high-speed transmission will bring new growth momentum. Being a long-term partner in the main supply chain, Taiflex is well aware of the new products demand and will be able to grow with our customers. Furthermore, the increasing use of FPC due to booming developments of automotive electronics driven by alternative fuel vehicles is also a significant growth driver in the future.

E. Favorable and unfavorable factors for long-term development

(a) Favorable factors:

(i) With new applications emerge, the future growth momentum of FPC is promising

Being thin and lightweight, FPCs are used in portable devices such as smartphones and tablets. As smartphones are driven to provide multi-functions, various external components including touch panels, side keys, and antennas are added and the number of FPCs used are several times greater than ones consumed by conventional feature phones. Also, the future growth of 5G, AI and foldable phones will trigger new materials demand. Therefore, long-term observation shows that the continuous introduction of new features for end devices will bring ongoing demand for material revolutions, keeping the industry on a healthy growth path.

(ii) A sound integration throughout the supply chain

As one of the leading FCCL suppliers, Taiflex forms strategic alliances with end customers and maintains a sound relationship. From material sampling to production plans, the Company works closely with customers and consequently builds an invisible barrier to entry. Moreover, Taiflex is superior to peers in term of purchasing volume and liquidity, and forms strategic alliance with suppliers of key materials to ensure stable supply. As flexible materials are highly oligopolized, this is one area where it is difficult for competitors to compete. Being able to enjoy supports from key suppliers while the industry expands has been one of Taiflex's absolute advantages.

(b) Unfavorable factors:

(i) Key raw materials are concentrated on few vendors

As some of the key materials for the Company's primary product, FCCL, have high technology barriers to entry, qualified suppliers are mostly international corporations in Japan and US. Key materials for FCCL include PI from DuPont, Taimide Technology and PIAM; rolled annealed Copper foil (RA Copper) from Nikko Metals Taiwan; and electrodeposited copper foil (ED copper) from Mitsui Kinzoku. The aforementioned purchase policy considers the fact that the supply of key raw materials is concentrated on a few international corporations due to product quality stability and customer requests.

Mitigation measures:

- i) Maintain good relationships with other vendors as a secondary source of supply to ensure competitive prices and sufficient supply.
 - ii) Build a sound feedback mechanism with suppliers. In addition to frequent exchange of information between production and sales to monitor industry information, which facilitates production capacity planning at both ends, we summarize and provide customer feedback to suppliers and actively assist with relevant testings conducted by suppliers in order to improve product quality and strengthen relationships.
- (ii) Rapid price erosion

With fierce competitions in the consumer electronics industry, gross profit is eroded and customers continuously ask for price cuts. Those factors combine with price competitions from peers result in enormous pressure to lower the prices.

Mitigation measures:

- i) Expand market share with advantages of superior quality and solid relationship with customers. Enhance equipment efficiency and product yield to effectively lower the product cost.
- ii) Improve bargaining power with large volume purchases to lower material costs.
- iii) Forge strategic alliance with international corporations to secure orders and strengthen technology.

(2) Main applications and manufacturing process of key products

A. Main application of key products

Key products of the Company include Cover-layer and FCCL. Their main applications are as follows:

- Cover-layer: Protect FPC circuits against oxidation
- FCCL: FPC customers can create circuit patterns on FCCL to connect external components to the mainboard and extend circuit wirings

B. Manufacturing process

Product			
Process Flow	Cover-layer	3L-FCCL	2L-FCCL
	Adhesive mixing	Adhesive mixing	Mixing
	Filtering	Filtering	Coating
	Coating	Coating	Curing
	Drying	Drying	Thermal Imidization
	Laminating	Laminating	Slitting
	Rolling	Rolling	Packaging
	Slitting	Re-rolling	Warehousing
	Packaging	Setting	-
	Warehousing	Slitting	-

Product			
	-	Packaging	-
	-	Warehousing	-

(3) Supply of key raw materials

Key Raw Material	Main Source	Supply
PI Film	Japan, U.S., Taiwan	Good
Copper foil	Japan	Good
Release film	Japan	Good

Given the advanced technologies and economy of scale possessed by Japanese and U.S. suppliers, they provide majority of upstream materials. To maintain product stability and meet customers' requests, the Company purchases materials from a small number of major material suppliers abroad. However, the Company also maintains strong relationships with other vendors of the same products to ensure price competitiveness and sufficient supply of materials and thereby diminish the risk of purchase concentration. In whole, Taiflex maintains solid relationships with raw material suppliers. There has been no shortage or interruption of supply, and the quality and delivery schedule have been normal.

(4) Suppliers/customers account for 10% or more of the Company's total purchase/revenue in the recent two years:

A. Key suppliers in the recent two years

(In Thousands of New Taiwan Dollars)

Item	2023				2024			
	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company
1	Supplier A	1,623,492	36.94	None	Supplier A	2,318,042	37.88	None
2	Supplier B	421,677	9.59	None	Supplier B	616,432	10.07	None
3	Others	2,350,329	53.47	None	Others	3,184,699	52.05	None
	Net Purchase	4,395,498	100.00		Net Purchase	6,119,173	100.00	

Note: 1. Net purchase includes processing fee.

2. As of the date of this annual report, CPA-audited or reviewed financial statements of the latest period is not available.

Variance Analysis:

The Company's key raw material suppliers are long-term, trusted partners that provide a stable supply and consistent quality. Aside from fluctuations in purchase volumes due to customer requirements and adjustments in the Group's operational strategy, there were no significant changes in the supplier rankings. In 2024, the total value of purchases increased significantly compared to 2023. This was primarily due to weak end-market demand in 2023, during which the entire supply chain faced elevated inventory levels. To mitigate the risk of obsolete inventory, the Company adopted a short-term inventory policy focused on inventory reduction. As overall supply chain inventory adjustments neared completion in 2024, the market began to recover, leading to an increase in raw material procurement volumes compared to the previous year. Moving forward, the Company will continue to adjust inventory levels dynamically in response to supply and

demand conditions across the supply chain to maintain a healthy and appropriate inventory level.

B. Key customers in the recent two years

(In Thousands of New Taiwan Dollars)

Item	2023				2024			
	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Company
1	Company B	1,150,996	14.12	None	Company A	1,359,963	13.68	None
2	Company A	901,758	11.06	None	Company B	1,319,242	13.27	None
3	Company D	817,520	10.03	None	Company C	1,069,040	10.76	None
4	Others	5,280,245	64.79		Company D	1,026,756	10.33	None
5					Others	5,163,134	51.96	None
	Net Revenue	8,150,519	100.00		Net Revenue	9,938,135	100.00	

Note: As of the date of this annual report, CPA-audited or reviewed financial statements of the latest period is not available.

