



SUSTAINABILITY REPORT

A glass sphere containing a cityscape with a prominent skyscraper, overlaid with a green arrow pointing upwards. The sphere is resting on a mossy surface.

NAFCO
2023

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Sustainable Development Committee

In 2023, the global air passenger traffic rebounded from the impact of the pandemic, marking a year of continued growth in overall customer demand. However, operations still faced numerous challenges and difficulties, including inflation, U.S. interest rate hikes, rising aerospace raw material prices, labor shortages in the supply chain, and geopolitical tensions. NAFCO has continued to actively refine its process optimization, enhance vertical integration, and advance intelligent automation development. By incorporating AI technology into manufacturing management, the company has accelerated the development of advanced technologies for vertical integration, moving towards smart manufacturing and deepening its technological foundation. In the aerospace and automotive industries, we have expanded the introduction of new products and customized solutions for its clients to adapt to the changing dynamics of the post-pandemic supply chain landscape. The company remains committed to pursuing profitability, sustainable operations, and value innovation.

NAFCO is committed to pursuing EPS (Earnings Per Share) and ESG (Environmental, Social, Governance) goals, adhering to its promises to stakeholders and its corporate responsibility for sustainable development. Through the efforts of all employees and the management team, the company achieved a consolidated revenue of NT\$3.07 billion for fiscal year 2023, representing a 40.02% year-on-year growth. In addition to creating maximum value for stakeholders through continued strong financial performance, we are actively engaged in promoting and addressing sustainability issues across ESG domains, including:

1. Environmental Sustainability

We place a strong emphasis on environmental friendliness by enhancing the implementation of waste sorting and recycling activities, including the recovery of waste oil and water. We conduct ISO14064-1 greenhouse gas inventories and continuously expand our solar power generation systems. Our efforts are focused on optimizing energy usage efficiency (i.e., energy emission intensity) to demonstrate our commitment to environmental protection.

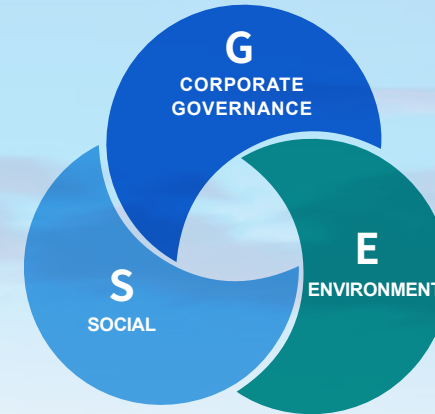
2. Social Responsibility

We are dedicated to fostering a diverse, equitable, and inclusive (DEI) corporate culture while enhancing employee welfare. We prioritize labor rights and strive to create a happy, safe workplace, offering equal opportunities, implementing gender equality policies, and cultivating a respectful atmosphere that fosters employee loyalty. As a result, the number of female employees has reached a three-year high. At the same time, we organize charity sales through our Employee Welfare Committee and support rural farmer products. Through the NAFCO Public Welfare Trust and Charity Foundation, we are deeply involved in social welfare, supporting rural education and assisting vulnerable groups. These efforts aim to inspire social fairness and inclusion, amplifying the impact of corporate social responsibility.

3. Corporate Governance

We place a strong emphasis on integrity and anti-corruption standards, as well as supply chain management. We are committed to continuously enhancing transparency in information disclosure and strengthening our corporate governance structure. Additionally, we have bolstered our ISO27001 information security protection and risk management practices.





G
CORPORATE GOVERNANCE

- Economic Performance
- Market Image
- Corporate Governance
- Ethics and Integrity
- Risk Management

S
SOCIAL

- Employer-Employee Relations
- Labor Management and Relations
- Occupational Health and Safety

E
ENVIRONMENT

- Raw Materials
- Energy
- Emissions
- Wastewater and Waste
- Environmental Regulatory Compliance
- Supplier Environmental Assessment

NAFCO, while continuously improving its one-stop solution customer service capabilities and advancing towards becoming a key global aerospace component supplier, will maintain high standards in its pursuit of economic growth, while upholding a strong sense of responsibility towards the environment, society, and corporate governance. We believe that through the collective efforts of all employees and continued collaboration with stakeholders— including employees, customers, shareholders, suppliers, and business partners, we will bring long-term value and benefits to all stakeholders and achieve our goal of sustainable corporate development.

LIN, Wei-Tsun

General Manager of NAFCO
Chair of Sustainable Development Committee

◀ Editorial Policy

ESG Information Disclosure

To pursue sustainable business practices and enhance information transparency, NAFCO has issued its 2023 Sustainability Report (hereinafter referred to as "the Report"). Through this report, we aim to provide stakeholders with an overview of the measures and performance we have undertaken and achieved under the goals of sustainable operations. This includes our efforts in building integrity in governance, implementing environmental protection, fostering a friendly environment and occupational safety, and enhancing employee compensation and benefits. The reporting period covered in this report spans from January to December 2023, and the scope of disclosure encompasses all NAFCO operations, including our headquarters in Taiwan and the NSP Suzhou Plant. We hope that stakeholders will continue to follow our progress and provide valuable insights, allowing the company to advance further on the path of sustainable business operations.

Feedback

If you have any comments or suggestions regarding the content of this report, please feel free to contact us.

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Writing Basis and Information Verification Methods

- ◆ The structure of this report is based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021. It also complies with the requirements of the "Operating Procedures for Listed (OTC) Companies to Prepare and Declare Sustainability Reports." A GRI Content Index is provided in the appendix of this report for reference by stakeholders.
- ◆ The financial data disclosed in this report has been audited and verified by an accounting firm in accordance with International Financial Reporting Standards (IFRS); environmental, employee, and occupational safety data are compiled and consolidated by the responsible departments, and then confirmed by department heads, using internationally recognized indicator calculation methods.
- ◆ NAFCO has established the "Operation Procedure for the Preparation and Verification of Sustainability Reports," which involves an internal review by responsible departments to ensure the accuracy of ESG report disclosures.

Publication Frequency

This report is published annually in electronic format, available in both Chinese and English versions. It is posted on the corporate social responsibility and sustainability reporting section of our company website to enhance the transparency and accessibility of the report.

Current Release Date | August 2024.
Reporting Period | January 1, 2023, to December 31, 2023.
Previous Release Date | November 2023.
Next Release Date | June 2025.

Sustainability Performance

Aspect

Economic Aspect

- ◆ **Smart Manufacturing** | We continue to advance towards vertical integration and intelligent automation in manufacturing. Building on our internally developed automated equipment and smart monitoring system for big data collection, we are gradually introducing AI-driven smart manufacturing technologies into critical processes. These applications include defect and anomaly detection, tool lifespan monitoring, and product quality control. Currently, we have established three intelligent production lines. In addition to continuously expanding smart manufacturing lines, we will place greater emphasis on the application of AI in management in the future.
- ◆ **Aerospace Market** | As of 2023, our company has introduced over 8,000 new products. We will continue to enhance both the depth and breadth of our product offerings.
- ◆ **Automotive Industry Market** | We collaborate with automobile manufacturers and Tier 1 suppliers to design customized parts. We focus on researching and developing customized components to meet unique application requirements
- ◆ **Financial Performance** | In 2023, global air passenger traffic recovered from the impact of the pandemic, driving a continued increase in overall customer demand. The company reported consolidated revenue of NT\$3.07 billion for the fiscal year 2023, representing a 40.02% increase from NT\$2.193 billion in 2022. The net profit after tax for 2023 amounted to NT\$307 million, with earnings per share of NT\$5.77. With the advent of the Industry 4.0 era, NAFCO is committed to the development of automated equipment and its integration with AI. We are advancing towards becoming a leader in the integration and manufacturing of Industry 4.0 solutions. Along this journey, we have continuously improved our in-house production capabilities, strengthening our vertical integration. This has enhanced efficiency and expanded our capacity to provide one-stop solutions for customer service, positioning us as a key global supplier of aerospace components.



Environmental Aspect

- ◆ High Concentration Waste Acid-Alkali Low-Temperature Vacuum Treatment Facility: Decomposes compressed sludge after distillation, reducing outsourced waste acid-alkali treatment by 80 to 100 tons on average. Actual High-Concentration Waste Liquid Treatment: In 2022, we processed 77.6 tons of high-concentration waste liquid annually, while in 2023, the amount increased to 87.4 tons per year, representing a 13% improvement in waste treatment capacity.
- ◆ Our waste oil-water reduction facility can reduce waste oil-water treatment by 80 to 100 tons annually on average.
- ◆ Over the past three years, we have installed a 188KW solar power system, reducing greenhouse gas emissions by approximately 271 metric tons of CO₂e, minimizing environmental impact. In 2023, total solar power generation reached 221,000 kWh, with 74 renewable energy certificates obtained. The combined efforts in 2023 resulted in a reduction of 109 metric tons of CO₂e emissions. Looking forward, we will accelerate the installation of solar power systems to gradually increase green energy generation, aiming for corporate sustainability and carbon reduction.
- ◆ Climate change is a global environmental issue. Our company remains committed to improving processes and implementing energy-saving policies to achieve the goals of energy conservation, waste reduction, low pollution, low energy consumption, and environmental friendliness. We are dedicated to enhancing energy efficiency and minimizing environmental impact. Guided by the principle that "there is only one Earth," we are actively strengthening our performance in addressing climate change, pollution prevention and control, energy and resource conservation, waste reduction, safety and health management, and fire prevention, all aimed at reducing overall environmental, safety, and health risks. To enhance resource utilization efficiency, the company has implemented various energy-saving measures, including the installation of solar panels, the introduction of a digital power monitoring platform (smart meters), the use of LED energy-saving lighting, rainwater harvesting systems, automatic sensor faucets, water conservation practices, and waste reduction equipment. To reduce environmental impact, the company promotes paperless digital operations, encourages employees to use double-sided printing, and selects recycled plastic garbage bags, among other initiatives. In 2023, the company significantly improved energy usage efficiency, achieving a 21.2% increase in electricity efficiency compared to 2022. Water usage intensity in 2023 was 47.79 tons per million in revenue, marking a 2.8% improvement compared to 2022. Waste intensity in 2023 was 0.196 tons per million in revenue, representing a 6.8% reduction in waste generation. The rainwater harvesting system collected 652 metric tons of rainwater in 2023.
- ◆ Employees undergo a minimum of 4 hours of annual education and training on human factors, product safety, anti-counterfeit measures, and FOD.
- ◆ The PDC system is established and maintained to facilitate continuous quality improvement. In 2023, no significant customer complaints occurred.
- ◆ Rigorous Supplier Management: All raw material sources are traceable, and materials come with certification and inspection proof.
- ◆ We maintain the effective operation of our quality management system.

Social Aspect

- ◆ Team Collaboration and Talent Development Program: The budget is approximately NT\$800,000.
- ◆ No violations of labor laws were recorded.
- ◆ Increased sharing and promotion of occupational safety and health case studies.
- ◆ Incorporate occupational safety meetings into the curriculum as part of each quarter's agenda.
- ◆ Road Traffic Safety Awareness.
- ◆ Security personnel at the company entrance direct traffic.
- ◆ Due to extended material lead times, Quickview was introduced to manage inventory turnover rates, monitor accounts receivable progress, and manage weekly changes in customer demands.
- ◆ Through the use of a CRM system and participation in international B2B conventions, we integrate and manage quotations while exploring new business opportunities.
- ◆ The company organized charity sales through the Employee Welfare Committee to support small-scale farmers in remote areas. In addition, through the operation of the NAFCO Public Welfare Trust Charity Foundation, we are actively engaged in social welfare, supporting education in underprivileged regions and providing assistance to disadvantaged groups. These efforts aim to promote social equity and inclusion, furthering our corporate social responsibility (CSR) influence. In 2023, total charitable donations amounted to NT\$1,110,000. Beneficiaries included:
 - (1) Donations to the Taoyuan City Police Friendship Association;
 - (2) Support for the Quaker Church's Center for Disadvantaged Families (approximately 80 children from low-income families);
 - (3) Contributions to the Taoyuan City Private Pingzhen Educational and Care Institution; (4) Donations to National Yang Ming Chiao Tung University (Presidential Chair Program) to retain and develop high-level PhD talent in Taiwan.
- ◆ We remain committed to place a strong emphasis on integrity and anti-corruption standards, as well as supply chain management. We are committed to continuously enhancing transparency in information disclosure and strengthening our corporate governance structure. Additionally, we have bolstered our ISO27001 information security protection and risk management practices.



Stakeholder Engagement

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- 1-1 Sustainable Development Committee
- 1-2 Conformation of Stakeholders
- 1-3 Communication Channels & Concern Topics
- 1-4 Identification of Material Topics

1-1 Sustainable Development Committee

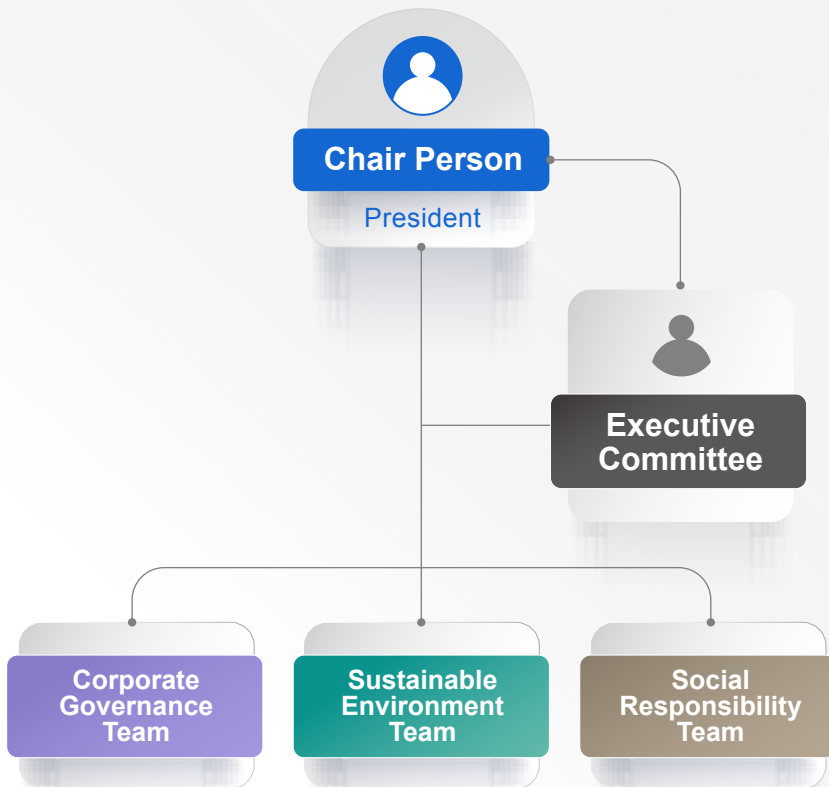
In 2023, in order to promote sustainability initiatives, NAFCO authorized the establishment of the ESG Sustainable Development Committee (referred to as the ESG Committee). The President serves as the Chairperson of the ESG Committee, and various functional teams are formed under the committee. The ESG Committee formulates corporate sustainability development policies, oversees their implementation within the company, and gradually integrates the principles of sustainable operation into NAFCO's corporate culture.

In response to the comprehensive aspects of sustainability development, encompassing environmental, social, and corporate governance, specialized subcommittees are established under the ESG Committee. These subcommittees gather stakeholder input on issues related to environmental protection, occupational safety, supply chain management, labor rights, operational performance, and corporate governance. In accordance with respect for stakeholder interests, NAFCO also maintains a stakeholder section on its website to appropriately address sustainable topics.



NAFCO
ESG Committee Organizational Chart

NAFCO ESG Committee



1-2 Conformation of Stakeholders

Conformation of Key Stakeholders

Regular interactions through routine business dealing with various stakeholders.

Discussions in internal meetings and reference to the practices of peers in the industry.

Identification of four main categories of key stakeholders.

Stakeholders are groups directly or indirectly impacted by or having an impact on NAFCO. Each department at NAFCO has identified and listed stakeholders with whom they have significant business interactions or who have influence. Through the assessment process by the ESG committee, "Investors, Customers, Suppliers, and Employees" were determined as the four main categories of key stakeholders.

1-3 Communication Channels & Concern Topics

NAFCO's key stakeholders come from diverse industry backgrounds, therefore, their concerns and interests vary. NAFCO proactively engages with stakeholders through various channels maintain a strong mutual interaction. NAFCO keeps stakeholders informed about the company's operational status while responds promptly to their requests and expectations.

NAFCO reported in accordance with the principles of GRI Standards 2021 and ESG reports from peers, and identified 15 sustainability issues that cover economic, environmental, and social aspects. This ensures the sustainable information disclosed meeting GRI standard of completeness and diversity.

Key Stakeholders	Importance to the Company	Topics of Concerns	Communication Channels/ Frequency	Execution Status
Investors	Shareholders, as the investors in the company, are its long-term stakeholders who jointly bear the operational risks. The operational performance of the company is closely linked to the shareholders. Company should safeguard shareholders' rights and treat all of them fairly. Furthermore, company should ensure whether shareholders fully knowing company's material information, and their right of participation and decision.	<ul style="list-style-type: none"> Economic Performance Corporate Governance Risk management Legal Compliance Information Security Protection 	<p>Contact Channels: Spokesperson and proxy spokesperson / 03-4508868 EMAIL: IR@nafco.com.tw Shareholders' Meetings / Annually Stakeholder engagement section on the official website / Monthly Market Observation Post System / Irregularly Investor-Conference / Annually</p>	<ul style="list-style-type: none"> Shareholders' attendance at Shareholders' Meeting: 63.11% (2023) Held 1 Investor-Conference In time update on Market Observation Post System
Customers	Customers are the primary source of the company's revenue. The company considers product quality, safety, and after-sales service as the highest commitments to its customers. Maintaining a high level of customer satisfaction contributes to the company's ongoing efforts to earn customer recognition.	<ul style="list-style-type: none"> Corporate Governance Legal Compliance Operational Performance Innovative Research and Development Green Products Product Responsibility Customer Relations Information Security Protection 	<p>Contact Channels: Sales Department EMAIL: sales@nafco.com.tw Customer Meetings / Monthly, Irregularly Business Visits / Every quarter, Irregularly Customer Satisfaction surveys / Annually Phone, E-MAIL / Irregularly</p>	<ul style="list-style-type: none"> (1) Acceptance of 300-500 customer feedback messages. (2) 54% email response rate for customer satisfaction surveys. <p>A total of 26 surveys were sent out, with 14 responses received. Customer satisfaction for aerospace products reached 96%, while technical professionalism satisfaction for automotive clients was 87%.</p>
Suppliers	The company maintains long-term and mutually beneficial interactions with its supplier partners. Our products and services rely on a multitude of suppliers to consistently provide raw materials and components. Furthermore, we leverage the company's influence of the industry and commit to prevent environmental pollution and violations of labor rights along with our suppliers. Employees are the essential foundation of the company's operations.	<ul style="list-style-type: none"> Sustainable supply chain (environmental protection & human rights) Green procurement Energy Efficiency and Carbon Reduction 	<p>Contact Channels: Procurement Department Supplier Auditing : Document audits annually; on-site audits irregularly Suppliers Meeting : Before the COVID-19 epidemic, supplier conferences were held every two years. After the COVID-19 epidemic, notifications and feedback from suppliers are sent individually via email.</p>	<ul style="list-style-type: none"> All raw material suppliers have provided commitments regarding non-use of conflict minerals. All suppliers of raw materials, chemicals, and oil products have provided valid REACH/ ROHS reports. In 2023, the annual supplier audit documents promoted the execution of carbon footprint data and carbon reduction concepts.
Employees	The company pledges to provide a workplace that supports the physical and mental well-being of its employees, ensuring peace of mind for all team members.	<ul style="list-style-type: none"> Ethical Integrity Business Performance Compensation and Benefits Labor Relations Occupational Health and Safety 	<p>Contact Channels: Human Resources Department EMAIL : speakout@nafco.com.tw Phone, E-MAIL / Irregularly Employee complaint channel / Irregularly</p>	<ul style="list-style-type: none"> In the post-pandemic era of 2023, internal staff meetings and employee travel benefits have resumed. In 2023, we held 4 employees conference with approximately 600 participants. No emails were received in the employee mailbox. No cases were established in the complaint channel.

◆ Stakeholder Complaint Channels

As part of NAFCO commitment to achieving sustainable business development, we value the thoughts and opinions of all stakeholders. We have established appropriate communication channels and aspire to maintain excellent interactions with all stakeholders. Departments communicate and respond in real-time according to their responsibilities, ensuring a smooth flow of feedback. Stakeholders can formally communicate with the company through the designated spokespersons or alternate spokespersons. For inquiries, please contact us via email at IR@nafco.com.tw. Our website features a "Stakeholder Zone" at <https://www.nafco.com.tw>, where we appropriately address key corporate social responsibility issues of concern to stakeholders.

Investor Relations

Spokesperson : Chris Lee, Vice President
Deputy Spokesperson :
LIN, Wei-Tsun, President
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Phone : 886-3-450-8868

Customer Relations

Contact Person : Lily Chang, Vice President
Address : No. 5, Taiping East Road,
Pingzhen District, Taoyuan City
Phone : 886-3-450-8868

Supplier Relations

Contact Person : Vicki Chen, Deputy Manager
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Pingzhen District, Taoyuan City
Phone : 886-3-450-8868

Employee Relations

Contact Person : Nikita Hsing, Manager
Address : No. 5, Taiping East Road,
Pingzhen District, Taoyuan City
Phone : 886-3-450-8868



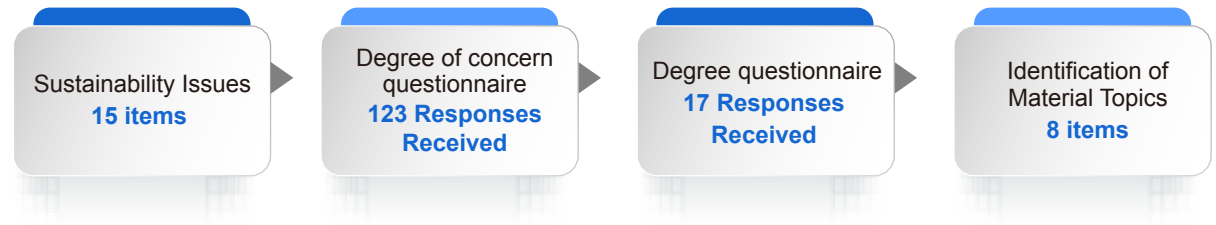
1-4 Identification of Material Topics

The ESG Committee of NAFCO has identified 15 sustainability issues and distributed an online questionnaire to key stakeholders. A total of 140 valid responses were collected, including 21 from shareholders/ investors, 64 from employees, 17 from customers, and 21 from suppliers. The responses provided insights into the level of concern among key stakeholders regarding each sustainability issue. Additionally, an online questionnaire was sent to 17 company executives to assess the impact of each sustainability issue on NAFCO. After consolidating the results, a major theme matrix was created. Following discussions within the ESG Committee, the top three sustainability issues from each of the environmental, social, and economic dimensions were selected as the major themes for the current year. However, considering that NAFCO's data collection for waste management was more complete compared to energy conservation and carbon reduction, the ESG Committee decided to prioritize the disclosure of eight major themes in the environmental, social, and economic dimensions. These themes are Waste Management, Occupational Health and Safety, Talent Development, Product Responsibility/ Product Safety, Operational Performance, and Customer Service.

These eight material topics identified for the current year hold both risks and opportunities for the company. As NAFCO faces the challenges of the business environment, particularly in pursuing operational performance and gaining shareholder and customer trust, it cannot compromise the quality of the local living environment and the well-being of its employees. In the event of legal violations, the company's hard-earned reputation would be severely damaged. Conversely, if the company can transform risks into opportunities by finding the balance between economic performance, sustainable environmental practices, and societal well-being, it will continue to grow and thrive on the path of sustainability.

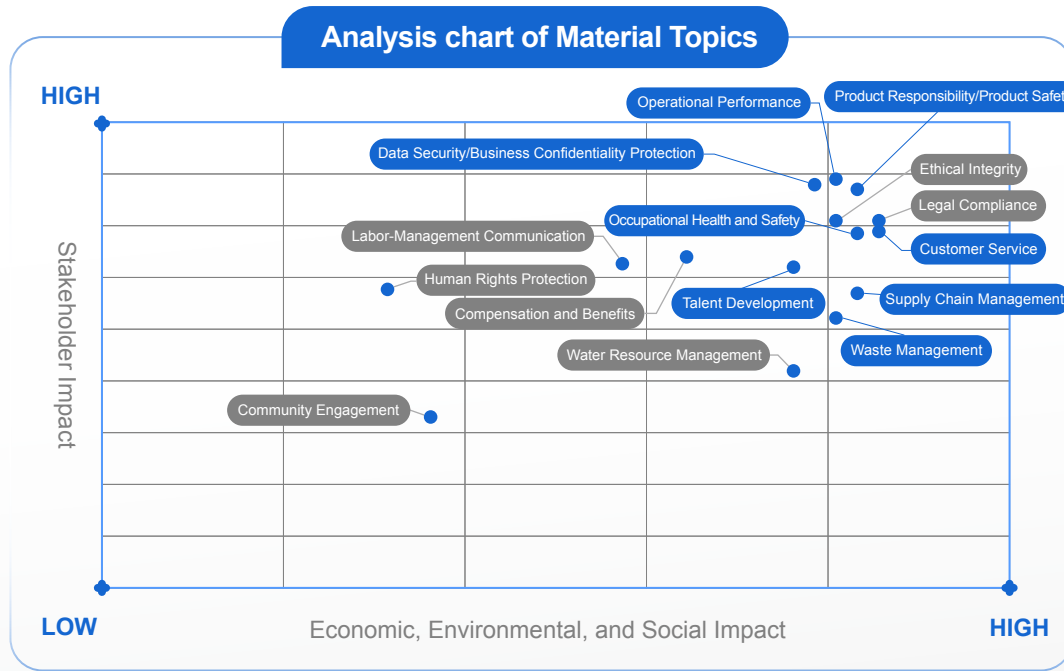
In this report, NAFCO will explain the management policies and related disclosure items for each material topics. Additionally, to maintain the balance of information in the sustainability report, the report will supplement disclosures of NAFCO's contributions to charitable activities.

The Process of Identifying Material Topics

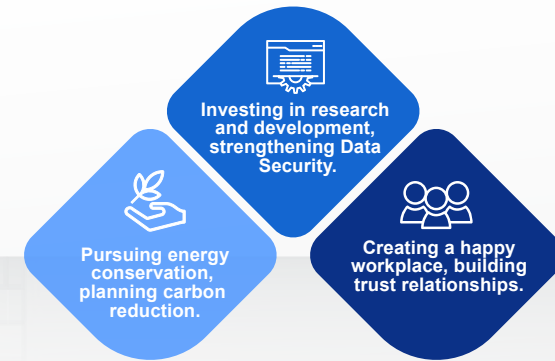


Aspect	Sustainability Issues
Environmental Aspect	Waste management, supply chain management
Social Aspect	Occupational health and safety, talent development, product responsibility/ product safety
Economic Aspect	Operational performance, customer service, information security management

Note: Corporate Governance, Risk Management, and Ethical Integrity fall within the required disclosure scope of the GRI Sustainability Reporting Standards 2021. Although they are not listed as material topics for this year, this report will still disclose relevant content related to these aspects.



NAFCO has summarized its ESG strategy for the current year based on the eight material topics: Continuously Investing in Research and Development, Generating Greater Profits, and Strengthening Data Security to Ensure Business Secrets. Internally creating a healthy and safe workplace for employees, and externally building long-lasting trust relationships with customers. Inviting supply partners to collaborate on energy efficiency with green supply chain and carbon reduction and implement comprehensive environmental controls to avoid excessive environmental impact.



◆ Principles of Report Writing

NAFCO prepares its ESG report in accordance with the GRI reporting principles. Under the principle of sustainability context: the report transparently reveals how the company addresses and mitigates the economic, environmental, and social impacts of its operations on the local and surrounding regions. According to the principle of completeness: the information disclosed in the report should adequately reflect the significant economic, environmental, and social impacts of the company. According to the principle of completeness: Ensure that the disclosed information in the report adequately reflects the significant impact areas of the company in the economic, environmental, and social aspects. According to the principle of accuracy: Provide information in the report that is sufficiently accurate and detailed, allowing stakeholders to assess the company's ESG performance. According to the principle of balance: Present information in the report that fairly reflects both positive and negative performances, enabling stakeholders to make reasonable assessments of NAFCO's ESG performance. According to the principle of clarity: Present information in a way that is easily understandable and accessible to stakeholders. According to the principle of comparability: Disclose ESG information in accordance with internationally recognized standards and in a manner that allows stakeholders to analyze the company's long-term performance. According to the principle of timeliness: Regularly issue ESG reports, providing timely access to important ESG information for stakeholders to make informed decisions. According to the principle of verifiability: Compile the ESG report in a manner that is verifiable by both internal and external parties to ensure the accuracy of the disclosed information.

Principles of Report




- | | |
|---------------------|-------------------------------|
| Accuracy | Balance |
| Clarity | Comparability |
| Completeness | Sustainability Context |
| Timeliness | Verifiability |

Comprehensive ESG report



◆ Determining Material Topics and Aspect Boundaries

Aspect	Material Topic	<ul style="list-style-type: none"> Importance to NAFCO Positive Impact/ Negative Impact 	Internal Boundaries	External Boundaries					Corresponding GRI Guidelines	Reporting Disclosure
			Company	Investors	Suppliers	Customers	Employees			
 Environment	Waste Management	<ul style="list-style-type: none"> Waste management is a significant expenditure in the production process, stemming from the handling of generated waste. To reduce raw material waste, the company collects manufacturing scraps and returns them to the original manufacturer for recycling. Additionally, the company implements sorting, recycling, and waste reduction facilities to minimize waste output. <p>Negative Impact</p> <p>There is a negative impact when waste generation increased by rising order demands and revenue growth.</p>	●	●		●		GRI 3-3: Management of Material Topics GRI 306: Waste	4.1 Waste Management	
	Supply Chain Management	<ul style="list-style-type: none"> Established a 'Procurement Management Procedure' for sustainability guidelines. This procedure outlines criteria for supplier selection, emphasizing environmental protection, human rights, safety, health, and sustainable development. It also sets forth requirements and expectations for suppliers in areas such as environmental, health, and safety risks, ethical standards, and ethical business conduct. Our company has instituted a Supplier Guidance Project, which, based on cooperation, encompasses supplier selection, audit guidance, performance assessment, training, and supplier forums. Integrate sustainability requirements into the daily management of the supply chain. In accordance with RBA requirements, established procurement and supplier ranking management systems to effectively oversee supplier product quality. We extend our social responsibility principles and requirements to the supply chain, jointly managing operations with our suppliers. We require suppliers to adhere and commit to ensuring that all activities comply with various environmental, labor regulations, and international corporate social responsibility standards. 	●	●	●	●		GRI 3-3: Management of Material Topics GRI 308: Supply Chain Environmental Assessment Management	4.2 Supply Chain Management	
 Social	Occupational Health and Safety	<ul style="list-style-type: none"> Both employees and contractors are essential human assets for the company. Ensuring a safe and healthy working environment for personnel can reduce operational costs and maintain process efficiency. <p>Positive Impact</p> <p>There is a positive impact as regular announcements are made about workplace accidents at the Occupational Health and Safety Committee, effectively reducing the occupational injury</p>	●			●	●	GRI 3-3: Management of Material Topics GRI 403: Occupational Health and Safety	4.3 Occupational Health and	
	Talent Development	<ul style="list-style-type: none"> NAFCO firmly believes that sustainable talent is a crucial element of the company's future core competitiveness. We are committed to developing high-quality and diverse educational training to enhance the continuous growth of employees' professional capabilities. We adhere to an international perspective, integrating organizational strategic development, and have created a career development blueprint tailored to the needs of employees. <p>Positive Impact</p> <p>There is a positive impact as we provide vocational education and training with a variety of formats and types that are comprehensive. Necessary in-house and external training is regularly provided to relevant personnel.</p>	●				●	GRI 3-3: Management of Material Topics GRI 404: Training and Education	5.2.2 Talent Development	

Aspect	Material Topic	<ul style="list-style-type: none"> • Importance to NAFCO • Positive Impact/ Negative Impact 	Internal Boundaries		External Boundaries			Corresponding GRI Guidelines	Reporting Disclosure
			Company	Investors	Suppliers	Customers	Employees		
 Social	Product Responsibility / Product Safety	<ul style="list-style-type: none"> ◆ The development and implementation of a quality management system are customer- oriented and utilize process methods as tools. Customer requirements are integrated into the product introduction and production processes, interlinked with management and support processes. This ensures that the products offered by the company have no product safety concerns and can meet customer requirements and expectations. Through monitoring, measurement, and performance analysis, continuous improvement is achieved to enhance quality, delivery time, and cost competitiveness. <p>Positive Impact</p> <p>There is a positive impact as the development and implementation of the quality management system effectively link customer requirements with the management system, thereby improving product quality.</p>	●	●		●		GRI 3-3: Management of Material Topics; Custom Material Topic	3.8 Product Liability and Safety
 Economic	Operational Performance	<ul style="list-style-type: none"> ◆ The entire manufacturing process, from product design, processing, special processes, assembly, to mold making, can all be completed within our own factory. The strategic direction of our operation is to continuously improve automation and actively build our capabilities, aiming to become a world-class leader in smart machinery and intelligent automated production lines to meet market demands. <p>Positive Impact</p> <p>There is a positive impact as continuous vertical and horizontal technological deepening and integration, along with the enhancement of automated production technology, sustain revenue growth momentum.</p>	●	●	●	●	●	GRI 3-3: Management of Material Topics GRI 201: Economic Performance	3.5 Operational Performance
	Customer Services	<ul style="list-style-type: none"> ◆ Through service and communication, we establish strong partnerships with customers, prioritize and actively address any complaints, and aim to secure more orders and business opportunities with excellent quality service to create maximum value for our customers. <p>Negative Impact</p> <p>There is a negative impact as customer satisfaction decreases due to extended lead times for raw materials, resulting in delayed product shipments.</p>	●				●	GRI 3-3: Management of Material Topics; Custom Material Topics	3.6 Customer Services
 Corporate Governance	Information Security Management	<p>Positive Impact</p> <p>By establishing network physical isolation and regulatory mechanisms, effectively preventing external threats. Implementing anti-virus systems and proactive defense alert platforms to enhance monitoring of both known and unknown information security threats. Building a server backup platform and multiple backup systems. Continuously implementing cybersecurity education and case promotion, incorporating it into mandatory employee training courses to enhance staff awareness of information security. Timely revising various risk factors and response measures to strengthen the company's internal information security.</p>	●	●		●	●	GRI 3-3: Management of Material Topics; Custom Material Topic	3.7 Information Security Management



About NAFCO

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2-1 Company Profile

2-2 Corporate Culture

2-3 Management Systems & Awarded Honors

2-4 Participation in External Organizations

2-1 Company Profile

NAFCO was established in October 1997, with manufacturing facilities in Taiwan and Suzhou (Kunshan), China. The primary product lines are various fasteners and aerospace precision machined components produced under aerospace quality systems (AS9100) and automotive quality systems (TS16949). NAFCO is one of the very few aerospace engine fastener manufacturers in the Asia-Pacific region certified by engine manufacturers. In addition to supplying aerospace fasteners, NAFCO collaborates with automotive Tier 1 manufacturers to develop customized automotive fasteners, mainly used in vehicle bodies and chassis. NAFCO is also the only aerospace forging supplier in Taiwan with NADCAP MMM forging certification, providing customers with more efficient and convenient one-stop service solutions.