Variance Analysis:

We have maintained long-term relationships with key customers. Changes in the ranking were mainly due to industry characteristics such as order allocations and designated materials from brands. However, our relationships with major customers remained intact.

3. Human Resources in the Recent Two Years and up to the Date of this Annual Report (No. of Employees, Average Year of Service and Age, and Education)

(No. of people; %)

Item \ Year		2023	2024	Up to February 28, 2025
No. of Employees	Direct	557	559	548
	Indirect	638	785	782
	Total	1,195	1,344	1,330
Average Age		45.86	44.74	43.99
Average Year of Service		6.07	6.59	5.59
Education	Ph.D.	0.67	0.67	0.53
	Master's Degree	15.82	13.32	13.31
	Bachelor's Degree	54.39	50.22	51.58
	Senior High School	25.19	24.70	23.99
	Below Senior High School	3.93	11.09	10.59

Note: Number of employees is calculated based on personnel at work.

4. Expenditure Related to Environmental Protection

- (1) Losses incurred (including indemnity and violations of environmental protection laws and regulations identified during environmental audits) as a result of pollution in the most recent year and up to the date of this annual report: None.
- (2) Estimated amount at present or in the future and action plans:

In response to the medium and long-term GHG reduction targets of Taiwan, 2025 net-zero emissions target, international trends toward carbon neutrality, and the requirements of clients and end customers, the Company has set carbon neutrality targets in order to fulfill its social responsibility and achieve sustainable development. We employ ISO14001 Environmental Management Systems: Plan → Do → Check → Action for continuing improvements. Furthermore, we consider the life cycles of raw materials at different stages, such as extraction, manufacturing, distribution and waste, in the discussion of internal and external issues; and uphold our ESH policies (regulatory compliance, green innovations, waste reduction & recycling, full participation, workplace safety, risk control, energy conservation & carbon reduction, and continuing improvements). We invest in various environmental improvement programs to reduce operational risk and environmental impact.

The Company has implemented the following improvement measures to manage stationary pollution sources and industrial waste:

A. Air pollution control measures

To reduce exhaust gases from production processes, the Company has installed a range of treatment systems, including a zeolite rotor concentrator, an NMP exhaust condensation system, a gas scrubbing unit, and a rotary regenerative thermal oxidizer (RTO). The Company continues to refine and optimize these systems to enhance treatment efficiency and solvent recovery rates. These efforts help reduce VOC emissions and secondary pollutants, conserve natural gas and raw materials, and support the Company's goals of advancing circular economy practices and achieving cost-effective energy savings.

B. Industrial waste management

All of the Company's industrial waste is handled by licensed professional disposal firms certified by the Environmental Protection Administration (EPA). In accordance with regulatory requirements, the Company conducts annual audits of hazardous waste treatment providers to ensure proper handling and to prevent environmental pollution resulting from contractor negligence or violations.

For hazardous industrial waste, the Company has installed a solvent recovery system and added vacuum pumps to prevent gas emissions during the distillation process. This setup also lowers the boiling point of solvents, thereby reducing the electricity consumption of heaters. These measures not only contribute to energy conservation and help avoid improper use or waste of resources, but also effectively mitigate the environmental impact of industrial waste disposal.

- (3) Environmental expenditures and benefits in 2024

Item	Details	Total
Environmental expenditure	(1) Pollution control (regulatory fees and charges: e.g., air pollution emission fee, etc.)	NT\$31,370 thousand
	(2) Environmental projects to improve and reduce environmental burdens (e.g., improvements on the waste gas treatment system)	

Item	Details			Total
	(3) Industrial waste disposal charge			
	(4) Expenditure for measures improving wastewater treatment efficiency			
	(5) Environmental management fee (maintenance and certification of ISO14001 and 14064-1 management systems)			
Environmental benefits	(1) Savings on solvent purification and reuse			NT\$92,681 thousand
	(2) Savings on reduction, recycling and reuse of industrial waste			
	(3) Savings on resource recycling (resource recycling + copper recycling + solvent)			
Improvements	(1) Air Pollution Reduction Emission Intensity of Major Air Pollutants - Kaohsiung Facilities			
	Year	Production Volume (1,000 m ²)	VOCs (kg/1,000 m ²)	Particulate Pollutants (kg/1,000 m ²)
	2023	26,905	3.73	0.012
	2024	29,520	3.538	0.012
	YOY Change	10%	-4%	0%
	(2) Circular Benefits from Organic Solvent Recovery and Reuse (Conversion of VOC Emissions into Reusable Liquid Solvents):			
	Year	Factory	Recovered and Regenerated (kg)	
	2024	Kaohsiung facilities	158,253	
		Rudong facilities	9,626	
	(3) Circular Benefits from Organic Waste Gas Recovery and Reuse:			
	Year	Factory	Recovered for Reuse (kg)	Recovered and Recycled (kg)
	2024	Kaohsiung facilities	232,040	108,345
	(4) Circular Benefits from Reuse of Recyclable Materials (Wooden Crates, Mixed Paper, and Plastics):			
	Year	Factory	Recovered and Recycled (kg)	
	2024	Kaohsiung facilities	1,487,000	
		Rudong facilities	295,000	

The Company will continue to implement the following improvement measures to manage stationary pollution sources and industrial waste:

A. Increase Solvent and Hazardous Gas Recovery and Reuse

In collaboration with the Industrial Technology Research Institute (ITRI), the Company is exploring optimal methods for solvent recovery. In 2025, the Company plans to install a film scraper solvent recovery system along with upgrades to its purification tower. These improvements are expected to increase the annual recovery of solvents by 60 metric tons and the recovery of condensed and purified organic waste gases by 70 metric tons. By reducing the demand for new solvents, this initiative will not only significantly

lower operating costs but also reduce the extraction and processing of petroleum-based raw materials. These efforts contribute to the reduction of GHG emissions, support the sustainable use of resources, alleviate environmental impact, and promote sustainable production and consumption practices.

B. Environmental Smart System Platform

In 2025, the Company will integrate environmental compliance requirements and key control measures for equipment and facility operations into a systematic intelligent platform. This platform will centralize and log data generated from various operational scenarios, eliminating the need for secondary processing and enabling big data analytics management. Environmental monitoring data will be accessible in real time via mobile devices (tablets, smartphones, barcode scanners), allowing for immediate reflection and timely response. These efforts will enhance oversight and audit processes. In addition to supporting regulatory compliance, they will reduce environmental risks and further reinforce the Company's commitment to its customers.