Industry

Steel Industry

Headquarters Location

No.1, Taiping East Road, Pingzhen District,
Taoyuan City, Taiwan

Operating Locations

Taiwan (Taoyuan)
China (Kunshan)
Malaysia

Capital

(In thousands of New Taiwan Dollars)

540,062

Annual Consolidated Revenue

(In thousands of New Taiwan Dollars)

3,070,624

Main Products / Services

Aerospace and Industrial Fasteners,
Aerospace Turned Parts

Main Product Output

(Unit: Thousands)

157,740

Revenue Breakdown by Region

Americas: 45.38%
Europe: 36.99%
Asia: 16.34%
Australia: 0.07%

Note: Data is as of the end of 2023.

Company History

October 1997

This company is jointly established by an American technical team specializing in the aerospace fastener manufacturing and a local enterprise group. The initially registered capital fund is NT\$800 million and the paid-in capital is a sum of NT\$200 million in total. This Company is mainly engaging in the manufacturing of fastener products for aerospace, electronic and high-level industrial sectors. In the same year, we purchase the plant house located in Pingzhen City, Taoyuan for use as the manufacturing base.

1997

1998

September 1998

Completed the factory erection.

December 1999

Collected a further NT\$120 million fund through cash capital increase and the paid-in capital is therefore increased NT\$420 million.

1999

2000

April 2000

Awarded the "Comments for Distribution of Stocks by Technological Industry and Success in Product Development and Marketability" issued by Industrial Development Bureau (IDB), Ministry of Economic Affairs, which has permitted that this Company is applicable for the technological business for distributing the stocks publicly with the qualification of technological industry.

June 2000

Secured a land lot around 9,918 sqm, located at Sub-section Dongshi of Section Dongshi in Pingzhen City, Taoyuan County for the purpose of expanding the plant.

April 2001

Attained "GE Aircraft Engine" certification in serving as the only aerospace fastener manufacturer being recognized by GEAE in the Asian-Pacific Region.

May 2001

New plant was completed.

June 2001

Collected further NT\$180 million fund through cash capital increase and the paid-in capital is therefore increased to NT\$600 million through which, the government fund and important strategic partner are introduced.

September 2001

The stock market listing application case was approved by Securities and Futures Institute.

2001

2002

February 2002

Launched the official stock market listing in Taiwan Stock Exchange.

June 2003

Attained IHI and French Snecma aerospace certification.

November 2003

Attained AS9100 aerospace quality system certification.

2003

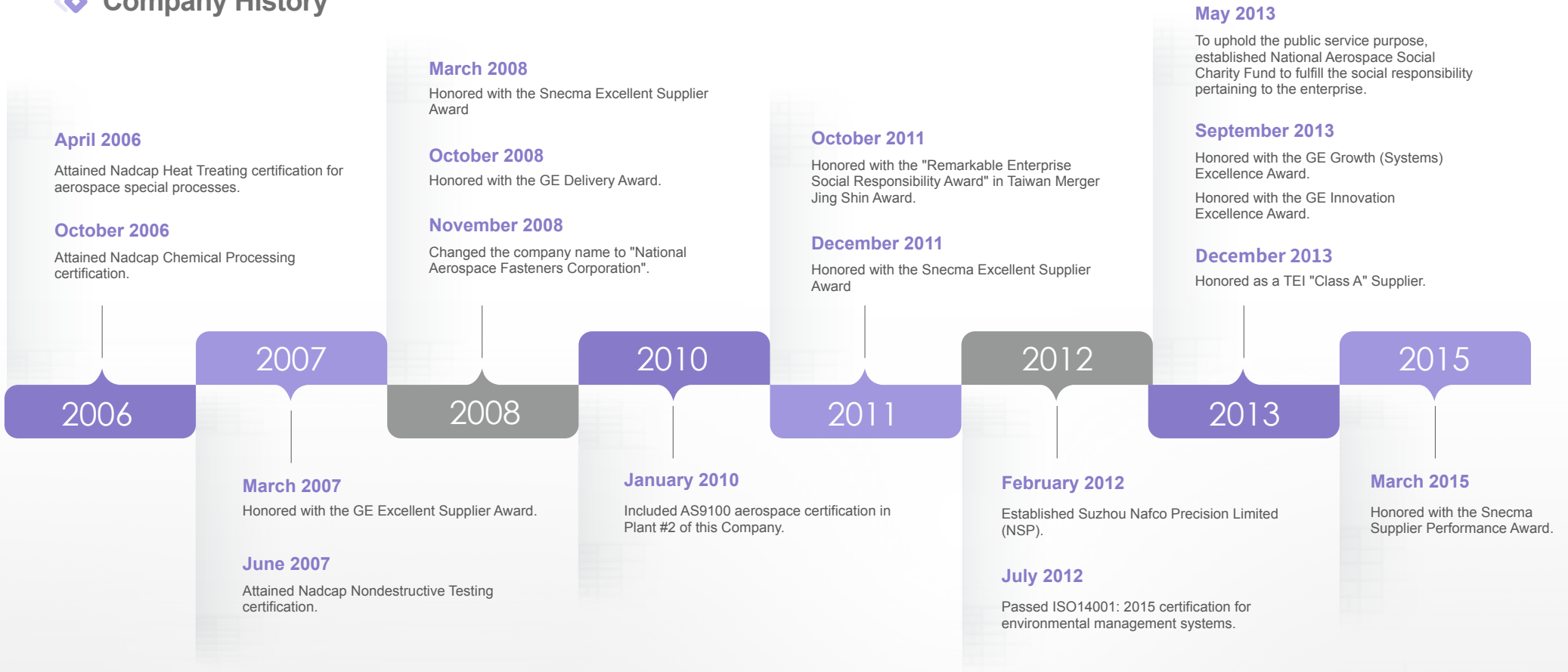
2005

August 2005

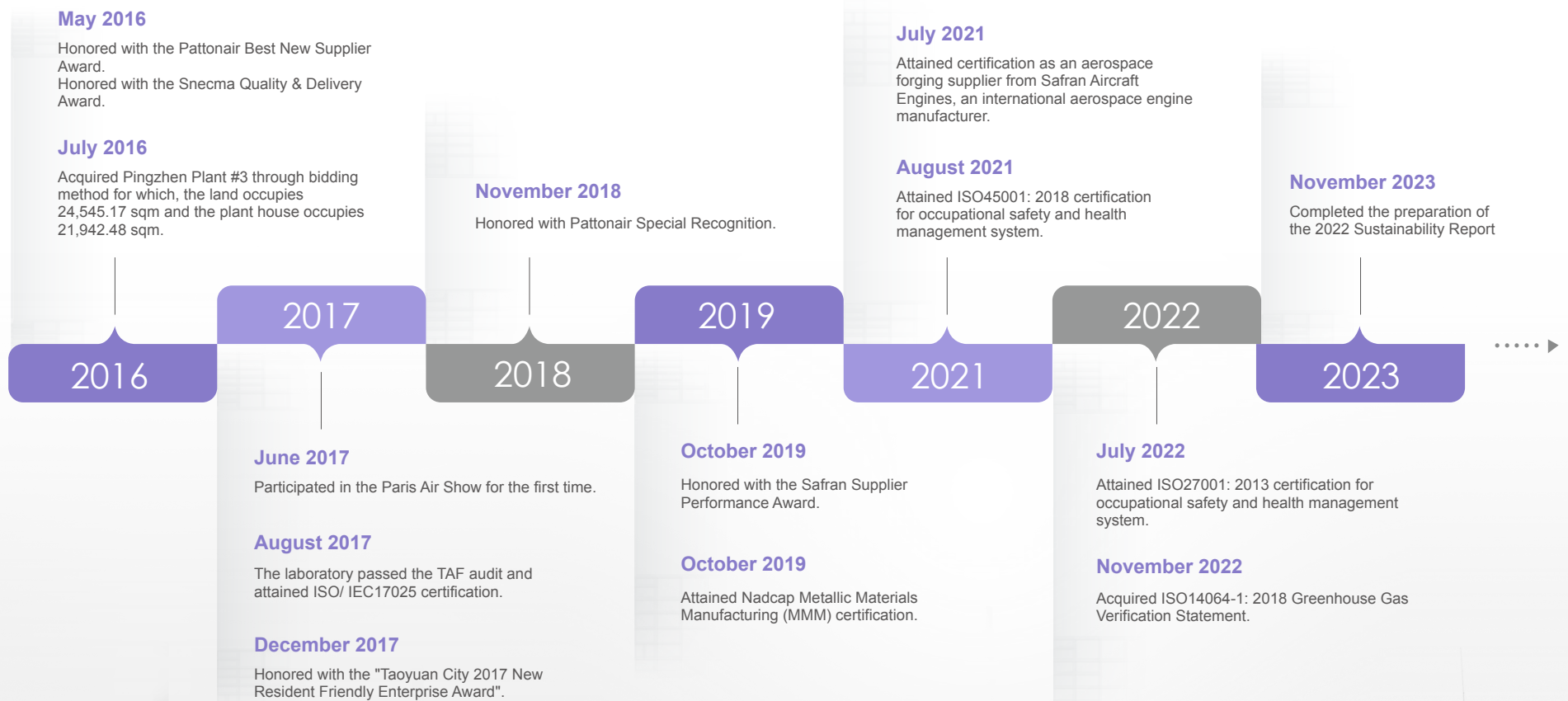
Attained ISO / TS-16949 certification.



Company History



Company History



NAFCO Products

Aero Products



| Bolts |



| Nuts |



| CNC Products |

Automotive Application



| Blind Rivet Nut |



| Rivet Stud |



| Brass Insert |



| Machining Parts |



| High Temperature Nuts |



| Customized |

Special Process

In order to provide the best quality and the OTD, NAFCO devoted in special process and is honored with lots of certificates including PRI/ Nadcap since 2005. The company currently holds special process certifications, include:

- 1 Chemical Processing
- 2 Heat Treating
- 3 Nondestructive Testing
- 4 Metallic Materials Manufacturing

Development Strategy

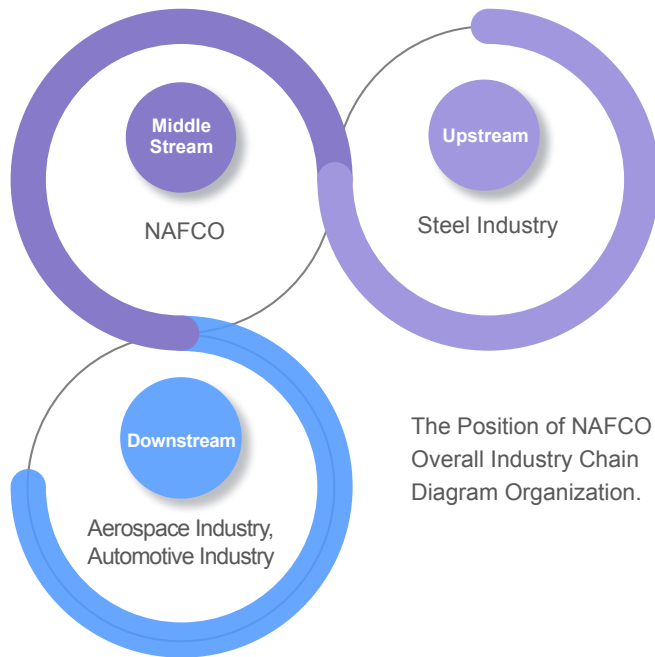
The technical service business primarily involves the development, design, manufacturing, testing, system integration, and after-sales service of various products derived from existing aerospace, automotive, and confidential industrial technological capabilities. By providing in-depth market and client expertise, we will assist in planning and tailoring strategies based on the product level of our clients.

Embracing Industry 4.0, we are committed to the development of automation equipment and AI integration. We strive to become a leader in Industry 4.0, continuously improving our self-sufficiency, enhancing our vertical integration capabilities, and excelling in efficiency, talent development, and other aspects.

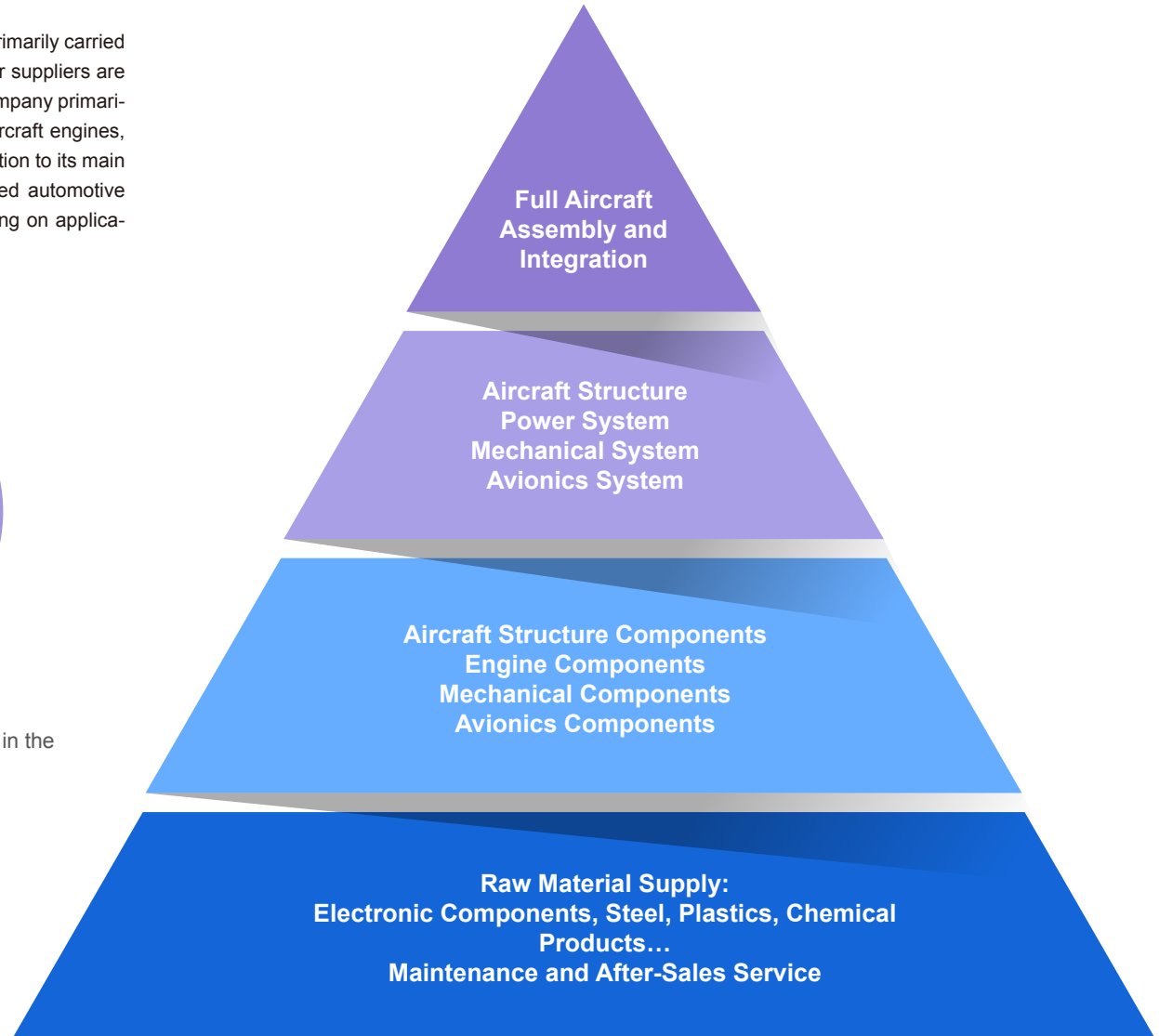
From product design, processing, special process, assembly, mold making and other manufacturing processes, should be able to complete in their own factory area, the direction of business thinking is also to determine that only continue to improve automation and actively reserve our energy, hope to become the world's first-class intelligent machinery and intelligent automatic production line, to meet market customers.