5. Employment Relations

- (1) Employees' welfare, education, training and pension, employee relations and protection of employees' rights:

A. Employee Welfare

To enhance employee satisfaction and quality of life, Taiflex provides a diverse range of benefits and support measures, which are summarized as follows:

Medical treatment and insurance coverage	<ol style="list-style-type: none"> 1. Group and life insurances: Based on the nature of their work, employees are entitled to life insurance, total and permanent disability insurance, critical illness insurance, occupational injury insurance, accidental injury insurance, cancer insurance, etc. Premiums are paid by the Company. Employees' family dependents can participate in the insurance scheme at a discounted rate. 2. Periodic health check-up: <ol style="list-style-type: none"> (1) New employee: Pre-employment physical examination (2) Employees: Annual health check-ups for all employees and specific ones for personnel engaging in special operations
Profit sharing	In addition to employee compensation stipulated in the Articles of Incorporation and relevant laws and regulations, the Company has set up employee stock ownership trust where subsidies are provided for purchasing the Company's shares as a way of profit-sharing.
Cash gifts	Cash gifts for Mid-Autumn Festival/Dragon Boat Festival, wedding and new babies, and subsidies for hospitalization and funeral from the Company; cash gifts for birthdays, education allowance of employees' children, travel fund, etc. from the Employee Welfare Committee.
Activities	Employee Welfare Committee would organize activities such as trips, family day, year-end party, free movies, various ball games, fun contests, etc.
Facilities	Cafeterias, coffee machines, parking lots, reading area, nursery room, fridges reserved for nursing mothers, sports field, official vehicles, exercise equipment, blind massage sessions, shower rooms, etc.
Clubs	Youth Care Association, softball, basketball, cycling, shrimp fishing, yoga, etc.
Employee of the year	Travel allowance, 3-day official leaves, exclusive business card and parking space.

B. Employee education and training

The Company is committed to cultivating the talent required to support its business growth. A comprehensive talent development roadmap has been established based on functional and professional requirements, accompanied by a range of training programs. Employees are also encouraged to engage in self-directed learning to enhance both their managerial capabilities and professional expertise. These efforts help build a robust talent pipeline to support the Company's growth and improve overall operational performance.

(a) Training sessions:

- (i) For long-term development of the Company and enhancement of employees' core competencies, we survey and summarize requests from different units and carry out education and training upon approval from the training committee. Trainings are categorized as follows:
 - i) Internal training: engage qualified consulting firms or professional lecturers as well as internal lecturers to hold various courses
 - ii) External training: employees would attend sessions held at training institutions based on specific job requirement.
 - iii) License: hours of training on professional qualification requested by competent authorities
 - iv) Language: subsidies for internal or external language courses due to personal interest or job requirement
- (ii) Work environment and safety training for employees:
 - i) New recruits: We provide safety and health trainings, such as general knowledge on safety and health, special safety and health training, firefighting drills and chemical disaster response procedures, to new recruits
 - ii) Employees: Based on actual job requirements, the Company provides trainings on safety and health and certification to enhance employees' knowledge in handling emergency situations.
 - iii) Contractor: Besides submitting relevant application documents, contractors shall be informed of safety precautions and preventive measures before commencement of work, and the contractor management system shall be implemented to ensure the safety of contractors and employees.

(b) Training for 2024 is summarized as follows:

Category	Duration
New employee orientation	2,510
Core competency	303
Professional competency	4,151
Management competency	7,937
Self-development	1,741
Total	16,642

(Note) Duration is calculated based on sessions, attendance and class hours, and includes both internal and external sessions.

C. Retirement system:

Employees of the Company who meet the criteria set forth in Article 53 of the Labor Standards Act may apply for voluntary retirement. In circumstances stipulated under Article 54 of the same Act, the Company may enforce mandatory retirement. Retirement benefits are provided in accordance with the standards prescribed by law.

For employees of the Company and its domestic subsidiaries who are covered under the Labor Pension Act, the Company contributes 6% of each employee's monthly salary to their individual pension accounts managed by the Bureau of Labor Insurance. In 2024, the total pension contributions amounted to NT\$36.559 million.

For employees of the Company and its domestic subsidiaries covered under the Labor Standards Act, retirement benefits are calculated based on years of service and the average salary over the six months prior to the approved retirement date. In 2024, the amount recognized based on the actuarial report was NT\$6.705 million. Contributions ranging from 2% to 6% of total monthly insured salaries are allocated to a dedicated retirement reserve account at the Bank of Taiwan, supervised by the Labor Retirement Reserve Supervisory Committee. The account balance is reviewed at the end of each year. If the balance is deemed insufficient to cover statutory retirements expected in the following year, additional contributions are made by the end of March to ensure the protection of employees' retirement rights. As of the end of 2024, the account balance stood at NT\$61.734 million.

The Company's overseas subsidiaries also make retirement contributions in compliance with the legal requirements of their respective jurisdictions.

D. Employment relations and employee welfare:

The Company maintains a harmonious labor-management relationship, with both parties generally resolving matters through communication and coordination. Meetings outlined below are held regularly to ensure mutual understanding and smooth execution of all relevant matters.

Type	Description
Labor-management meetings	Labor-management meetings are held every quarter to communicate labor laws and regulations and achieve consensus for continuous improvement of compensation and work environment, thereby attracting more outstanding talents.
President meeting	President meeting is a two-way communication channel between executives and employees. Company policies including business operation, quality targets, environmental policies, and occupational safety are communicated at the meeting as well as knowledges and concepts which are helpful to the work and life of management and employee, providing a co-learning environment for employees and Company.
Department meetings	Meetings serve as a channel for communication between line managers and employees for problem-finding and policy promotion, so that employees can fully understand the technical, safety and health, and quality control aspects of the production process and voice their opinions to reach consensus.
Employee Welfare Committee meetings	Management and employees can discuss welfare measures, thereby strengthening the relationship. Recommendations from those meetings would be used as reference for administrative management.

The Company has also established Code of Conduct for employees to follow. There is also the Rules for Factory Access to ensure the safety of employees and work environment.

The Company has established the Rules for Occupational Safety and Health and a dedicated unit pursuant to the Occupational Safety and Health Act. The unit reports directly to the President. Occupational Safety and Health Committee is also established for employees to participate in the planning and organizing of safety, health promotion and environmental protection events and proactively take parts in relevant activities to ensure their safety and health and prevent occupational disasters.

- (2) Loss incurred due to industrial disputes, estimated amount at present or in the future and actions taken in the most recent year and up to the date of this annual report:

Since its establishment, Taiflex has not experienced any major labor disputes. With the Company's continued and proactive implementation of various employee welfare measures, no significant losses from labor disputes are anticipated in the future.

In 2024, the Company was found to have violated certain regulations following labor inspections and was subject to fines and corrective measures as detailed below:

- A. On March 14, 2024, via official letter Yuan-Gao-Huan-Zi No. 1130100683, the Company was cited for insufficient equipment and safety measures to ensure operational safety, in violation of Article 155 of the Occupational Safety and Health Facilities Regulations and Paragraph 1, Article 6 of the Occupational Safety and Health Act. A fine of NT\$100,000 was imposed.
 - B. On May 24, 2024, via official letter Yuan-Gao-Huan-Zi No. 1130101363, the Company was cited for exceeding the legal limit on extended working hours, in violation of Paragraph 2, Article 32 of the Labor Standards Act. A fine of NT\$100,000 was imposed.
 - C. On July 5, 2024, via official letter Yuan-Gao-Huan-Zi No. 1130101783, the Company was again cited for (1) exceeding the legal limit on extended working hours, and (2) underpayment of overtime wages. These actions violated Paragraph 2, Article 32 and Paragraph 2, Article 24 of the Labor Standards Act. Fines of NT\$200,000 and NT\$50,000 were imposed, respectively.
 - D. On November 18, 2024, via official letter Yuan-Gao-Huan-Zi No. 1130103136, the Company was cited once more for exceeding the legal limit on extended working hours, in violation of Paragraph 2, Article 32 of the Labor Standards Act. A fine of NT\$250,000 was imposed.
 - E. The Company remains committed to continuously improving workplace safety facilities, strengthening the management of working hours, and reinforcing communication and procedures regarding overtime applications. These efforts aim to ensure employee safety and safeguard labor rights, while promoting full compliance with occupational safety and labor regulations and fostering a safe and healthy work environment.
- (3) Code of Conduct or Ethics:

The Company has established a Code of Conduct, Principles of Business Ethics, and a Code of Ethical Conduct to serve as behavioral guidelines for all personnel. The key provisions are as follows:

- A. Employees must adhere to workplace discipline during working hours and may not leave their posts or receive personal visitors unless under special circumstances.
- B. In the performance of business duties, all personnel must uphold the principle of integrity. Offering bribes, accepting bribes, or receiving improper benefits, such as kickbacks, commissions, or other unlawful compensation, is strictly prohibited.
- C. The offering or acceptance of unreasonable gifts, hospitality, or other benefits that may compromise fair business transactions is not allowed.

- D. Employees must comply with all applicable intellectual property laws and internal policies. Unauthorized use, disclosure, or infringement of intellectual property is strictly prohibited.
- E. Conflicts of interest must be avoided. Employees shall not use their positions for personal gain and must ensure that all transactions are conducted fairly and impartially.
- F. Company assets must be properly safeguarded and appropriately used, ensuring that all resources serve legitimate business purposes.
- G. Employees must comply with applicable laws and internal regulations and are encouraged to report any violations of legal or ethical standards.
- H. Any violation of these rules will be subject to appropriate disciplinary action in accordance with Company policies.

In addition, the Company continuously strengthens employees' awareness of the Code of Conduct through new employee orientation and internal reporting mechanisms, ensuring that all personnel adhere to ethical standards and uphold integrity in all business activities.

(4) Safety measures at work place and for employees' personal safety:

Category	Details
Access Security	<ol style="list-style-type: none"> 1 The Company has established "Regulations Governing Fab Access", "Procedures for Security Guards on Duty", etc. to specify the routes for personnel entering the factory premises in order to maintain the safety of factories and all personnel. 2 Stringent surveillance on all exterior and major interior entrances and exits using security camera or access security system 24 hours a day. 3 Security guards are situated in factories to assist with securing the premises. 4 Quarterly inspection and maintenance on security camera and access security systems. 5 Security systems with on-line connection to the security firm. 6 Monthly education and training sessions for security guards, simulating all possible scenarios and carrying out security drills.
Factory and Equipment Safety & Maintenance	<ol style="list-style-type: none"> 1 Stringent surveillance on all exterior and major interior entrances and exits using security camera or access security system 24 hours a day. Security guards are situated in factories to assist with securing the premises. 2 Annual public safety inspection by specialized company in accordance with the Regulations for Inspecting and Reporting Buildings Public Security. 3 In accordance with the Fire Services Act, annual fire safety inspection shall be conducted by external parties. Periodic maintenance and inspection of fire safety equipment shall be performed. 4 Pursuant to the Regulations for Management of Occupational Safety and Health, periodic maintenance and inspection on high/low pressure electrical equipment, dangerous equipment/machineries, ventilation systems, drinking fountains, etc. shall be performed.
Disaster Prevention and Response	<ol style="list-style-type: none"> 1 The Company has rules which clearly define individual's responsibilities and tasks in major events such as fire, natural disasters and infectious disease. Sessions on preventive measures and drills are held regularly. 2 The Company invites local fire department to hold drills and lectures on fire drills and safety, and participates in the fire unions at the Technology Industrial Park to maintain operation safety in the neighborhood. 3 The Company establishes dedicated safety and health unit, to promote

Category	Details		
	safety, health and disaster prevention management.		
Physical and Mental Health Management and Promotion	1	Health management: (1) Employees are entitled to periodic health screenings on more items and at a shorter interval than what is required by laws. Dedicated personnel would carry out follow-up actions based on the test results, e.g., identifying high-risk groups and providing health education and guidance. (2) Based on statistical data from employee health check-ups, the Company organizes improvement programs targeting the "three highs" (hypertension, hyperlipidemia, and hyperglycemia), as well as weight management. An annual weight management and weight-loss competition is held to raise employees’ awareness and motivation regarding weight control. Results from the past three years are as follows:	
		Year	Number of Participants Meeting the Goals
		2022	41
		2023	44
		2024	38
		Total Weight Lost (kg)	275
2	Healthy environment: Periodic disinfection, inspections on drinking water and operating environment, and cleaning of the premises by specialized personnel.		
3	Mental health: Organize lectures of stress relief and communication techniques, and initiate the “Taiflex Employee Assistance Program (TEAP)” to assist employees with mental adjustment and provide professional consultation services. There are diverse communication channels in place for employees to express their opinions and thoughts, and rules in place to assist employees with prevention and handling of physical and metal harm.		
4	Health promotion: Regularly organize health seminars, sporting courses and sporting competitions to enhance employees’ health awareness and improve their health.		
Safety Management of Other Stakeholders	Set rules to manage other stakeholders such as contractors and other workers. These rules define contractors’ rights and responsibilities regarding safety and health issues, prevent occupational hazard, and protect the safety and well-being of contractors and Company employees.		
Safety Management of Contractor Operations and Other Operators	1	The Company has rules such as the “Rules Governing the Management of Contractors’ Workplace and Safety and Health” and the Rules for Factory Access in place for the management of contractors and other workers. These rules define contractors’ rights and responsibilities regarding safety and health issues, prevent occupational hazard, and protect the safety and well-being of contractors and Company employees.	
	2	Consultative organization meetings with existing and new contractors are held regularly and whenever the need arises to ensure contractors fully understand the operational standards of the Company.	
Insurance and Medical Relief	The Company handles labor insurance and national health insurance matters for employees in compliance with relevant regulations. Pursuant to the Labor Insurance Act and Enforcement Rules of the Labor Insurance Act issued by the Ministry of Labor, the Company assists employees in apply for insurance benefit payments from the Bureau of Labor in instances of child birth, injury, illness, disability, seniority and death. In addition, the Company also provides group insurances paid by the Company. The insurance policy covers life		