◆ The Overall Industry Chain

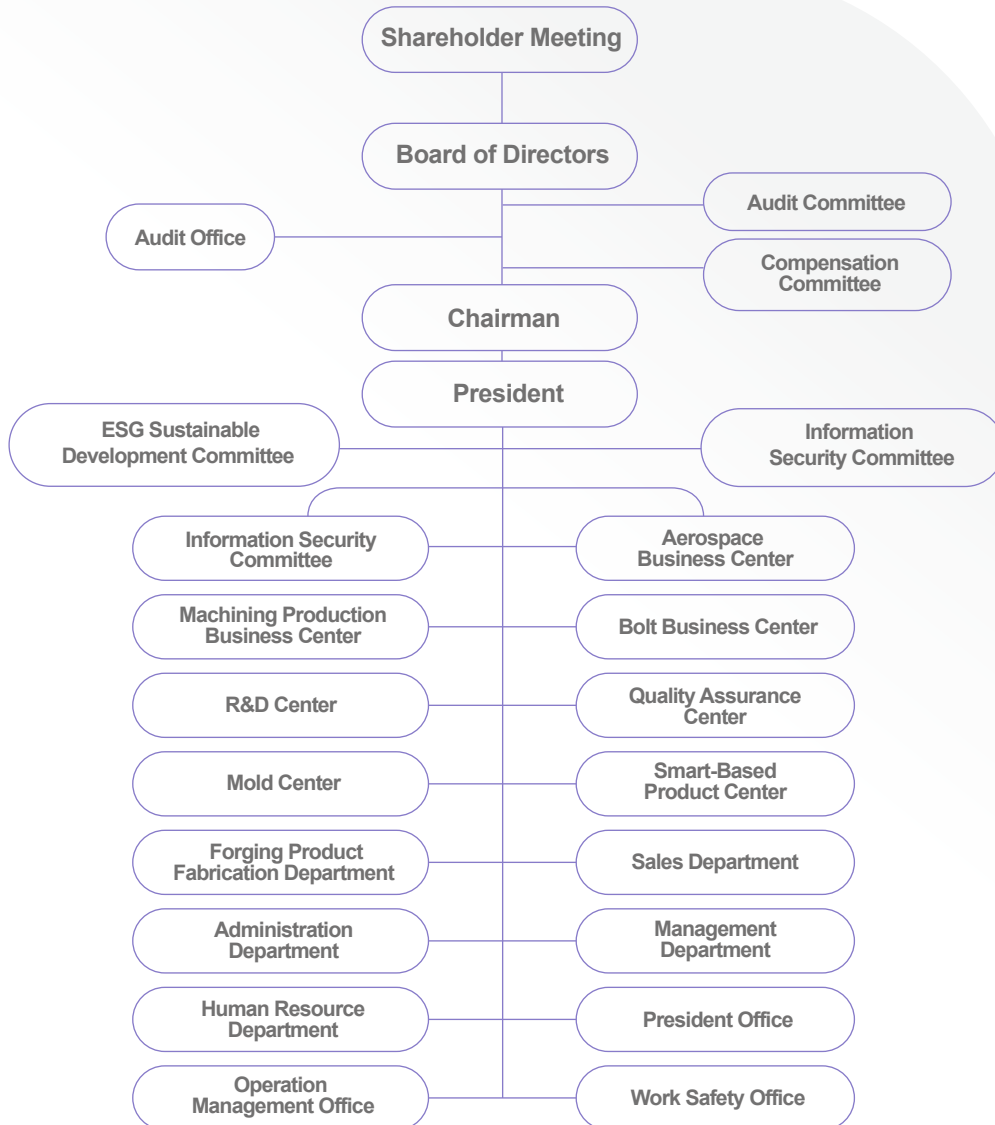
Currently, the global commercial aircraft production and assembly are primarily carried out by Airbus and Boeing. Regarding the engine components, the major suppliers are primarily Rolls-Royce, Pratt & Whitney, CFM, and Safran Group. Our company primarily produces and manufactures components and fasteners related to aircraft engines, airframe structures, braking systems, and landing gear systems. In addition to its main supply of aerospace fasteners, the company also develops customized automotive fasteners in collaboration with Tier 1 automotive manufacturers, focusing on applications in vehicle bodies and chassis.



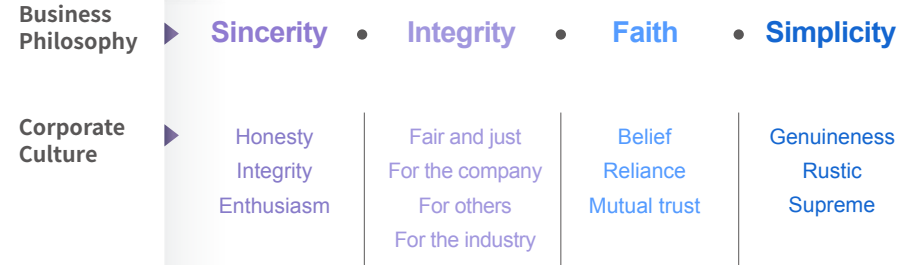
The Position of NAFCO in the Overall Industry Chain Diagram Organization.



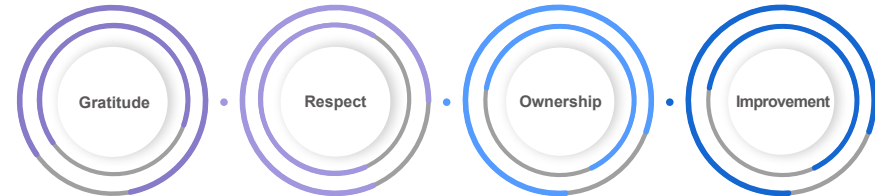
Organization



2-2 Corporate Culture



Humanistic Management Principles



The Policy of Working Attitude

Innovation | Enthusiasm | Teamwork | Mutual Help

Diligence | Thriftiness | Endurance | Overcoming Difficulties

2-3 Management Systems & Awarded Honors

NAFCO continuously improves and innovates its processes, products, and services, providing customers with the highest value and most competitive solutions. NAFCO Technology has successively obtained various certifications, including ISO9001 Quality Management System, ISO14001 Environmental Management System, AS9100 Aerospace Quality Management System, ISO45001 Occupational Health and Safety Management System, ISO27001 Information Security Management System, IATF16949 Automotive Quality Management System, ISO14064-1 Greenhouse Gas Inventory Standard, and ISO17025 Laboratory Quality Management System.

NAFCO's International Management System Certifications

Management System	ISO 9001:2015	ISO 14001:2015	ISO 14064-1:2018	IATF16949:2016
Certification Body	AFNOR	UCS	AFNOR	TUV NORD
Management System	ISO 45001:2018	ISO 27001:2013	AS9100:2016	ISO 17025:2017
Certification Body	AFNOR	AFNOR	AFNOR	TAF



Toward Glory - NAFCO
(nafco.com.tw)

Recognition of Excellent Supplier Awards
from Major Customers Over the Years



Client Certification - NAFCO
(nafco.com.tw)

2-4 Participation in External Organizations

In addition to enhancing its own product competitiveness, NAFCO actively engages with stakeholders from various sectors. By participating in industry-related associations, the company fosters positive interactions with association members, gaining insights into the latest industry trends.

NAFCO also actively takes part in events and specialized seminars organized by industrial associations.

Taiwan Industrial
Fasteners Institute / Member

Taiwan Aerospace
Industry Association / Member

Taiwan Society for Preciso
Engineering / Member

Taiwan Forging
Association / Member

Taoyuan City Industrial
Association / Member

National Accreditation
Foundation / Member



03

Corporate Governance

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3-1 Board of Directors

- 3-1.1 Director's Continuing Education and Performance Evaluation
- 3-1.2 Functional Committee
- 3-1.3 Internal Audits
- 3-1.4 Ethical Integrity

3-2 Risk management

3-3 Policy Commitment

- 3-4 Legal Compliance
- 3-5 Operational Performance
- 3-6 Customer Services
- 3-7 Information Security Management
- 3-8 Product Liability and Safety

3-1 Board of Directors

The nomination and appointment of board members at NAFCO are conducted in accordance with the provisions of the Articles of Association. The election of directors follows a candidate nomination system. In addition to carefully evaluating the qualifications of the nominees and checking for compliance with the requirements listed in Article 30 of the Company Law and following the provisions of Article 192-1 of the Company Law, the process also adheres to the "Director Appointment Procedure" and the "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the board members.

To enhance oversight functions and strengthen management capabilities, the Board of Directors of NAFCO may consider the company's scale, nature of business, and the number of board members to establish various functional committees, such as Audit, Compensation and Remuneration, Nomination, Risk Management, or others, and clearly define their roles and responsibilities in the company's articles of incorporation.

The Audit Committee shall be composed of all independent directors, with a minimum of three members, one of whom shall serve as the convener, and at least one member shall possess expertise in accounting or finance. The exercise of powers and related matters of the Audit Committee and its independent director members shall be conducted in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, or regulations stipulated by the competent authority.

The Salary and Remuneration Committee is composed solely of independent directors. The qualifications, exercise of authority, establishment of organizational regulations, and related matters of its members are conducted in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

◆ Explanation of the Diversity and Independence of Director Nominations

In terms of the structure of the Board of Directors, over 5 persons shall be appointed to serve as the directors according to the scale of the company's operation development, the share-owning status of main shareholders, and practical business operation.

The diversity will be considered when appointing the members of the Board of Directors. Except that the directors serving as the company manager at the same time shall not be over one third of the director positions, appropriate diversity approaches shall be determined according to the company's operation status, operation pattern and development requirements. It shall include but is not limited to the standard established for the following two aspects:

The members of the Board of Director shall possess the knowledge, skills and proficiency required for executing the duties. To achieve the ideal target for the company operation, provided below is the ability that should be possessed by the Board of Directors:

01

Basic Conditions and Values

Gender, age, nationality, and culture, among other factors. The proportion of female directors should ideally reach one-third of the total board seats.

02

Professional Knowledge and Skills

Professional background (e.g. legal, accounting, industry, finance, marketing or technology), know-how and industrial experiences, etc.

01

Operation judgment ability

02

Accounting and financial analysis ability

03

Operation management ability

04

Crisis responding ability

05

Industrial knowledge

06

International market prospect

07

Leadership

08

Decision making ability

Independence of the Board of Directors: As of December 31, 2023, the Board of Directors of this Company is composed of 5 directors and 3 independent directors (44%), and the relative relationship specified in Item 3 and Item 4 under Article 26-3 of "Securities and Exchange Act" does not exist between. NAFCO has established an Audit Committee to independently exercise its authority.

Board of Directors

Position	Name	Actual Attendance Rate (%)	Industry and ESG-Related Background/ Experience Possessed
Chairman	TSAI, Feng-Tzu	100%	Industry
Director	MIAO, Hua-Pin	50%	Industry
Director	LEE, Kun-Chung	100%	Industry
Director	LIN, Wei-Tsun	100%	Industry
Director	HSIEH, Feng-Jen	100%	Industry
Independent Director	CHAO, Hsin-Che	100%	Finance
Independent Director	LI, Li-Hang	100%	Finance
Independent Director	WEN, Wang-Shou	100%	Industry
Independent Director	HUANG, Chiu-Chi	100%	Industry

Directors and Officers Liability Insurance

The company has purchased Directors and Officers Liability Insurance for all directors and executives. The insurance is provided by Fubon Insurance Co., Ltd., with a coverage amount of US\$8 million. The coverage period is from September 2, 2023, to September 2, 2024, and may be retroactive to September 2, 2012.

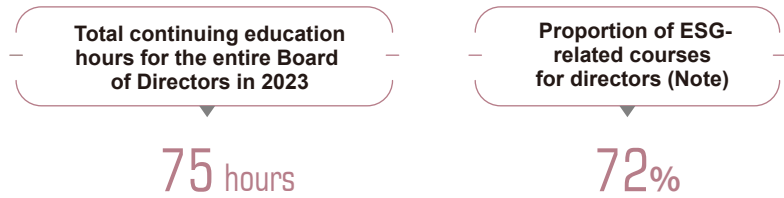
Diversity Statistics

		2021		2022		2023	
		Number of People	Percentage	Number of People	Percentage	Number of People	Percentage
Gender	Male	9	100%	9	100%	8	89%
	Female	0	0%	0	0%	1	11%
Age	Under 50	0	0%	0	0%	0	0%
	50~60	2	22%	2	22%	3	33%
	60 above	7	78%	7	78%	6	67%
Degree	Master's Degree	6	67%	6	67%	7	78%
	Bachelor's Degree	3	33%	3	33%	2	22%
	Other	0	0%	0	0%	0	0%

3-1.1 Director's Continuing Education and Performance Evaluation

In response to the rapidly changing global market, and to enhance the functions and decision-making quality of the Board of Directors, NAFCO arranges annual training courses for its directors. Additionally, in line with the rising concept of sustainability, the company also includes courses related to Environmental, Social, and Governance (ESG) topics to improve the board's understanding of ESG. This ensures that NAFCO can formulate sustainable development strategies that align with the company's current status and future trends.

All directors of this company possess the professional industrial background and the duration of advanced study in 2023 has been executed as required. The details of such education have been disclosed in the "Corporate Governance" section of the Public Information Observatory for review.



Note: (Total hours of ESG-related courses / Total hours of director training) x 100%

To implement corporate governance and enhance the functionality of the company's board of directors, performance goals have been established to improve the efficiency of board operations. We have developed the "Board of Directors Performance Evaluation Method," and an internal evaluation of the Board's performance is conducted annually based on the evaluation procedure and criteria. The results of the evaluation should be completed by the end of the first quarter of the following year. In this respect, we have reported the "2023 Board of Directors self-evaluation" and the director self-evaluation result in the Board of Directors Meeting held on February 23, 2024. In the meantime, we also posted the evaluation result in the "Corporate Governance" field of our website for checking.



MOPS -
Summary Table of Director
and Supervisor Attendance at
Board Meetings and Training



Official Website
of NAFC- Company
Management Section

Avoidance of Conflict of Interest

The directors of NAFCO adhere to a high level of self-discipline. In order to maintain the effective operation and oversight functions of the Board of Directors and to ensure the integrity of its decision-making processes, any director who has a material interest in any matter being considered at a Board meeting, whether for themselves or on behalf of a legal entity they represent, shall disclose the material particulars of such interest at the relevant meeting. When there is a potential harm to the company's interests, individuals must refrain from participating in discussions and voting. Additionally, during discussions and voting, they should recuse themselves and not act as proxies for other directors in exercising their voting rights, in order to ensure the avoidance of conflicts of interest. In our 2023 annual report, the company disclosed information related to conflicts of interest with stakeholders, which includes the following:

1. The extent to which directors abstained from voting on matters involving conflicts of interest is detailed in our annual report on page 25.
2. Information regarding directors holding positions in other companies can be found on pages 9 to 11 of the annual report.
3. Details about relationships among the top ten shareholders, including relationships between them as related parties or relatives within the second degree of kinship, are provided on page 70 of the annual report.

The Company's Corporate Governance Evaluation Ranking Falls within the Top 51% to 65% among Listed Enterprises

The company's corporate governance evaluation serves as an indicator of corporate governance performance among domestic listed enterprises. Through ongoing efforts, NAFCO has achieved a corporate governance evaluation ranking among the top 51-65% of listed companies in 2022. Furthermore, continuous improvement measures have been implemented in areas such as transparency, timeliness of information disclosure, and the strengthening of governance structures, including:

Meeting Statutory Requirements for Information Disclosure

- ✓ Holding the annual shareholders' meeting by the end of May
- ✓ Publishing annual financial reports within two months after the end of the fiscal year.
- ✓ Establishing an 'Information Security Committee' and implementing the ISO27001 Information Security Management System standard, with third-party verification.
- ✓ The sustainability report is prepared in accordance with the GRI Standards published by the Global Reporting Initiative (GRI).

Strengthening Governance Structures

- ✓ The company does not have any government agencies, single legal entities, or their subsidiaries holding more than one-third of the board seats.
- ✓ The board of directors includes one female director.
- ✓ The company's independent directors constitute more than one-third of the board.
- ✓ The company uploads uninterrupted audio and video recordings of the entire shareholder meeting after it concludes.

Sustainable Performance Disclosure

- ✓ Disclosure of workplace diversity and equality within the company.
- ✓ Disclosure of the adoption of ISO14064-1 for greenhouse gas inventory and verification.
- ✓ Disclosure of greenhouse gas emissions, water consumption, and total waste weight over the past two years.
- ✓ The company has installed a solar power generation system and obtained renewable energy certification from the Ministry of Economic Affairs.

3-1.2 Functional Committee

The Board of Directors has established the Audit Committee and Compensation Committee to strengthen its supervisory and management functions. Functional committees, apart from those required by law to exercise independent authority, are accountable to the Board of Directors and submit their proposed resolutions for approval by the Board of Directors.

Audit Committee

The company had established an audit committee and shall be composed of the four independent directors. The committee holds meetings at least four times a year and exercises the following authorities in a professional and objective manner. The matters shall be submitted to the board of directors for a resolution.

The main function of the Audit Committee is to supervise the following matters:

- 01 Fair presentation of the financial reports of this Corporation.
- 02 The hiring (and dismissal), independence, and performance of certificated public accountants of this Corporation.
- 03 The effective implementation of the internal control system of this Corporation.
- 04 Compliance with relevant laws and regulations by this Corporation.
- 05 Management of the existing or potential risks of this Corporation.

In 2023, the independent directors held separate meetings as follows: one meeting with the internal audit supervisor and one meeting with the auditor. The communication between the independent directors, internal audit supervisor, and accountant was smooth.



Member | Actual Attendance Rate in 2023

100%

CHAO, Hsin-Che | LI, Li-Hang | WEN, Wang-Shou | HUANG, Chiu-Chi

Compensation Committee

The company had established a compensation committee and shall be composed of the four independent directors. The committee holds meetings at least two times a year and exercises the following authorities in a professional and objective manner. The matters shall be submitted to the board of directors for a resolution.

1. Periodically reviewing "Compensation Committee Charter" of the Corporation and making recommendations for amendments.
2. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers of the Corporation.
3. Periodically assessing the degree to which performance goals for the directors and managerial officers of the Corporation have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards



Member | Actual Attendance Rate in 2023

100%

LI, Li-Hang | CHAO, Hsin-Che | WEN, Wang-Shou | HUANG, Chiu-Chi

Please refer to the official website for details: <https://www.nafco.com.tw/society-tw/corporate-governance-tw/committee/>

3-1.3 Internal Audits

NAFCO's internal audit unit is under the jurisdiction of the Board of Directors. The appointment and removal of the head of the internal audit unit require approval from the Audit Committee and Board of Directors. The internal audit unit conducts an annual review of the internal control systems of various departments and subsidiaries and assesses the results independently to measure the effectiveness of the internal control systems.

The internal audit unit develops an annual audit plan based on regulations from supervisory authorities and risk considerations. After approval by the Board of Directors, audit operations are conducted, resulting in audit reports. In case of any audit anomalies, continuous monitoring and follow-up actions are carried out until the issues are resolved, and corresponding audit follow-up reports are generated. The head of the internal audit unit submits the audit reports and audit follow-up reports to the independent directors for review by the end of the following month. They also regularly attend the meetings of the Audit Committee and the Board of Directors to report on audit activities. The audit plan for the year 2023 has been executed as required, and audit results and improvement progress have been reported to the Audit Committee and the Board of Directors.

3-1.4 Ethical Integrity

Integrity and honesty have always been the cornerstone of NAFCO's sustainable business. A culture of integrity must start from day-to-day actions, be implemented in internal management, and enhance employees' professional ethics, incorporating honesty and integrity into their work, gradually integrating it into the company's culture and employee behavior.

Our company's human resources department is responsible for formulating and overseeing the implementation of integrity management policies and preventive measures. Internally, we have established the [Employee Code of Conduct] and the [Employee Complaints Management Procedure]. Externally, we require that all agents, suppliers, and other business partners sign the [Integrity Assurance Letter] and the [Integrity Investigation Form and Related Party Declaration Form]. By adhering to external regulations and establishing internal systems, we ensure that all members conduct business with the highest ethical standards. Offering illegal political donations for business benefits or transaction advantages is strictly prohibited. From a regulatory perspective, NAFCO complies with the "Practical Company Management Rules" becoming a law-abiding corporate citizen. NAFCO has enacted the "Honest Operation Rules" and the "Codes of Ethical Conducts" to serve as the guidelines for corporate ethics and integrity management. All board of directors, supervisors and staff are required to faithfully adhere to these principles.

To implement the principles of integrity in business operations and strengthen our anti-corruption advocacy, in addition to providing channels for reporting and whistleblowing on corrupt practices, NAFCO conducts regular awareness campaigns through monthly and quarterly employee communication meetings. These awareness initiatives cover topics such as compliance with integrity and ethics regulations, the prohibition of insider trading, and education on related laws and regulations. Moreover, our Code of Ethics and Corporate Social Responsibility policies are posted on the company's intranet and in various factory areas, emphasizing our commitment to ethical conduct and integrity.

These efforts ensure that employees are aware of the importance we place on moral values, and we strive to instill these principles into our daily work routines. The company has also made anti-corruption training a mandatory part of the onboarding process for new employees. In 2023, a total of 126 individuals received anti-corruption training, accumulating approximately 189 hours of training in this subject. Human rights education and training on preventing sexual harassment and bullying involved 227 participants, totaling approximately 152.09 hours. Additionally, every six months, the legal department conducts briefings on the [Employee Code of Conduct] and disseminates announcements either through signed notices or postings on the bulletin board. All employees are required to thoroughly understand the information presented in these briefings. In 2023, the company did not discover or receive any reports of violations related to professional ethics, either internally or externally.

To ensure that the company's managers and employees understand and promote integrity and ethical standards and adhere to them effectively, the company has established a "Code of Conduct" for employees. This code includes provisions on preventing conflicts of interest, avoiding opportunities for personal gain, confidentiality responsibilities, fair trading, protecting and appropriately using company assets, and encouraging the reporting of any illegal or unethical behavior. Employees are required to sign this code upon joining, and it is periodically promoted within the company.

NAFCO provides current directors with periodic educational updates and course information on relevant regulations. Additionally, new directors receive a regulatory guidance manual upon assuming their roles, which includes education on internal shareholding management regulations, prohibition of short-term trading, and insider trading regulations. Each quarter, the company conducts awareness campaigns regarding the prohibition of insider trading. It reminds directors do not trade their shares during the closed periods, 30 days before the annual financial report announcement and 15 days before the quarterly financial report announcement, ensure compliance with these regulations. In 2023, our directors participated in relevant courses ordered by educational institutions. The course topics encompassed subjects like financial fraud and corporate governance. Presentation materials for these courses were provided by the educational institutions for the directors' reference.

Reported Cases Received in 2023



NAFCO has established specific complaint channels that are accessible to both internal and external individuals. These channels are managed by dedicated units responsible for receiving and investigating reported cases.


Complaint/ Report Channels	Number of Cases Accepted during the Fiscal Year	Solved	Closed
Audit Mailbox	0	0	0
HR Mailbox	0	0	0
Stakeholder Communication Mailbox	0	0	0

3-2 Risk Management

The risk management mechanism includes identification, analysis, evaluation and other processes, which consider the frequency of occurrence, the degree of impact and the degree of control for quantitative assessment, covering strategic considerations, operational considerations, financial considerations and hazard event considerations, etc., to manage risk prioritization.

◆ Risk Items and Response Plans in 2023

Aspect	Risk Item	Response Plans
 Sustainable Environment	Increased Greenhouse Gas Emissions	<ol style="list-style-type: none"> 1. We have continued to expand the installation of solar panels on our factory rooftop, producing clean energy for self-use. In 2023, this effort resulted in a reduction of 109 metric tons of CO₂e emissions and the acquisition of 74 renewable energy certificates (registered with the National Renewable Energy Certification Center). 2. Established a real-time power monitoring and management platform to align with international decarbonization trends.
	Increased Waste Generation/ Lower Recycling Rates	Implemented waste reduction equipment and source-separated waste sorting to enhance recycling and reutilization.
	Water Shortage	In case of emergencies, the company has underground valves and well water sources available for water supply.
	Typhoons and Flooding	The company is equipped with flood prevention systems, including real-time digital monitoring and water pumps to respond to disasters.
 Employees	Increase in Retiring Staff Ratio	<p>In response to the increasing ratio of retiring employees, Fonda has implemented the following human resources strategies:</p> <ol style="list-style-type: none"> 1. Enhance training for key processes to prevent skill gaps. 2. Encourage experienced workers to mentor new employees to foster generational integration. 3. Actively recruit new graduates to reduce the age gap within the workforce. 4. Offer competitive retention programs, such as: stock options for employees, to encourage staff aged 55 and over to remain in the workplace.

Aspect	Risk Item	Response Plans
 <p>Operational Performance</p>	Decline in Market Competitiveness	<ol style="list-style-type: none"> 1. Through business evaluation meetings and customer feedback, assessed market competitiveness, strengths, and weaknesses. 2. Increased research and development investment. 3. Deepened the existing manufacturing capacity and expanded the product line or extended the product portfolio strategy. 4. Utilized AI and automation technology to enhance product quality and utilization rate to flexibly use capacity to address market fluctuations.
	Cybersecurity Incidents	<ol style="list-style-type: none"> 1. Established a cybersecurity management committee, led by the Vice General Manager, with assistance from the IT department to execute instructions and hold regular information security and management review meetings to review the company's cybersecurity status. 2. Introduced an information security management system in 2022 and obtained ISO27001 certification. 3. Conducted risk management for various information assets, including personnel, information, software, hardware, services, and the environment. Conduct regular annual cybersecurity risk assessments, incorporating high-risk cybersecurity items into the risk assessment plan for improvement. 4. Carried out annual cybersecurity incident reporting and drills.
	Product Liability (Facing Recalls/ Withdrawals)	<ol style="list-style-type: none"> 1. Conducted regular in-service training for employees (including human factors, product safety, counterfeit prevention, and FOD-related education) to raise employee awareness of product safety and understand the impact of product safety issues, which can lead to significant losses and harm to people and property. 2. Established and maintained a complete PDC (8D) system database for experiential learning to reduce human-related problems and continuously improve product quality. 3. Followed the latest laws and regulations and customer requirements to eliminate gaps to meet the demands and expectations of relevant stakeholders. 4. Developed fair, objective, and competent internal auditors. Audit programs were planned, and the audit frequency was adjusted based on the risk level, performance trends, and process criticality.
	Supply Chain Disruptions	<ol style="list-style-type: none"> 1. Short-Term Risk: Delayed delivery due to transportation. Countermeasures: Weekly tracking of transportation delivery information and immediate feedback to production lines for scheduling arrangements. 2. Medium-Term Risk: Delayed shipment times or shortages from suppliers. Countermeasures: Weekly tracking of vendor shipment progress. In case of delays or shortages, immediate feedback to production lines for resource scheduling to minimize potential impacts. 3. Long-Term Risk: Rapid increase in demand for aerospace materials, leading to tightening supply of nickel alloy materials. Countermeasures: Regularly monitor delivery schedules and inventory change trends. Prepare raw materials ahead of time to adapt to potential material shortage risks with a rolling time axis mode.

3-3 Policy Commitment

◆ Human Right Policy

NAFCO believes that respecting human rights and promoting a decent work environment are important throughout the Company and its supply chain. NAFCO abides by local laws and regulations in all countries and regions where we operate, and upholds the human rights of all workers, including regular, contract and temporary employees, and interns. We also require our suppliers to act in the same fashion, as addressing human rights issue in complex supply chains is a shared responsibility.

NAFCO support the UN Universal Declaration of Human Rights (UDHR), and are committed to treating all workers with dignity and respect as understood by international human rights standards, including The International Bill of Human Rights, The International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, The UN Guiding Principles on Business and Human Rights (UNGPs), The OECD Guidelines for Multinational Enterprises and The Ten Principles of The United Nations Global Compact (UNGC). We also align our actions with the Responsible Business Alliance (RBA) Code of Conduct. The guiding principles for NAFCO's Human Right Policy are as follows, and NAFCO's Supplier Code of Conduct requires all of our suppliers to follow the same standards.



Company Overview and Human
Right Policy - NAFCO (nafco.com.tw)

◆ Guiding Principles

- < 1 > Embed respect for economic, social, cultural, civil, and political rights, as well as the right to development, in the way we operate.
- < 2 > Provide a safe work environment and zero tolerance in all kinds of harassment.
- < 3 > Eliminate unlawful discrimination and ensure equality in the workplace.
- < 4 > Strict prohibition of child labor.
- < 5 > Forbid forced labor.
- < 6 > Commit to responsible sourcing of minerals.
- < 7 > Protect labor rights of vulnerable groups or marginalized groups such as indigenous peoples, women, migrant workers, contracted labor and persons with disabilities.
- < 8 > Comply with all applicable wage laws and regulations, and legal limits to working hours.
- < 9 > Provide fair living wage and pay in full and on time with pay slips to state legitimate deductions.
- < 10 > Support the physical and psychological well-being of employees, and the work and life balance.
- < 11 > Enable a communication-friendly environment and maintain an open management system.
- < 12 > Make diverse open dialogue channels available for stakeholders such as suppliers, business partners, and others to report concerns or suspected violations to the Company, including ways to report anonymously.
- < 13 > Monitor and assess relevant risks, practices, and impacts regularly to respond to evolving situations and stakeholders' needs.

This Human Rights Policy is also available on the Company's Corporate Social Responsibility web pages and publicly disclosed in the relevant reports.

3-4 Legal Compliance

Legal compliance is fundamental to business operations and constitutes a company's social responsibility. NAFCO Technology is committed to legal compliance, with internal legal personnel continuously monitoring updates to regulations. Draft law amendments or key regulatory changes are periodically communicated to relevant colleagues via email, ensuring that all are aware and compliant. Consequently, in the year 2023, there were no records of legal violations.

NAFCO Technology adheres to relevant laws governing corporate governance, ethical operations, environmental protection, and labor rights as set forth by supervisory authorities. We actively promote regulatory education and training within our organization. Any legal breaches within the company would have a significant impact on both finances and corporate image. As one of the very few aerospace fastener suppliers certified by engine manufacturers in the Asia-Pacific region, adherence local laws and aerospace-related standards is a key aspect of our corporate governance policy. Compliance with regulations is the cornerstone of sustainable business development.

Our corporate culture is built on values such as sincerity, integrity, faith, simplicity. We encourage employees to proactively identify and address issues and uphold these principles in conducting our business.



◆ Achievements in the Current Year

1/ Corporate Governance

Good corporate governance is the cornerstone of a company's sustainable operation. Adhering to the "Corporate Governance Best Practice Principles for Listed and OTC Companies" and other relevant regulations set by supervisory authorities. We continuously enhance corporate governance from various perspectives, including safeguarding shareholder rights, strengthening board operation, improving information transparency, and fulfilling corporate social responsibilities. These efforts accumulate the energy needed for the company's sustainable development.

2/ Personnel

All employees are required to adhere to the "Code of Business Conduct," "Ethical Conduct Guidelines for Directors and Employees," and the "Corporate Governance Best Practice Principles" regardless of their position, job level, or location. These guidelines encompass a range of topics including workplace conduct, equal opportunities, confidentiality, prohibition of secondary employment, conflict of interest avoidance, gift-giving and business etiquette, respect for employees and customers, whistleblowing, protection and exemptions. These guidelines are intended to gain public trust, enhance the company's image, ensure sustainable business development, and reduce the risks associated with violations of fair competition practices and antitrust regulations.

3/ Education and Training

To enhance employees' awareness of business ethics and regulatory compliance, the company, in collaboration with the Legal Department and other relevant departments, conducts regular educational campaigns according to regulations and internal rules.

4/ Environment, Health, and Safety

The company has established management procedures, monitoring and measurement methods for the operation of the company's activities and products and complies with occupational safety and health and environmental laws and regulations, and other requirements. The environmental management system is effectively controlled, and timely corrective and preventive measures are taken

Complaint Mechanism

Audit Office | auditing@nafco.com.tw

Internal Whistleblowing Inbox | speakout@nafco.com.tw

3-5 Operational Performance

Material Topic	Operational Performance
Significance to the Company	The entire manufacturing process, from product design, processing, special processes, assembly, to mold making, can all be completed within our own factory. The strategic direction of our operation is to continuously improve automation and actively build our capabilities, aiming to become a world-class leader in smart machinery and intelligent automated production lines to meet market demands.
Policy/Commitment	The technical service business primarily involves the development, design, manufacturing, testing, system integration, and after-sales service of various products derived from existing aerospace, automotive, and confidential industrial technological capabilities. By providing in-depth market and client expertise, we will assist in planning and tailoring strategies based on the product level of our clients.
Short-Term Goals	<ol style="list-style-type: none"> 1. Corresponding to the approaching of post-epidemic era and the border relief of each county, we will take actions to expedite the quality certification for each individual product and production process. 2. Active move will be taken to expand the T1 suppliers in the European and American marketplaces for the automotive industry. To achieve this, we will maintain mutual cooperation with the customers in order to solve their problems with the production line assembly. Further, we will also develop our ability in providing the custom-made products. 3. Optimize quality, advance automation and machine learning production, strengthen existing customer relationships, and actively seek to attract new clients. 4. We will provide efficient custom-made services in order to develop the automotive and industrial fastener customers.
Medium to Long-Term Goals	<ol style="list-style-type: none"> 1. Expand the production line, ranging from the aircraft engine to the fuselage parts. 2. Contact the aircraft parts distributor system proactively in order to expand more types of the company's customer group. 3. Transform from the OEM market to the automotive assembly direct supply market. For this purpose, we have taken active moves in cooperating with the Tier1 Suppliers of the automotive industry.
Resources Invested/ Specific Achievements for the Year	<ol style="list-style-type: none"> 1. Smart Manufacturing: We continue to advance towards vertical integration and intelligent automation in manufacturing. Building on our internally developed automated equipment and smart monitoring system for big data collection, we are gradually introducing AI-driven smart manufacturing technologies into critical processes. These applications include defect and anomaly detection, tool lifespan monitoring, and product quality control. Currently, we have established three intelligent production lines. In addition to continuously expanding smart manufacturing lines, we will place greater emphasis on the application of AI in management in the future. 2. Aerospace Market: As of 2023, our company has introduced over 8,000 new products. We will continue to enhance both the depth and breadth of our product offerings. 3. Automotive Industry Market: We collaborate with automobile manufacturers and Tier 1 suppliers to design customized parts. We focus on researching and developing customized components to meet unique application requirements
Responsible Department/ Appeal Mechanism	Spokesperson and proxy spokesperson IR@nafco.com.tw
Assessment Mechanism/ Achievements	<ol style="list-style-type: none"> 1. Establishment of a R&D Center and the formation of a dedicated Intelligent Development Department focused on forging and smart production. 2. 40.02% revenue growth in 2023 compared to the previous year. 3. Continued progress towards becoming a key supplier for global aerospace components.

Direct economic value generated and distributed

Note: Negative values represent income tax benefits.

Items (Unit: NT\$1000)	2021	2022	2023
Revenue	1,426,205	2,192,921	3,070,624
Operating Costs	1,260,117	1,681,287	2,258,080
Employee Salaries and Benefits	466,399	584,765	716,161
Payments to Providers of Capital	50,429	26,311	86,543
Payments to Government (Note)	(8,640)	(4,921)	47,670

3-6 Customer Services

NAFCO maintains smooth communication channels with customers, sustaining a stable and positive working relationship. Feedback from customers is immediately addressed by the NAFCO sales department to initiate subsequent improvements, aiming to gain customer trust through high-quality service.