Category	Details
	insurance, critical illness insurance, accidental injury insurance, accidental medical and hospitalization cover, cancer treatment insurance and outpatient surgery. Employees' family dependents can participate in the insurance scheme at their own expenses at a special rate. Employees are also entitled to cash gifts for new babies and reliefs for hospitalization.

6. Cyber Security Management

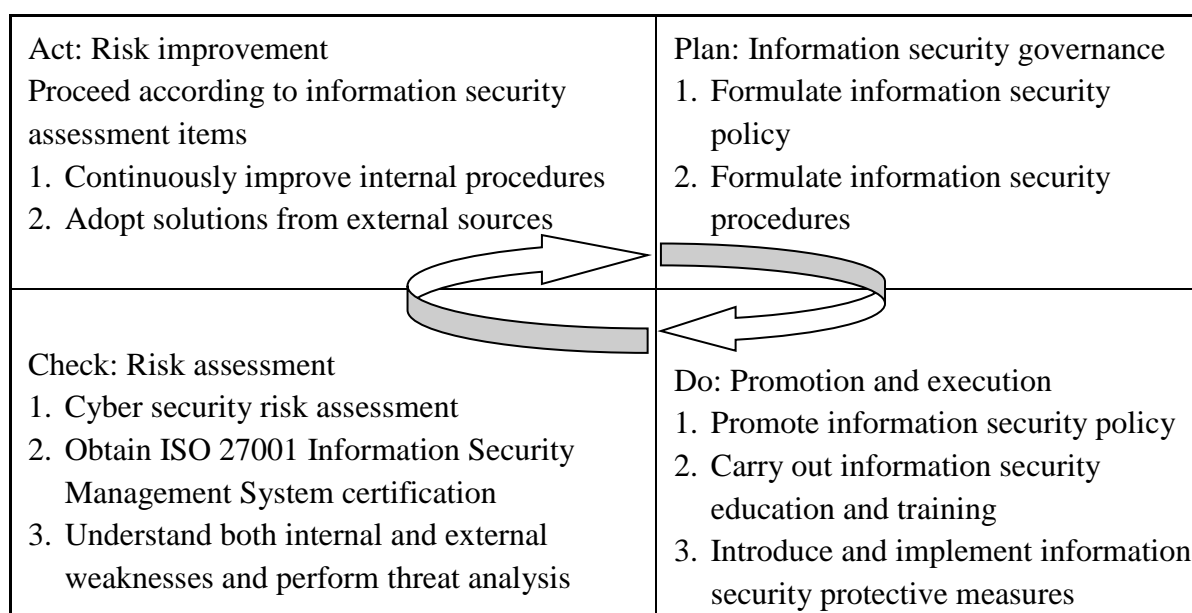
(1) Risk management structure

Pursuant to the cyber security management structure established by the Intangible Asset Security Committee founded in 2015, the Company created the "Information Security and Knowledge Management Division" in 2022 to coordinate, formulate and execute governance matters associated with information security and protection policy. The division also implements risk management system and carries out compliance audits. It is in charge of protecting the trade secrets of the Company and ensuring the availability, integrity and confidentiality of relevant information assets. Through preserving the intellectual property and crucial know-how, it secures the Company's competitive advantages. The division head would report to the Board on the effectiveness of information security governance, cyber security issues and risk control approaches at least once every year.

(2) Cyber security policy

The Company complies with the management system under the international information security structure - ISO27001 in carrying out circular reviews, inspections and tracking periodically, and implements relevant risk management measures and information security governance in conformity to corporate policies. At the same time, it establishes standard operating procedures containing five aspects: identify, protect, detect, respond and recover. Employees can implement relevant regulations and follow the information operating procedures to ensure their appropriateness and effectiveness.

(3) Risk management and continuous improvement structure of corporate information security



(4) Management plans

Topic	Item	Management Plan
Information security protection	1. Trade secret management	<ul style="list-style-type: none"> ● Establish a document management platform (DMP) and adopt file classification management ● Establish procedures for the retrieval and destruction of confidential documents and implement tracking and management measures
	2. Risk management	<ul style="list-style-type: none"> ● Risk assessments and regular vulnerability scanning on computer facilities ● Regular disaster exercises and drills concerning cyber security
	3. Information operation security	<ul style="list-style-type: none"> ● Enforce password rules and establish endpoint detection and response (EDR) software ● Set up remote and local back/recovery services
	4. Device security	<ul style="list-style-type: none"> ● Set up device security protection mechanisms (e.g., encryption) ● Monitor network and information access security
	5. Supply chain security	<ul style="list-style-type: none"> ● Sign non-disclosure agreements (NDA) with suppliers and comply with ISO28000 requirements
	6. Premises security	<ul style="list-style-type: none"> ● Implement controls over computers of guests/guests ● Implement controls over electronic devices, personal mobile phones and USB flash drives at production lines and laboratories ● Establish access control at office areas and computer room as well as monitor abnormal events
Reviews and continuous improvement	Human resource security	<ul style="list-style-type: none"> ● Carry out cyber security education and training and promote information security instructions company-wide ● Promote “Confidential Information Protection Policy” on the first day of each month to increase employees’ awareness on information security
Monitoring of information security effectiveness	Information security assessment	<ul style="list-style-type: none"> ● The Company has obtained ISO27001 Information Security Management System certification for nine consecutive years

(5) Resources allocated to cyber security management

Details of resources allocated to cyber security management in 2024 are as follows:

Classification	Outcome
Cyber security certification	Obtained ISO27001:2022 certification for nine consecutive years (2016 to 2024)
Audits from key customers	Passed the information security audits of key customers and improvement measures
Employee education and training	Completed Group-wide employee cyber security education and training
Internal audits and self-assessment	Continued with periodic vulnerability and threat analyses and reported to top executives

Note: Employees include personnel from the Company, as well as its subsidiaries in Taiwan and overseas.