◆ Average Customer Satisfaction Survey Scores Over the Past Three Years

Statistics / Year	2021	2022	2023
Customer Satisfaction Rating	92	99	89



Material Topic	Customer Services
Significance to the Company	Through service and communication, we establish strong partnerships with customers, prioritize and actively address any complaints, and aim to secure more orders and business opportunities with excellent quality service to create maximum value for our customers.
Policy/ Commitment	In-depth understanding of customer needs and issues, seeking possibilities for improvement, and establishing a service-oriented operational model. Applying AI and automation technologies to manage and enhance product quality, increase operational efficiency, and flexibly use production capacity to meet market demands. Becoming a service provider for high-end fasteners and machined components.
Short-Term Goals	<ol style="list-style-type: none"> 1. Set annual sales performance KPIs and achieve them through actual shipments. Review annual performance of customer complaint cases and assess cost-effectiveness. 2. Direct communication with customers and NAFCO through annual Business Review Meetings, continuous improvement according to customer recommendations, and simultaneous understanding of market demands. 3. Quarterly/ annual customer satisfaction surveys initiated by customers, with their evaluations serving as a reference for assessing customer service satisfaction. 4. NAFCO conducts annual customer satisfaction surveys, with priority given to the top 10-15 customers (based on purchase amount). The target score is 85 points.
Medium to Long-Term Goals	<ol style="list-style-type: none"> 1. Maintain a renewal agreement rate of 90% with existing clients. 2. Achieve 15% of total revenue from contributions of new customers each year. 3. Increase the sales contribution from other sectors (beyond aviation) to 15% of total revenue.
Resources Invested/ Specific Achievements for the Year	<ol style="list-style-type: none"> 1. Upgraded our smart systems to optimize productivity and quality control. Through big data, real-time monitoring, and an optimized quality management system, we continuously refine manufacturing standards and reduce cost losses. 2. Due to extended material lead times, Quickview was introduced to manage inventory turnover rates, monitor accounts receivable progress, and manage weekly changes in customer demands. 3. Maintain regular contact with clients to monitor pricing competitiveness and market position. 4. Participate in international B2B meetings to explore new business opportunities.
Responsible Department/ Appeal Mechanism	ales Department / Complaint Channel sales@nafco.com.tw
Assessment Mechanism/ Achievements	<ol style="list-style-type: none"> 1. Customer satisfaction survey scores have averaged above 92 points for the past three years. 2. Revenue growth and a KPI achievement rate exceeding 95% for the current year's sales performance.

3-7 Information Security Management

Material Topic	Cybersecurity protection
Significance to the Company	With the increasing frequency of global cybersecurity incidents, companies must carefully examine the current challenges in cybersecurity and develop timely strategies and response measures. This will enhance overall cybersecurity resilience, ensuring uninterrupted business operations.
Policy/ Commitment	In accordance with the international standard ISO/ IEC27001 for information security management systems, we have established an information security management system that aligns with our security management objectives. This system outlines and builds the overall framework for information security, ensuring that all management practices are effectively implemented to support safe operations, monitoring, and continuous improvement. The goal is to safeguard the confidentiality, integrity, and availability of information assets while enhancing our current management systems to ensure uninterrupted business operations.
Short-Term Goals	<ol style="list-style-type: none"> 1. Continuously maintain the validity of the ISO27001:2013 certification. 2. Complete certification for the ISO27001:2022 version by 2025. 3. Implement data backup systems and regularly conduct disaster recovery drills to ensure business continuity. 4. Establish endpoint protection, including an anti-virus system and an active defense alert platform. 5. Enforce cybersecurity education and case awareness campaigns and conduct social engineering exercises. 6. Implement strict controls on USB storage devices. 7. Conduct regular cybersecurity audits. 8. Periodically review permissions for special accounts. 9. Control the connection of external devices to the internal network. 10. Perform regular website vulnerability scans.
Medium to Long-Term Goals	<p>To maintain sustainable business operations, we will plan and implement relevant cybersecurity measures and conduct assessments of the cybersecurity environment. We will also establish clear control principles for business continuity management to ensure uninterrupted business operations.</p> <p>Information Security Targets</p> <ol style="list-style-type: none"> 1. Network availability at manufacturing facilities: 99% 2. ERP database availability: 99% 3. MES database availability: 99% 4. M2M database availability: 99% 5. Web database availability: 99% 6. Number of unplanned data center outages (due to human error): 0 7. Number of major security incidents (Level 3): 0

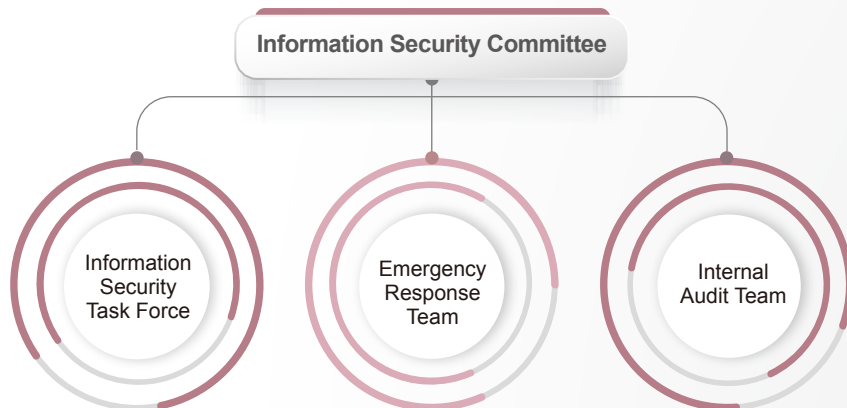
Material Topic	Cybersecurity protection
Resources Invested/ Specific Achievements for the Year	<p>To enhance protection against new-rise malicious threats, the company has strengthened its information security infrastructure:</p> <ol style="list-style-type: none"> 1. Establishing network physical isolation and regulatory mechanisms, effectively preventing external threats. 2. Implementing anti-virus systems and proactive defense alert platforms to enhance monitoring of both known and unknown information security threats. 3. Building a server backup platform and multiple backup systems. 4. Continuously implementing cybersecurity education and case promotion, incorporating it into mandatory employee training courses to enhance staff awareness of information security. 5. Timely revising various risk factors and response measures to strengthen the company's internal information security. 6. Cybersecurity meetings, Information security training, and Cybersecurity drills: In 2023, the company held 2 information security management review meetings, 3 information security risk assessment meetings, 1 internal audit planning meeting for information security, and 16 monthly and quarterly information security report meetings. Additionally, the company conducted 1 company-wide social engineering drill and 8 information security case promotion and training sessions. 7. The company's total expenditure on information security-related costs in 2023 amounted to NT\$5,453 thousand. 8. Status of the 2023 information security target implementation: <ul style="list-style-type: none"> Network availability at manufacturing facilities: 100% ERP database availability: 100% MES database availability: 100% M2M database availability: 100% Web database availability: 100% Number of unplanned data center outages (due to human error): 0 Number of major security incidents (Level 3): 0
Responsible Department/ Appeal Mechanism	Information Technology Division willy@nafco.com.tw, wilber.tsai@nafco.com.tw
Assessment Mechanism/ Achievements	<p>Third-party certification body (AFNOR)</p> <p>IP0003 Information Security Objectives Procedure IP0004 Information Security Risk Management Procedure IP0005 Information Security Audit Management Procedure IP0006 Corrective and Preventive Action Management Procedure</p>

◆ Information Security Management System

To respond to the rapid changes in the technological environment and the diversified development of business, effectively protect the operational information of the company and its clients and provide sound information security governance. Its purpose is to protect the information assets of the customer, the company and each individual from suffering the deliberate or accidental internal and external sabotage and to fulfill the diligent protection and management responsibilities required for the processed, stored or transmitted information. For the purpose of above, we have acquired the ISO27001 international certification in July 2022. To connect with the international information safety standard and to deal with the new-rise threat, this Company will review and amend relevant information security policy, management procedure and operation method continuously each year. We provide ongoing education and awareness programs to ensure that all departments fully understand the information security policy. By adhering to relevant management procedures, we continuously enhance the confidentiality, integrity, and availability of all information service systems, safeguarding the company's business operations and supporting our commitment to information security and sustainable development.

◆ Information Security Management Organization

In February 2022, the company has established the Information Security Committee to elevate the overall information service management performance of the company, to ensure the consistency between information and business requirements, and to execute the information security management effectively.



◆ Protection Against New-Rise Malicious Threats

To enhance employee awareness of cybersecurity and combat malicious emails or business email scams, the company not only provides cybersecurity education and training to new employees but also consistently conducts cybersecurity awareness campaigns through newsletters. Regarding the protection against system vulnerabilities, systems and equipment are updated to the latest versions before and during their operation to meet basic cybersecurity requirements. Regular vulnerability scans are performed to detect and verify the security status of various systems. The company remains vigilant about cybersecurity information and promptly investigates and formulates remedies or improvements in response to newly disclosed security vulnerabilities. In the face of emerging threats like new types of viruses and malicious software such as ransomware and mining software, the company has established multiple cybersecurity defense mechanisms. These are in line with cybersecurity management procedures to take timely countermeasures.

◆ Information Service Continuous Operation Plan

Ensure that correct response measures can be taken when major hazard occurs to the information service so as to minimize its impact to the business operation and to restore the operation within the shortest period of time. This company has developed the Information Service Continuous Management Plan which will be drilled and reviewed each year in order to maintain the responding ability and the company's continuous operation.

◆ Cybersecurity Incidents

There have been no significant cybersecurity incidents resulting in losses in the past fiscal year.



3-8 Product Responsibility/ Product Safety

Material Topic	Product Responsibility / Product Safety
Significance to the Company	The development and implementation of a quality management system are customer- oriented and utilize process methods as tools. Customer requirements are integrated into the product introduction and production processes, interlinked with management and support processes. This ensures that the products offered by the company have no product safety concerns and can meet customer requirements and expectations. Through monitoring, measurement, and performance analysis, continuous improvement is achieved to enhance quality, delivery time, and cost competitiveness.
Policy/ Commitment	Compliance with guidelines is a fundamental commitment to product safety and is a basic ethical principle for all personnel. We strictly adhere laws, regulations, and customer requirements, and the established procedures and guidelines act as fundamental behavioral guidelines for enhancing product safety.
Short-Term Goals	<ol style="list-style-type: none"> 1. Employees regularly receive training on product safety awareness, with a minimum training duration of 6 hours. 2. The training meets the latest legal and regulatory requirements. 3. There have been zero product safety complaints.
Medium to Long-Term Goals	<ol style="list-style-type: none"> 1. Strengthen and maintain the PDC system, and continuously promote quality improvements. 2. We maintain customer-designated Authorized Inspection Personnel (DPRV) qualifications and nurture future talents to obtain certificates to ensure quality control. 3. Maintain ISO/ AS9100, IATF16949, Nadcap special processes, and customer certification qualifications to ensure the delivery of products and services that meet customer requirements. 4. Maintain a 0% product safety incident rate. 5. Consistently strive for "Zero Defect" in our products.
Resources Invested/ Specific Achievements for the Year	<ol style="list-style-type: none"> 1. Every employee participated in quality awareness courses, which included product safety awareness & counterfeit prevention, foreign object damage prevention, human factors awareness, and fraud prevention training. 2. The PDC system has established a tiered reporting mechanism and continues to drive quality improvements. 3. Strict supplier management processes were implemented, including risk management, traceability of all raw material sources, regular external testing of raw materials, and a dual-check mechanism. 4. Maintained the validity of various quality management systems, Nadcap special process certifications, and customer certification qualifications. 5. A total of NTD 13,771,200 was invested in QAC, including equipment, personnel, training, and project costs for 2023. 6. In 2023, QAC employed 56 people, and it is projected to add 4 more in 2024, reaching a total of 60 employees. 7. Established a laboratory project for fatigue testing systems. 8. 2023 Product Responsibility/ Product Safety Goal Execution Status: <ul style="list-style-type: none"> •Employees completed more than four quality awareness courses, with a total training time exceeding 6 hours. •Annual evaluations of raw material and outsourcing suppliers were all rated "A" for excellence, with no quality issues reported. •As of 2023, there are 8 personnel qualified for DPRV-authorized inspections, with plans to add 3 more in 2024. • Zero incidence of customer complaints regarding product safety. •Passed at least seven external audits and certifications, with certificates remaining valid, including.
Responsible Department/ Appeal Mechanism	Sales Department Sales@nafco.com.tw Quality System glory@nafco.com.tw
Assessment Mechanism/ Achievements	<ol style="list-style-type: none"> 1. Third-party certification body 2. Internal audit management procedures



◆ Product Categories

Design, development, and manufacturing of fasteners and precision machined components for aerospace, vehicles, ships, electronics, and high-end industrial applications.

◆ Process Description

NAFCO Technology is committed to environmental protection and the management of hazardous substances. We provide information on environmental protection hazardous substances, laws, regulations, and customer requirements to our suppliers and internal procurement, manufacturing, quality assurance, and engineering departments to prevent materials, components, parts, packaging materials, and products containing hazardous substances from entering NAFCO Technology and being used. This is to reduce the impact of hazardous substances on the natural environment and human health. In addition to RoHS, REACH, and POPs requirements, if customers have other legal, regulatory, or contractual requirements, NAFCO Technology will follow customer requirements and update relevant internal procedures and documents according to the latest legal and regulatory requirements. From raw materials, components, parts, and packaging materials to finished products, each department of NAFCO Technology is responsible for ensuring compliance with environmental regulations and customer requirements. The Sales Department handles the receipt and transmission of customers' environmental protection requirements; the Engineering Department incorporates these requirements into operational and engineering standards; the Quality Assurance Department is responsible for collecting product-related environmental regulations and interpreting customer requirements, while ensuring product testing is conducted in internal or external laboratories as needed. The Procurement and Production Departments communicate environmental management requirements to suppliers and subcontractors, ensuring the provision of necessary certifications and test reports.

Since its establishment, NAFCO Technology has complied with the relevant customer and regional regulations for the management of hazardous substances in all products and manufacturing processes, with incidents violating health and safety regulations related to products and services.





Sustainable Environment

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- 4-1 Waste Management
- 4-2 Supply Chain Management
- 4-3 Occupational Health and Safety
 - 4-3.1 Worker Engagement, Consultation, and Communication
 - 4-3.2 Occupational Health and Safety Management Systems & Occupational Safety and Health Act
 - 4-3.3 Hazard Identification, Risk Assessment, and Incident Investigation
 - 4-3.4 Occupational Hazard Statistics
 - 4-3.5 Workplace Health Promotion
 - 4-3.6 Health Management

4-1 Waste Management

Aspect	Waste Management
Significance to the Company	<ul style="list-style-type: none"> ▶ Procuring raw materials not only constitutes a cost for the company, but in the production process, it also generates waste, leading to significant disposal expenses and environmental pollution.
Policy / Commitment	<ul style="list-style-type: none"> ▶ Waste and scrap recycling, solar and energy-saving device installations, rainwater collection, wastewater treatment, and other resource recovery and reuse initiatives are undertaken to conserve energy and protect the environment. We also prioritize personnel training in environmental regulations, rigorously implement environmental management practices, enhance employee environmental awareness, and strive for ongoing environmental improvement to safeguard our planet.
Short-Term Goals	<ul style="list-style-type: none"> ▶ Waste sorting and recycling efforts reduce waste generation and involve implementing preliminary environmental assessments for new equipment entering the facility, identifying waste types, and adopting eco-friendly processes.
Medium to Long-Term Goals	<ul style="list-style-type: none"> ▶ Purchase waste reduction equipment to categorize or compress materials, thereby reducing the volume of outsourced waste processing. The goal is to enhance the transformation of industrial waste to increase the proportion of reuse in disposal methods.
Resources Invested/ Specific Achievements for the Year	<ul style="list-style-type: none"> ▶ (1) A high-concentration acid-alkali waste treatment facility utilizing low-temperature vacuum technology was implemented. After decomposition and distillation, sludge is compressed, resulting in an average reduction of 80-100 tons/ year in outsourced acid-alkali waste treatment. The actual digestion of high-concentration waste liquids was as follows: 77.6 tons/ year in 2022 and 87.4 tons/ year in 2023. ▶ (2) Starting in July 2023, an oil-water waste pretreatment system was introduced, with an average monthly treatment capacity of 10 tons. In total, 47 tons were treated in 2023.
Responsible Department	<ul style="list-style-type: none"> ▶ Environmental Engineering Department ntchen@nafco.com.tw, jimmy.lin@nafco.com.tw
Assessment Mechanism/ Achievements	<ul style="list-style-type: none"> ▶ Ceased outsourcing of waste oil and water treatment.

At the NAFCO plant site, industrial waste generated on-site is sorted, collected, stored, removed, and treated. Hazardous industrial waste includes production-generated waste liquids, copper and its compounds, dust or mixtures thereof, waste lubricating oil, waste plastic mixtures, inorganic sludge, and more. General industrial waste, including household waste and general waste generated by employees or production processes, is managed in line with environmentally sustainable practices. All waste is handled through approved disposal and recycling methods by certified organizations, following the required declarations and approvals from regulatory authorities.

Waste Statistics

Unit: ton	Hazardous Industrial Waste	General Industrial Waste	Total
2021	134.86	252.43	387.29
2022	127.32	284.71	412.03
2023	241.91	293.63	535.54





Disposal Methods of NAFCO China




Disposal Methods	2023 Weight (metric tons)	2022 Weight (metric tons)	2021 Weight (metric tons)
Incineration	21.267	17.310	3.867
Harmless Treatment and Energy Regeneration	80.280	71.000	45.978

Disposal Methods of NAFCO Taiwan Plant

Disposal Methods	Name of Hazardous and General Industrial Waste	2023 Weight(metric tons)	2022 Weight(metric tons)	2021 Weight(metric tons)
Chemical Treatment	Cyanide electroplating solution, copper and its compounds (total copper) (limited to waste catalysts, dust, waste liquid, sludge, filter material, incineration fly ash, or bottom slag) from electroplating waste.	63.910	51.860	33.940
Solidification Treatment	Inorganic sludge	12.780	0.000	0.000
Physical Treatment	Non-hazardous dust or its mixtures, waste lubricating oil.	151.660	161.530	138.650
Washing Treatment	Waste plastic mixture.	0.000	2.05	0.975
Bury	Inorganic sludge.	27.640	7.430	44.220
Incineration	General waste generated from business activities.	33.035	31.180	21.320
Heat Treatment (Excluding Incineration)	The treatment sludge from electroplating processes, excluding those generated by the following processes: (1) Aluminum sulfate electroplating, (2) Tin plating on carbon steel, (3) Aluminum plating on carbon steel, (4) Tin or aluminum plating on carbon steel, associated with cleaning or pickling, (5) Etching and grinding of aluminum.	196.090	108.860	16.120
Reuse	Waste lubricating oil, waste activated carbon, and treatment sludge from electroplating processes, excluding those generated by the following processes: (1) Aluminum sulfate electroplating, (2) Tin plating on carbon steel, (3) Aluminum plating on carbon steel, (4) Tin or aluminum plating on carbon steel, associated with cleaning or pickling, (5) Etching and grinding of aluminum.	66.360	49.120	132.370

◆ Record of Internal Self-Inspection and Audit Results for Business Waste Outsourced Removal and Disposal

Audit Items	Audit Contents	Current Situation
Registered Factory Address	Ensuring the factory address consistent with registered address.	
Storage Facility	Whether the storage facility is protected against rain, wind, and direct sunlight, and whether it is equipped with exhaust windows or necessary ventilation facilities, along with approved fire safety equipment.	
Incoming Inspection	Whether there is a designated inspection area and rigorous execution for each batch of testing.	
Collection and Disposal	Consistency with Registered Vehicles. vehicles	

Audit Items	Audit Contents	Current Situation
Processing Site	Whether the processing site is equipped with necessary protective devices, such as an air pollution scrubber.	
Wastewater Discharge	Whether the wastewater discharge complies with local standards.	
Ultimate Disposal	Whether the final treatment has been duly completed and appropriate documentation has been submitted.	

4-2 Supply Chain Management

Material Topic	Supply Chain Management
Significance to the Company	The company maintains long-term and mutually beneficial interactions with its supplier partners. Our products and services rely on a multitude of suppliers to consistently provide raw materials and components. Furthermore, we leverage the company's influence of the industry and commit to prevent environmental pollution and violations of labor rights along with our suppliers. Employees are the essential foundation of the company's operations.
Policy/Commitment	Sustainable supply chain (environmental protection & human rights), Green procurement, Energy conservation and Carbon reduction.
Short-Term Goals	<p>Established a 'Procurement Management Procedure' for sustainability guidelines. This procedure outlines criteria for supplier selection, emphasizing environmental protection, human rights, safety, health, and sustainable development. It also sets forth requirements and expectations for suppliers in areas such as environmental, health, and safety risks, ethical standards, and ethical business conduct. Our company has instituted a Supplier Guidance Project, which, based on cooperation, encompasses supplier selection, audit guidance, performance assessment, training, and supplier forums. Integrate sustainability requirements into the daily management of the supply chain.</p> <p>In accordance with RBA requirements, established procurement and supplier ranking management systems to effectively oversee supplier product quality. We extend our social responsibility principles and requirements to the supply chain, jointly managing operations with our suppliers. We require suppliers to adhere and commit to ensuring that all activities comply with various environmental, labor regulations, and international corporate social responsibility standards.</p>
Medium to Long-Term Goals	Promote and advance a green supply chain by collaborating with supply chain partners to collectively strive towards environmental friendliness, energy conservation, and carbon reduction goals.
Resources Invested/ Specific Achievements for the Year	<ol style="list-style-type: none"> 1. In accordance with the "Procurement Management Procedure," evaluations for new and existing suppliers were conducted. In 2023, a total of 74 evaluations for existing suppliers were completed. 2. To maintain requirements related to quality, cost, delivery time, service, safety, and sustainability, and to enhance supply chain management towards achieving mutual benefits, the company selects high-quality suppliers based on material approval procedures, supplier selection mechanisms, and other relevant principles, including material assessment, professional team evaluations, and guidance.
Responsible Department/ Appeal Mechanism	Procurement Department vicki.chen@nafco.com.tw Quality System glory@nafco.com.tw
Assessment Mechanism/ Achievements	All suppliers meet international standards, codes of conduct, and requirements of various quality management systems.

Quality first, customer satisfaction, on-time delivery, continuous improvement, adherence to government environmental regulations, and the avoidance of prohibited substances have consistently been the goals of NAFCO's Quality, Safety, and Green Product Management Policy. These principles guide our supplier management practices, as we strongly encourage our suppliers to prioritize issues related to quality, environmental responsibility, and safety management. We are committed to rigorous risk management and operational continuity plans with the aim of establishing a sustainable and green supply chain.

The selection of suppliers is based not solely on price but rather on a comparative assessment of supplier advantages and risk considerations. Maintaining good relationships with suppliers is crucial, ensuring that the quality, cost, delivery, service, management, and sustainability of the supplied goods all meet the requirements of NAFCO.



Supply Chain Management

Our suppliers are long-term partners of NAFCO, and beyond competitive requirements such as quality, technology, delivery, and cost, we place significant emphasis on supplier governance, environmental responsibility, and social aspects. We collaborate closely with our suppliers to drive the sustainable development of our value chain. Effective supply chain management is built upon strong collaborative relationships with suppliers, ultimately leading to improved customer satisfaction and the delivery of the best product and service experiences. While pursuing business growth, NAFCO actively promotes sustainability policies to meet the expectations of various stakeholders. In addition to adhering sustainability standards ourselves, we leverage our influence to encourage our supply chain to collectively embrace and fulfill corporate social responsibility.

Sustainable Management of Suppliers

NAFCO has established a 'Procurement Management Procedure' in accordance with sustainability guidelines. This procedure outlines criteria for supplier selection, emphasizing environmental protection, human rights, safety, health, and sustainable development. It also sets forth requirements and expectations for suppliers in areas such as environmental, health, and safety risks, ethical standards, and ethical business conduct. Our company has instituted a Supplier Guidance Project, which, based on cooperation, encompasses supplier selection, audit guidance, performance assessment, training, and supplier forums. Integrate sustainability requirements into the daily management of the supply chain.

Supplier Evaluation

1. All suppliers must undergo supplier evaluation and adhere to the Supplier Code of Conduct.
2. Aerospace raw material suppliers related to processes must comply with AS9100 Quality Management System certification; industrial raw material suppliers must comply with ISO9001 Quality Management System certification; automotive raw material suppliers must comply with IATF16949 certification as per automotive industry standards.
3. Contractors' operational procedures must align with the ISO45001 Occupational Health and Safety Management System.

Supplier Auditing

Our company has established an auditing team and a guidance team to track and improve supplier deficiencies, collaboratively enhancing quality and technology, strengthening environmental, health, and safety performance, and implementing automation to increase productivity.

Supplier Training

Our company conducts periodic supplier meetings and employs various forms of guidance and communication, such as annual audit evaluations, to effectively enhance environmental and safety performance while complying with international standards. The training includes topics such as workplace hygiene, employee health, fire maintenance, carbon footprint assessment, climate change, regulatory risks, and professional ethics.

Supplier Forum and Recognition

Our company periodically organizes supplier meetings where, in addition to conveying our company's sustainability principles and objectives, we specifically acknowledge outstanding suppliers who have demonstrated excellence and made significant contributions in the areas of quality improvement, cost reduction, on-time delivery, and sustainability performance.

Supplier Selection

Due to industry- specific characteristics, the evaluation criteria for new and existing suppliers are determined based on different application contexts. These criteria reference aerospace standard AS9100, industrial standard ISO9001, and automotive industry standard IATF16949 as benchmarks.

To maintain the requirements for quality, safety, green products, delivery, service, and pricing of materials, as well as to assist in enhancing supplier management for the purpose of achieving mutual benefit and cooperation, NAFCO, in accordance with relevant material approval procedures and supplier selection mechanisms, selects suppliers based on principles such as material evaluation, professional team assessments, and guidance. In addition to considering the quality, delivery, and cost of supplier products, we also encourage them to prioritize social responsibility. We expect suppliers to jointly fulfill corporate social responsibilities and to effectively manage risks and maintain business continuity plans.

NAFCO has consistently regarded suppliers as strategic partners, firmly believing in mutual support and growth with our supplier allies. In accordance with RBA requirements, NAFCO has established procurement and supplier management systems to effectively oversee supplier product quality. We extend our social responsibility principles and requirements to the supply chain, jointly managing operations with our suppliers. We require suppliers to adhere and commit to ensuring that all activities comply with various environmental, labor regulations, and international corporate social responsibility standards.

NAFCO follows the "Procurement Management Procedures," the evaluation of new suppliers and existing suppliers is conducted as follows:

Year	2021	2022	2023
Existing Supplier Evaluation Data	71	71	74
New Supplier Evaluation Data	5	5	0 (none added)



4-3 Occupational Health and Safety

Material Topic	Occupational Health and Safety
<p>Significance to the Company</p>	<p>Both employees and contractors are essential human assets for the company. Ensuring a safe and healthy working environment for personnel can reduce operational costs and maintain process efficiency</p>
<p>Policy/ Commitment</p>	<p>Achieving zero workplace accidents for employees, zero incidents for contractors, zero accidents involving operating machinery, and zero incidents in punch press operations are the primary policies and objectives of the company.</p>
<p>Short-Term Goals</p>	<ol style="list-style-type: none"> 1. Completed ISO45001 Occupational Health and Safety Management System certification in 2024. 2. Completed ISO14001 Environmental Management System certification in 2024. 3. Completed ISO14064-1 Greenhouse Gas Inventory operations in 2024. 4. Completed the 2024 ESG Sustainability Report. 5. Conducted an average of 5 social case event awareness campaigns per year. 6. Provided safety and health education and training for machinery and equipment at manufacturing sites. 7. Delivered general education and training on chemicals at manufacturing sites. 8. Provided safety and health education and training on protective equipment at manufacturing sites. 9. Reduced the number of short-term work-related injuries to an average of fewer than 3 cases. 10. Reduced the number of short-term false fire alarms to an average of fewer than 3 cases. 11. Achieved the Health Workplace Health Promotion Mark certification from the Ministry of Health and Welfare National Health Agency in 2023 and will maintain the validity of the certification from 2024 to 2026. 12. Installed AED emergency facilities (Plants #2 and #4) and provided related training in 2024.
<p>Medium to Long-Term Goals</p>	<p>2021: (FR)2.48, (SR)2.48 2022: (FR)1.04, (SR)1.04 2023: (FR)4.28, (SR)12.84</p> <p>1. Number of workplace injuries (excluding traffic accidents)</p> <p>2021 2 cases 2022 1 cases 2023 3 cases</p> <p>The long-term goal is to reduce in-plant work-related injuries to zero.</p> <p>2. Number of false fire alarm incidents</p> <p>2021 4 cases 2022 6 cases 2023 4 cases</p> <p>Long-term goal: Reduce the number of false fire alarms within the facility to zero.</p> <p>Continue applying for the Health Workplace Promotion Certification from the National Health Service of the Ministry of Health and Welfare until 2027.</p>



Material Topic

Occupational Health and Safety

1. Held 2 fire safety education and evacuation drill sessions.
2. Held 1 contractor agreement organization meeting.
3. Held 4 occupational health and safety committee meetings.
4. Held 4 in-house occupational health and safety education and training sessions.
5. Conducted a total of 53 training sessions for new employees.
6. Conducted a total of 5 social case awareness events.
7. Completed the ISO45001 Occupational Health and Safety Management System re-evaluation.
8. Completed the ISO14001 Environmental Management System re-evaluation.
9. Completed the ISO14064-1 Greenhouse Gas Inventory operations.
10. Completed the ESG Sustainability Report.
11. The total expenditure on occupational health and safety in 2023 amounted to NT\$1,365,051.
12. A total of 3 work-related injury incidents occurred, with no major hospitalization or fatalities.
13. A total of 4 false fire alarm incidents occurred.
14. In 2023, the total investment in employee health amounted to NT\$360,400.
15. In 2023, we achieved certification for the Health Workplace Promotion Mark from the National Health Service of the Ministry of Health and Welfare.
16. During 2023, we conducted annual health check-ups for 401 employees, with a 100% participation rate. Special occupational health check-ups were completed for 48 individuals.
17. Health check-up activities in 2023 included participation in cancer screening initiatives organized by the National Health Service of the Ministry of Health and Welfare, with 85 participants screened for oral cancer, 26 for colorectal cancer, and 385 for liver cancer.
18. In 2023, we hosted aerobic and yoga exercise classes led by professional trainers, with a total of 162 participants.
19. In 2023, labor health services were provided by occupational health physicians in 12 sessions. Over the past three years, no cases of occupational diseases have been diagnosed by occupational health specialists.
20. For employee health risk management and care: In 2023, a maternity health protection program was implemented for two employees during pregnancy and the postpartum period. This program included assessing health hazards, risk classification, job suitability evaluation, and hazard control to protect their reproductive health as well as the health of both mother and child. An abnormal workload-induced disease prevention program was also executed, which involved comprehensive assessments of work-related health risks, including cardiovascular disease and workload risks. For high-risk individuals (1 person) and moderate-risk individuals (13 people), measures such as one-on-one health consultations and guidance from on-site doctors and regular follow-ups by nursing staff were implemented. Additionally, suitability assessments were conducted for 67 new employees based on their health check reports, with health guidance and follow-ups provided for 13 individuals with health abnormalities. Health guidance and follow-ups were also provided for 8 individuals with abnormal findings in special operations health check reports. In total, 93 instances of health care and consultation services were provided by the medical and nursing office.



Resources Invested/
Specific Achievements
for the Year

Responsible Department/
Appeal Mechanism

Work Safety Office | bing.feng@nafco.com.tw, cheng.wei@nafco.com.tw
Medical Room | annie6.lee@nafco.com.tw

Assessment Mechanism/
Achievements

1. Completed the annual ISO45001 Occupational Health and Safety Management System certification and recertification.
2. Completed the annual ISO14001 Environmental Management System certification and recertification.
3. Completed the annual ISO14064-1 Greenhouse Gas Inventory operations.
4. Completed the annual ESG Sustainability Report.
5. Obtained certification from the Ministry of Health and Welfare's National Health Agency for the Healthy Workplace Promotion Mark.

NAFCO is committed to providing customers with high-quality products and services that comply with regulations and standards. We prioritize occupational accident prevention, health promotion, and the creation of a friendly workplace as part of our corporate social responsibility. Currently, our company offers various training programs related to occupational safety and health, including contractor awareness, fire drills, hazard awareness, chemicals, machinery and equipment TS safety certification, machinery and equipment safety devices, prevention of pinch and caught hazards, noise in the workplace, fire prevention, and escape routes.

NAFCO is actively and dedicatedly committed to promoting labor safety and health, with a focus on reducing occupational accidents. We adhere to international social responsibility standards, continuously improve the working environment for our employees, prevent occupational injuries and illnesses, and reduce workplace hazards. Our aim is to comply with labor safety and health regulations and create a high-quality, safe, and healthy corporate workplace.

For a long time, NAFCO has been committed to employee care, health, and safety, fulfilling corporate social responsibility, and pursuing sustainable business operations. We firmly believe that the safety and health of our employees are invaluable assets to the company.

Compliance with regulations

Compliance with domestic occupational health and safety laws, regulations, and other customer requirements.

Ensuring safety

Emphasizing the involvement of all, we implement education, training, consultation, communication, and other means to enhance the environmental health and safety awareness of employees, suppliers, and contractors. Through the safety measures in the workplace environment, we aim to safeguard the safety of workers.

Risk management

Implement hazard identification, risk assessment, and opportunity management to achieve the goal of preventing accidents and reducing hazard risks.

Continuous improvement

Combining a rolling risk management approach with worker-driven health self-management to create a high-quality, healthy workplace.

A safe workplace can protect workers from harm



Do not tamper with safety devices



Follow required steps for operations and maintenance Carefully implement each step and avoid hasty action



Label machines with spinning blades No gloves while operating



Keep clam if a machine



Hazards of mechanical equipment entanglement are significant



Shut off power before maintenance



Cuts and pinch injuries are serious Caution



Personal protection



4-3.1 Worker Engagement, Consultation, and Communication

NAFCO has established an Occupational Safety and Health Committee, which is composed of department heads, occupational safety and health personnel, engineering and technical staff, nursing personnel, and labor representatives. Labor representatives are selected from various units, and their proportion exceeds one third of the legal requirement.

The Occupational Safety and Health Committee meets quarterly to address various topics, including license retraining courses, contractor management, occupational accidents, corrective measures for hazard prevention, manufacturing site inspections, fire and firefighting, environmental monitoring at workplaces, labor health management, government agency inspections, and sharing of social occupational safety and health case studies. The committee comprises workers who actively express their opinions, exercise voting rights, and are responsible for reviewing, coordinating, and making recommendations on matters related to occupational safety and health. The committee also resolves the results of investigations into occupational accidents, examines environmental monitoring outcomes, and proposes measures for health management and promotion. Additionally, it evaluates the effectiveness of on-site safety and health management to prevent occupational hazards and ensure a safe and healthy work environment for employees.

4-3.2 Occupational Health and Safety Management Systems & Occupational Safety and Health Act

NAFCO complies with the ISO45001 Occupational Health and Safety Management System and local regulatory requirements. It has been verified by AFNOR and actively strives to improve the safety and health of its workers. The ISO45001 Occupational Health and Safety Management System and the Occupational Safety and Health Act cover all workers in the company, including both regular and contract employees. As of December 31, 2023, the total number of employees is 479.