- (6) Loss, impacts and action plans due to major cyber security incidents in the most recent year and up to the date of this annual report:

The Company is committed to protecting confidential information and ensuring robust information security governance for its customers, shareholders, and partners. To this end, the Company has established and continuously updates a comprehensive set of information security policies, procedures, and systems. A range of security mechanisms has been implemented, including network security, data protection, data backup, and endpoint protection systems. These controls are designed to manage information security risks, provide early warnings of potential incidents, prevent the leakage of trade secrets, and defend against hacker intrusions—thereby ensuring the high availability of the Company’s operational systems. In 2024 and up to the date of this annual report, the Company has not identified any major cyberattacks or incidents, nor any issues that have caused or may cause significant adverse impact on its operations.

7. Material Contracts

Nature	Counterparty	Duration	Description	Covenant
Land Lease	Kaohsiung Export Process Zone Administration, Ministry of Economic Affairs	2024.06.01-2027.03.31	Land lease	No sub-lease, transfer or sub-lent
Land Lease	Kaohsiung Export Process Zone Administration, Ministry of Economic Affairs	2016.02.23-2026.02.28	Land lease	No sub-lease, transfer or sub-lent
Land Lease	Kaohsiung Export Process Zone Administration, Ministry of Economic Affairs	2018.03.01-2028.02.28	Land lease	No sub-lease, transfer or sub-lent
Land Lease	Kaohsiung Export Process Zone Administration, Ministry of Economic Affairs	2019.02.01-2029.01.31	Land lease	No sub-lease, transfer or sub-lent
Long-term Loan	Consortium bank including the Bank of Taiwan	2020.10.29-2025.10.28	Syndicated loan	Syndicated loan agreement

V. Review and Analysis of Financial Position and Performance and Associated Risks

1. Financial Position

(1) Reasons and Impact of Significant Changes in Asset, Liability and Equity

(In Thousands of New Taiwan Dollars)

Item \ Year	2024	2023	Difference	
			Increase (Decrease)	%
Current Assets	8,776,244	7,374,560	1,401,684	19.01
Financial Assets at Fair Value through Other Comprehensive Income - Non-current	436,144	426,661	9,483	2.22
Investments Accounted for Using the Equity Method	10,252	15,152	(4,900)	(32.34)
Property, Plant and Equipment	4,725,152	4,529,075	196,077	4.33
Intangible Assets	142,075	151,100	(9,025)	(5.97)
Right-of-use Assets	285,140	363,168	(78,028)	(21.49)
Other Non-current Assets (including Deferred Income Tax Assets)	152,484	171,746	(19,262)	(11.22)
Total Assets	14,527,491	13,031,462	1,496,029	11.48
Current Liabilities	2,825,925	4,103,235	(1,277,310)	(31.13)
Non-current Liabilities	1,036,041	859,600	176,441	20.53
Total Liabilities	3,861,966	4,962,835	(1,100,869)	(22.18)
Total Capital	2,562,770	2,091,197	471,573	22.55
Capital Surplus	2,322,316	1,026,197	1,296,119	126.30
Retained Earnings	5,584,144	5,034,600	549,544	10.92
Other Equity	174,798	(164,692)	339,490	(206.14)
Non-controlling Interests	21,497	81,325	(59,828)	(73.57)
Total Equity	10,665,525	8,068,627	2,596,898	32.19

Significant variance:

- A. The decrease in investments accounted for using the equity method and non-controlling interests was primarily due to a reduction in long-term investments.
- B. The decrease in right-of-use assets was due to the Rudong government's partial reclamation of land use rights, following negotiations.
- C. The decrease in current liabilities and total liabilities, along with the increase in non-current liabilities, was primarily attributable to the reclassification of corporate bonds maturing within one year as bonds payable, and the partial exercise of conversion rights.
- D. The increase in other equity was primarily attributable to foreign exchange differences arising from the translation of financial statements of foreign operations.
- E. The increase in capital, capital surplus, and total equity was due to the exercise of conversion rights under the Company's overseas unsecured convertible bonds.

2. Financial Performance

(1) Reasons for Significant Changes in Revenue, Operating Income and Income before Income Tax

(In Thousands of New Taiwan Dollars)

Item \ Year	2024	2023	Difference	
			Increase (Decrease)	%
Net Revenue	9,938,135	8,150,519	1,787,616	21.93
Operating Costs	7,800,358	6,359,012	1,441,346	22.67
Gross Profit, Net	2,137,777	1,791,507	346,270	19.33
Operating Expenses	1,475,056	1,303,909	171,147	13.13
Operating Income	662,721	487,598	175,123	35.92
Non-operating Income and Expenses	38,279	(5,279)	43,558	(825.12)
Income before Income Tax	701,000	482,319	218,681	45.34
Less: Income Tax Expense	168,512	121,596	46,916	38.58
Net Income	532,488	360,723	171,765	47.62
Significant variance:				
A. The increase in revenue, operating costs, and operating income was primarily driven by revenue growth resulting from improving market conditions.				
B. The increase in net non-operating income was mainly due to higher foreign exchange gains.				
C. The increase in income before tax, income tax expense, and net income was mainly attributable to higher operating income and foreign exchange gains.				

(2) Expected Sales Volume in 2025 with Basis, Its Impact on the Company's Finance and Business and Action Plans:

Based on the growth of end market, competition in the industry, capacity planning of customers, advancement in technology, and overall strategic planning, the Company expects to see moderate recovery in market demand in 2025. As an industry leader, we can benefit from the industry rebound and further increase our market share by leveraging our comprehensive product lines, reputable quality products and cost competitiveness, driving up the sales volume of electronic materials by a small increase compared to last year.

(3) Industry-specific Key Performance Indicator (KPI):

KPIs can be set for finance, customer relation, process, and organizational growth and education aspects. Based on those four aspects, KPIs are developed in accordance with the Company's philosophy and strategies.

Finance KPIs of the Company include debt ratio, operating cycle (days sales outstanding + days inventory outstanding - days payable outstanding), property, plant and equipment turnover, return on equity and net margin. In addition to periodic review of finance KPIs, there are non-finance KPIs in place, such as market shares, yields, weightings of major customers, average productivity of employees, achievement rates of R&D projects, and achievement rates of supply chain management costs. The Company monitors peer competitions and industry dynamics through data analysis.

3. Cash Flows

(1) Variance Analysis of Cash Flows in 2024:

(In Thousands of New Taiwan Dollars)

Cash, Beginning of Year	Net Cash Provided by Operating Activities	Net Increase in Cash	Cash, End of Year	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
1,965,421	1,420,796	923,926	2,889,347	-	-
Analysis of variance:					
A. Net cash generated by operating activities: Mainly due to the cash collections of accounts receivable and an increase in profits.					
B. Net cash used in investing activities: Mainly due to an increase in capital expenditures.					
C. Net cash used in financing activities: Mainly due to the distribution of cash dividends.					

(2) Improvement plans for liquidity shortfall: None.

(3) Liquidity Analysis for 2025:

Cash, Beginning of Year	Net Cash Provided by Operating Activities	Net Increase in Cash	Cash, Surplus/Shortage	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
2,889,347	501,080	(538,840)	2,350,507	-	-
Analysis: We do not expect any cash shortage in 2025.					

4. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Company's Finance and Business

On the consolidated basis, the Company paid NT\$693 million for acquisition of property, plant and equipment in 2024. Capital expenditures were paid with cash generated from operations and had no significant impact on the Company's finance and business.

5. Reinvestment Policies in the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Next Year

The Company's reinvestment policies stress the importance of operation strategy and industry trends for long-term investments. Losses on investments accounted for using the equity method in the consolidated financial statements for the year ended December 31, 2024 were mainly due to less than expected sales as economic downturn resulted in sluggish end demand. In the future, we will prudently review whether our reinvestment plans shall be adjusted based on operational demands and development strategy.

6. Risks

(1) Impacts of Fluctuations in Interest Rates and Foreign Exchange Rates and Inflation on the Company's Profitability and Associated Action Plans

A. Impacts of interest rate fluctuations in 2024 on the Company's profitability and associated action plans:

(In Thousands of New Taiwan Dollars)

Item	2024
Net Interest Income (Expense) (1)	5,385
Net Revenue (2)	9,938,135
Operating Income (3)	662,721
(1)/(2)	0.05%
(1)/(3)	0.81%

In 2024, the Company recorded net interest income of NT\$5.385 million, accounting for 0.05% of operating revenue and 0.81% of operating income for the year. The increase in interest income was primarily attributable to rising market interest rates and the Company's strong operating cash position, which allowed it to avoid new borrowings.

A 10-basis point increase/decrease in the market interest rate would increase/decrease the Company's income by NT\$2,444 thousand. To hedge the interest rate risk, the Company adopts the following measures:

- (a) To establish a sound financial structure: The Company would increase capital by cash to meet the demands from operation and funding in order to reduce its dependency on bank financing.
- (b) To increase the means for financing: The Company would assess the possibility of issuing domestic and overseas corporate bonds in order to lower the cost of funds through an increase in direct financing.
- (c) To use banking facilities flexibly: The Company would review banks' savings and lending rates periodically and increase transaction volume with banks to obtain a better borrowing rate than the market, thereby making the most effective use of capital.

B. Impacts of foreign exchange rate fluctuations in 2024 on the Company's profitability and associated action plans:

(In Thousands of New Taiwan Dollars)

Item	2024
Net Foreign Exchange Gain (Loss) (1)	131,544
Net Revenue (2)	9,938,135
Operating Income (3)	662,721
(1)/(2)	1.32%
(1)/(3)	19.85%

Foreign exchange gain amounted to NT\$131,544 thousand in 2024, which was 1.32% and 19.85% of revenue and operating income for the year, respectively. This was mainly due to a significant depreciation of New Taiwan dollars against the U.S. dollars in 2024, resulting in a larger valuation gain on the U.S. dollar-denominated assets. To mitigate the impact of exchange rate volatility, we carried out adequate hedging to balance our exposures.

The Company's revenue is mainly denominated in U.S. dollars and RMB while raw material purchases are mostly denominated in U.S. dollars. As foreign-currency revenues are greater than foreign-currency purchases, the Company has a net foreign-currency asset position which cannot be fully covered by a natural hedge. Thus, exchange rates fluctuations in U.S. dollars and RMB would affect the Company's revenue and profits. Besides keeping a close watch on the economic situation of the international markets, changes in the financial markets and the foreign exchange market, we would continue to carry out the following actions:

- (a) In addition to natural hedging from sales and purchases, the capital management unit would take into account the exchange market data and future movement of the currencies before entering forward exchange contracts to mitigate foreign currency risk.
- (b) The Company would exchange information with its main banks and monitor the exchange rates to provide relevant data for management to take appropriate actions and as a reference for price quotes.

C. Impacts of inflation on the Company's profitability and associated action plans:

Although Taiwan's inflation rate has accelerated slightly in recent periods due to increasing energy expenses and labor costs, as we are in the material industry with highly automated production process, short-term inflation does not have a significant impact on our profitability as the prices of raw materials, which account for the largest portion of the cost, remain stable as rising energy consumption and labor costs put pressure on costs.

However, in order to keep a close watch on the costs of raw materials, we will continue to expand our list of qualified suppliers both at home and abroad. We can reduce the risk of increasing cost from a single source under inflation through supplier diversification. At the same time, we will implement various energy saving and automation measures to not only mitigate the cost pressure from inflation but also move towards the goal of low energy consumption for sustainability purpose.

(2) Policies, Main Causes of Gain or Loss and Action Plans with Respect to High-risk, Highly-leveraged Investment, Lending Funds to Other Parties, Endorsement and Guarantee and Derivative Trading

- A. In 2024 and up to the date of this annual report, the Company did not engage in high-risk, high-leveraged investments.
- B. Lending between the Company and its subsidiaries is proceeded in accordance with "Procedures for Lending Funds to Other Parties". Endorsement and guarantees provided by the Company are for 100%-owned investees to receive credit lines and are processed in accordance with "Procedures for Endorsement and Guarantee".
- C. The Company engages in derivative trading, forward contracts in particular, to hedge foreign currency risk. Transactions are conducted in accordance with "Procedures for Acquisition or Disposal of Assets".

(3) Future Research and Development Plans and Estimated Expenses

A. Future research and development plans:

(a) Research and development for electronic materials:

Building on its modified polyimide (MPI) core technology primarily designed for applications below 15 GHz, the Company collaborates with downstream customers to develop FPC materials for high-frequency, high-speed transmission. To meet full-thickness requirements ranging from 5 μm to 150 μm , both Casting and Laminating

series are being developed in parallel. In addition, the Company is also investing in material development for higher-frequency mm-Wave applications.

The following products are the focus of the Company at present:

- i. Second-generation high-frequency single/double-sided FPC and high-frequency cover-layer: The target Df for high-frequency mPI single/double-sided FPC is below 0.003, and the overall Df for the high-frequency cover-layer is below 0.005. A key feature is the reduction of the adhesive layer's Df from 0.005 to below 0.003, significantly lowering the total Df. These materials are used in antennas and transmission cables in 5G systems to reduce transmission loss and signal interference, while enabling characteristic impedance control.
 - ii. Single/double-sided FPCs utilizing mPI-based and fluoro-based FCCLs, designed for mmWave applications that demand high-frequency performance and thick insulating layers, with core thicknesses up to 200 μm .
 - iii. High-frequency low-loss CCL applied in the development of fluoro-based materials with low Df for frequencies above 77 GHz and M8+ high-speed transmission applications.
 - iv. High-Tg ion migration-resistant cover-layer and bonding sheet: In response to the needs of high-temperature multi-lamination in rigid-flex boards and foldable devices operating in high-temperature, high-humidity environments, the Company is developing a Tg > 100°C cover-layer with ion migration resistance and supporting l/s designs of 35 μm /35 μm .
 - v. Ultra-thin FRCC for camera modules and thin-form applications with a stacked structure of Cu/PI/AD, featuring PI layer at 5 μm and an AD layer designed for low ion migration.
- (b) Research and development for semiconductor products:

Through strategic alliances involving industry-academia collaboration, suppliers, and equipment manufacturers, the Company is actively developing advanced semiconductor packaging materials in line with evolving technological trends. Leveraging its established FPC coating technologies, the Company is expanding into the field of advanced packaging adhesive films for semiconductors. At present, key adhesive and film materials for semiconductor packaging are primarily sourced from major manufacturers in Japan and the United States, with limited participation from Taiwanese suppliers in this segment of the supply chain. This initiative aims to create localized procurement options for Taiwan's semiconductor packaging industry.

Future development will focus on three core areas: laser debonding materials, temporary bonding materials, and warpage control films. To address diverse industry needs, the Company is targeting applications involving 12-inch round glass wafers and square glass substrates ranging from 300 mm \times 300 mm to 600 mm \times 600 mm, offering customized solutions with a variety of chemical resistance, heat resistance, and physical properties. These advanced polymer materials can be produced in thicknesses ranging from 5 to 250 μm and widths from 330 mm to 1,500 mm, enabling flexible support for special requirements.

(c) Research and development for display products:

Based on existing polyimide synthesis core technology, we focus on developing encapsulant and glue for mass transfer for the next-generation MiniLED and MicroLED displays. As the next-generation display contains numerous small chips, encapsulant and glue for mass transfer have an enormous impact on yield. Through the development, we can assist Taiwanese panel makers with improving the yield and consequently their competitiveness, thereby facilitating the long-term developments of the entire panel supply chain.

B. Estimated expenses:

The Company will continue its efforts in research and development. The R&D expense is expected to be NT\$363,249 thousand in 2025, which is estimated to be 3.6% to 4.3% of the revenue in 2025.

(4) Impacts of Changes in Major Domestic and Overseas Policies and Regulations on Company's Finance and Business and Associated Action Plans

Impacts of changes in major policies and regulations on the Company's finance and business were minimal in 2024. Asia is the Company's major market and the percentage of sales in China remains relatively high. The Company has established factories at Nantong and set up a subsidiary in Thailand to capture timely market information and adapt to future changes in policies and regulations to minimize adverse impacts on the Company.

(5) Impacts of Changes in Technology (including Cyber Security Risk) and Industry on Company's Finance and Business and Associated Action Plans

The rapid decline in the prices of electronic consumables due to short lifespans and price competitions from peers had significant impacts on the Company's gross margin. Therefore, the Company would timely adjust the directions of product developments and apply the core technology of precision coating in other industry to provide the most trustworthy advanced FPC materials, innovative applications and integrated services for sustainable growth.

(6) Impacts of Changes in Corporate Image on Corporate Risk Management and Associated Action Plans

With excellent performance and a positive corporate image, the impacts of changes in corporate image on the Company's risk management were minimal.

(7) Expected Benefits and Risks Relating to Merger and Acquisition and Associated Action Plans

The Company has no plans to merge or acquire other companies in the near future.

(8) Expected Benefits and Risks Relating to Plant Expansion and Associated Action Plans

Plant expansion increases our production capacity and the room to take on more orders, which benefit our revenue and profitability and strengthen our position in the industry. Moreover, once we reach economies of scale, product costs can be reduced significantly. However, electronic consumables have short lifespans and market demands often change considerably. When market faces downturn, capacity would turn idle and depreciation expenses of those plant equipment would weigh heavily on the Company's profitability. Therefore, we thoroughly review our capital expenditure plans by considering the industry growth and actual orders from customers in order to optimize the use of our capital.

(9) Risks of Concentrated Sources of Sales or Purchases and Associated Action Plans

Sales of the Company are not concentrated on certain customers. Purchases of critical raw materials, such as copper-clad and PI, are concentrated on certain foreign vendors mainly due to quality control and customer specification. However, the Company maintains good

relationships with other vendors providing similar components to ensure competitive purchase prices and adequate supplies and minimize the risk of single-source supplier. Overall, the Company has a good relationship with suppliers. The quality and delivery time of materials have been normal and there has been no shortage or delay in supply of materials.

(10) Impact and Risk of Sale or Transfer of Significant Number of Shares by the Directors, Supervisors or Shareholders with Over 10% of Shareholding and Associated Action Plans

There was no sale or transfer of significant number of shares by the Directors, Supervisors and shareholders with over 10% of shareholding in 2024.

(11) Impact and Risk of Change in Management and Associated Action Plans

The major shareholders and Directors of the Company maintain steady ownership and there is no foreseeable plan to change the management.

(12) For Major Litigations, Non-litigations, or Administrative Disputes which Involve the Company, Directors, Supervisors, President, De Facto Responsible Person, Major Shareholders with Over 10% of Shareholding and Affiliates and Have Significant Impacts on the Interests of Shareholders or Share Prices, the Facts, Amount in Dispute, Commencement Date, Major Parties Involved, and the Status up to the Date of This Annual Report Shall be Disclosed

None.

(13) Other Significant Risks and Associated Action Plans

As of the date of this annual report, the Company had no other significant risks.

7. Other Significant Matters: None.

VI. Special Notes

1. Affiliates

(1) Consolidated Business Report of the Affiliates: The Company's consolidated business report of the affiliates is available on the MOPS at:
https://mopsov.twse.com.tw/mops/web/t57sb01_q10.

(2) Consolidated Financial Statements of Affiliates:

The entities that are required to be included in the consolidated financial statements of affiliates are identical to those included in the consolidated financial statements. Thus, both statements are the same.

(3) Affiliation Reports: Not applicable

2. Private Placement of Securities in the Most Recent Year and up to the Date of this Annual Report: None.

3. Other Necessary Supplement: None.

VII. Any Events in the Most Recent Year and up to the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

TAIFLEX Scientific Co., Ltd.

Chairperson: Ta-Wen Sun