4-3.3 Hazard Identification, Risk Assessment, and Incident Investigation

To promptly address and eliminate any abnormal incidents arising from the Occupational Health and Safety Management System, and to ensure that similar situations do not recur, NAFCO has established the 'Occupational Health and Safety Abnormal Correction and Prevention Procedure.' According to this procedure, significant abnormalities in the workplace are assessed, and if necessary, an 'Occupational Health and Safety Abnormal Handling Form' is filled out to facilitate the tracking and improvement of results by the Occupational Safety and Health Office. When a workplace safety incident occurs, an "Accident Investigation Form" is created to track the follow-up and understand the causes. This form is also used in the quarterly Occupational Safety meetings as part of the training curriculum to ensure effective hazard notification and dissemination.

To prevent harm to the safety and health of personnel or the financial well-being of the company resulting from operations, activities, services, and facilities, the company has established the 'Hazard Identification and Risk Assessment Procedure.' This procedure involves assessing hazard identification based on the nature of operations, identifying potential hazards within various departmental work environments and operational activities, and taking appropriate preventive measures or implementing necessary control methods to maintain risks within acceptable limits.



4-3.4 Occupational Hazard Statistics

According to the statistics and analysis of employee occupational injuries and occupational diseases, as shown in the table below, there were no significant occupational accidents or cases of occupational diseases (including recordable occupational diseases) in the year 2023. The types of work injuries are primarily categorized as crushing injuries, cutting injuries, and lacerations. Company can reduce occupational hazards through hazard identification, improvements in the workplace environment, and the implementation of occupational safety training.

Occupational Hazard and Occupational Disease Statistics

Statistics / Year		2021	2022	2023
Total Work Hours		806,512	958,680	951,304
Fatal Occupational Hazard	Number of People	0	0	0
	Percentage	0	0	0
Serious Occupational Hazard	Number of People	0	0	0
	Percentage	0	0	0
Reportable Occupational Hazard (Note)	Number of People	7	5	9
	Percentage	1.73587	1.04310	1.89213
Occupational Illness	Number of People	0	0	0
	Percentage	0	0	0
Reportable Occupation Disease	Number of People	0	0	0
	Percentage	0	0	0

Note: The rate of recordable occupational hazards is equal (the number of recordable occupational injuries x 200,000 working hours) / total exposure hours.

Statistics on Types of Occupational Hazards

Statistics / Year		2021	2022	2023	Description of Hazards and Improvement
Types of Occupational Hazards	Pinch and Crush Injuries	1	0	0	Rotating machinery, no gloves allowed
	Cut and Laceration Injuries	1	2	3	Do not remove safety guards
	Traffic Accidents	5	3	6	Traffic accident case dissemination



4-3.5 Workplace Health Promotion

As societal and economic changes unfold, the International Labour Organization (ILO) and the World Health Organization (WHO) advocate that workplace safety and health services are fundamental rights for laborers. NAFCO actively plans, promotes, and implements health initiatives, encompassing three major facets: health services, health education, and the health work environment. We provide our employees with access to a gym, walking activities, basketball games, and health seminars (focused on metabolism enhancement, weight management, and cardiovascular disease prevention). From the perspective of protecting employee health, we focus on health risk assessments, health management, health promotion, and workplace hazard evaluations and recommendations. We aim to provide employees with accurate health knowledge to ensure that work-related issues do not negatively impact their health and to implement effective occupational health care.

NAFCO is committed to implementing a system of labor health services and measures for physical and mental health protection. With a caring approach, we actively plan, promote, and advocate for the dissemination of correct health knowledge, aiming to create a workplace environment that is health-friendly and conducive to a balanced and joyful life. We aspire to help employees cultivate a positive and proactive approach to health, maintain a healthy body, mind, and spirit, and integrate workplace health into their daily lives. This way, they can achieve a harmonious and fulfilling balance between their family and work life.

Basketball Game



Taipei Medical University Hospital Nutritionists' Seminar on Enhancing Metabolism and Preventing Weight Gain



Linkou Chang Gung Memorial Hospital Doctor's Seminar on Preventing Cardiovascular Diseases



4-3.6 Health Management

NAFCO conducts special hazard operation preventive occupational health examinations annually, general health examinations for all employees every two years, and monthly on-site health services provided by labor health service physicians and occupational medicine specialists. Abnormal results from health check-ups are managed through a grading system, which includes providing health guidance to employees and tracking follow-up tests as part of the health management measures. Additionally, investigations into the correlation between employee health and work are conducted, continuous improvements are made to the occupational environment, safety, and health facilities, and ongoing management of employee health is ensured.

Physical Examination for 2023



On-site Health Services for Return-to-Work Evaluation by Physicians



On-site Health Services for Maternal Health Protection Evaluation by Physicians





05

Social Care

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- 5-1 Employee Overview
 - 5-1.1 Employee Rights
 - 5-1.2 Non-Employee Statistics
- 5-2 Appropriate Talent
 - 5-2.1 Compensation and Benefits
 - 5-2.2 Talent Development
- 5-3 Charity Engagement



NAFCO values the labor rights of its employees and is committed to creating a happy and safe workplace environment. The company provides equal and friendly job opportunities, implements gender equality policies, and fosters a culture of mutual respect. It offers competitive market-based salaries to enhance employee loyalty, reduce high turnover rates, and ensure stable company operations. NAFCO also has a comprehensive training system that includes various courses to develop employees' professional skills and enhance workplace competitiveness. Transparent promotion channels allow employees to anticipate future career development opportunities. The company maintains positive labor relations by encouraging open dialogue during labor-management meetings and responding constructively to feedback, achieving mutual consensus. Additionally, NAFCO adheres to the ISO45001 Occupational Health and Safety Management System, strengthening its management of occupational safety and health to effectively safeguard employees' physical and mental well-being. Beyond achieving impressive revenue performance, NAFCO is actively involved in public welfare activities and caring for disadvantaged groups, fulfilling its social responsibilities.

5-1 Employee Overview

NAFCO treats its employees equally, eliminating any potential labor conditions that could create workplace inequalities through various equal opportunity measures, safeguarding the labor rights and interests of our colleagues.

5-1.1 Employee Rights

NAFCO values employee rights and fosters a supportive environment for human rights protection. The company formulates human rights policies based on principles such as the United Nations' "Universal Declaration of Human Rights," "UN Global Compact," "UN Guiding Principles on Business and Human Rights," and the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work." These policies acknowledge internationally recognized fundamental human rights, including respecting employees' freedom of association, caring for vulnerable groups, prohibiting child labor, eliminating all forms of forced labor, eradicating discrimination in employment and occupation, preventing any infringement and violation of human rights, ensuring gender equality, and treating all employees fairly. NAFCO's compensation policy also ensures that salary disbursement is not differentiated based on an individual's gender, age, race, religion, or political stance.

At the same time, NAFCO complies with labor human rights laws and regulations at its various operational locations. Group agreements cover all employees, and important messages regarding human rights protection and labor rights are communicated to new and existing employees. Furthermore, NAFCO provides a reporting channel for employees to use, which is handled by dedicated personnel who conduct responsible investigations. If the reports are verified as accurate, NAFCO commits not to treat the reporting individuals unfavorably. NAFCO did not have any records of human rights violations during the year.

5-1.2 Employee Statistics

In recent years, the improvement in factory production efficiency has not only driven the company's revenue growth but has also significantly increased the demand for human resources. Coupled with the company's competitive salary levels, this has attracted top talents to join the company and contribute to its success.

Specifically, all employees are on permanent employment contracts (i.e., full-time employees), offering a stable and long-term employment arrangement that allows employees to fully dedicate themselves to their work without concerns about job security, contributing to safeguarding their economic livelihood. Moreover, the number of female employees is the highest it has been in the past three years. Employees are primarily divided into direct and indirect staff. Due to the nature of production line work, direct staff are predominantly male, while the proportion of female employees among indirect staff has been increasing each year. Regarding age distribution, in recent years, for both direct and indirect employees, over ninety percent are under the age of 50. This indicates that NAFCO primarily consists of middle-aged employees at this stage. Experienced and practical managers lead young teams, ensuring a stable workforce structure and imminent labor shortages.

Employee Statistics

Year		2021		2022		2023	
Total Employees		599		674		709	
Labor/Management Contract		Irregular	Regular	Irregular	Regular	Irregular	Regular
Gender	Male	463	0	515	0	540	0
	Female	136	0	159	0	169	0
Region	Taiwan	414	0	457	0	478	0
	Overseas	185	0	217	0	231	0
Labor/Management Contract		Full-Time Staff	Part-Time Staff	Full-Time Staff	Part-Time Staff	Full-Time Staff	Part-Time Staff
Gender	Male	463	0	515	0	540	0
	Female	136	0	159	0	169	0
Region	Taiwan	414	0	457	0	478	0
	Overseas	185	0	217	0	231	0


Note: The total number of employees is based on the figure as of the end of 2023 (December 31).

Non-Employee Statistics





Year		2021		2022		2023	
Total Workers		3		4		4	
Contract Type		Dispatched	Other	Dispatched	Other	Dispatched	Other
Gender	Male	0	2	0	3	0	3
	Female	0	1	0	1	0	1
Region	Taiwan	0	0	0	0	0	0
	Overseas	0	3	0	4	0	4
Job Type		Sales Representative	Technical Consultant	Sales Representative	Technical Consultant	Sales Representative	Technical Consultant
Gender	Male	1	1	1	2	1	2
	Female	1	0	1	0	1	0
Region	Taiwan	0	0	0	0	0	0
	Overseas	2	1	2	2	2	2

Note: The total number of employees is based on the figure as of the end of 2023 (December 31).

Employee Diversity Statistics

Year	2021		2022		2023				
	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage			
 Employees	Direct	Gender	Male	327	80.94%	373	79.36%	337	85.53%
			Female	77	19.06%	97	20.64%	57	14.47%
		Age	Under 30	74	18.32%	108	22.98%	77	19.54%
			30-50	306	75.74%	333	70.85%	284	72.08%
			50 above	24	5.94%	29	6.17%	33	8.38%
		Degree	Master's Degree	3	0.74%	2	0.43%	2	0.51%
			College/ University	196	48.51%	219	46.60%	167	42.39%
			Other	205	50.74%	249	52.98%	225	57.11%
		Indirect	Gender	Male	136	69.74%	142	69.61%	203
	Female			59	30.26%	62	30.39%	112	35.56%
	Age		Under 30	26	13.33%	22	10.78%	53	16.83%
			30-50	138	70.77%	148	72.55%	214	67.94%
			50 above	31	15.90%	34	16.67%	48	15.24%
	Degree		Master's Degree	41	21.03%	43	21.08%	42	13.33%
		College/ University	131	67.18%	138	67.65%	207	65.71%	
Other		23	11.79%	23	11.27%	66	20.95%		

Statistics on Female Employees and Female Senior Executives

	2023	Total	Percentage
Female Employees	169		 23.84%
Total Employees	709		 100%
Female Senior Executives	12		 27.27%
Total Senior Executives	44		 100%

Note: Managers at the level of manager and above are defined as senior executives.



Employee Onboarding and Offboarding Statistics

Year		2021		2022		2023	
New Employees		Total	Percentage	Total	Percentage	Total	Percentage
Gender	Male	191	41.30%	242	47.00%	214	39.63%
	Female	44	32.40%	69	43.40%	54	31.95%
Age	Under 30	75	75.00%	115	88.50%	108	83.08%
	30 or above but less than 50	157	35.40%	189	39.30%	149	29.92%
	50 above	2	3.60%	7	11.10%	11	13.58%
Degree	Master's Degree	10	22.70%	8	17.80%	8	18.18%
	College/University	137	41.90%	146	40.90%	114	30.48%
	Other	88	38.60%	157	57.70%	146	50.17%
Region	Taiwan	102	24.60%	131	28.70%	120	25.10%
	Overseas	133	71.90%	180	82.90%	148	64.07%

Year		2021		2022		2023	
Departed Employees		Total	Percentage	Total	Percentage	Total	Percentage
Gender	Male	83	17.90%	194	37.70%	187	34.63%
	Female	98	72.10%	47	29.60%	45	26.63%
Age	Under 30	63	63.00%	74	56.90%	80	61.54%
	30 or above but less than 50	109	24.50%	160	33.30%	139	27.91%
	50 above	10	18.20%	7	11.10%	13	16.05%
Degree	Master's Degree	8	18.20%	7	15.60%	10	22.73%
	College/University	103	31.50%	122	34.20%	84	22.46%
	Other	71	31.10%	112	41.20%	138	47.42%
Region	Taiwan	87	21.00%	95	20.80%	96	20.08%
	Overseas	95	51.40%	146	67.30%	136	58.87%

Note: The total number of employees is based on the figure as of the end of 2022 (December 31).

5-2 Appropriate Talent

A strong human resources system is key to the sustainable operation of NAFCO. To attract outstanding talent, the company offers competitive compensation and benefits, rewards employees for their performance and long-term contributions, and upholds the principle of equal treatment. Transparent evaluation and reward systems are in place to foster a fair competitive environment among colleagues, further shaping NAFCO's corporate culture to retain talent and enhance employees' sense of belonging and active participation in company affairs. Additionally, promotion pathways are transparent, allowing high-performing employees to advance and encourage others to learn from their examples. The company continues to develop more talented individuals by offering educational training programs and encouraging further education, enabling employees to grow in their respective fields and realize their self-worth. Lastly, NAFCO provides various channels for open communication, allowing employees to express their opinions and ensuring that the company responds constructively, maintaining harmonious and trustworthy labor relations.

5-2.1 Compensation and Benefits

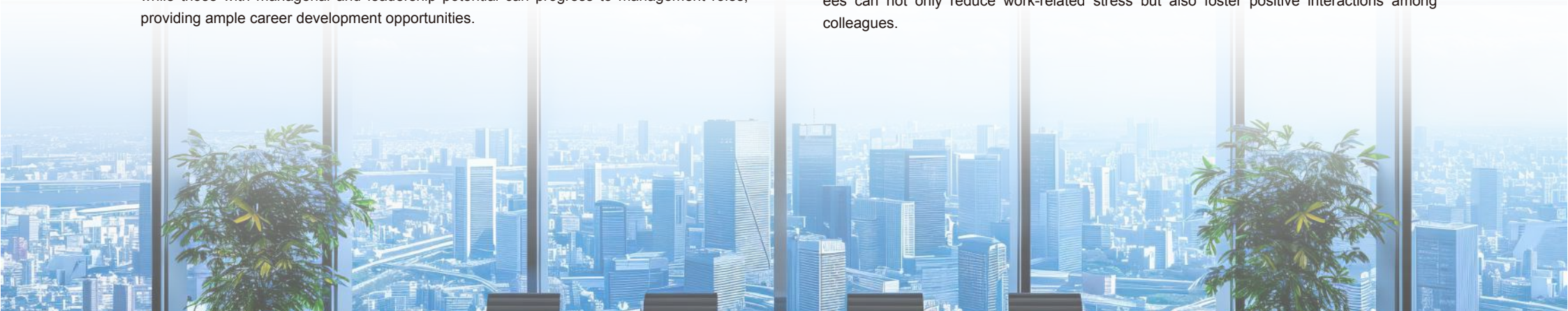
NAFCO determines employee compensation based on annual operational targets and company profitability. The company offers compensation packages that exceed local legal requirements and are competitive in the market. To ensure that employees' performance is accurately reflected in their compensation, all employees undergo regular performance and career development assessments. The performance evaluation methods are explained to employees, and the results are considered in career advancement decisions. Employees with specialized skills have the opportunity to become experts in their fields through their efforts, while those with managerial and leadership potential can progress to management roles, providing ample career development opportunities.

Percentage of Employees Regularly Undergoing Performance and Career Development Reviews

	Reviewed Employees in 2023	Reviewed Employees	Total Employees	Percentage
Gender	Male	540	540	100%
	Female	169	169	100%
Employee Category	Direct	394	394	100%
	Indirect	315	315	100%

Overall, at NAFCO, employee compensation is primarily determined by individual service tenure, academic and professional background, and expertise, rather than by personal physiological or psychological differences. As employees accumulate years of service and gain industry knowledge and experience, the company, benefiting from their contributions, is happy to share its profits. This is reflected in the annual growth of both the average and median salaries for non-managerial employees. This approach ensures that employees can focus on their work without financial concerns, thereby enhancing their sense of loyalty and belonging to the company.

Furthermore, NAFCO provides various welfare measures and a comfortable working environment to enhance employee efficiency. Through periodic employee welfare activities, employees can not only reduce work-related stress but also foster positive interactions among colleagues.



Employee Benefits

Activity Details



- ▶ Group accident insurance
- ▶ Marriage/ funeral subsidies
- ▶ Festival bonuses, birthday gifts
- ▶ Quarterly bonuses
- ▶ Regular health check-ups
- ▶ Employee cafeteria
- ▶ employee trips, year-end parties



- ▶ Employee stock subscriptions (Method announced before each offering)

Employee Parental Leave Statistics

Year	Gender	2021	2022	2023
Number of Employees Applying for Parental Leave	Male	2	0	2
	Female	0	3	1
Employees Expected to Return After Parental Leave (A)	Male	1	0	2
	Female	0	2	1
Employees Who Actually Returned After Parental Leave (B) (Including Early Returns)	Male	0	0	2
	Female	0	1	1
Return Rate (B/ A)	Male	0	0	100%
	Female	0	50%	100%
Employees Still Employed Twelve Months After Returning from Parental Leave (C)	Male	0	0	2
	Female	0	0	1
Retention Rate (C for the Current Year/ B for the Previous Year)	Male	0	0	100%
	Female	0	0	100%

Note: Return Rate = (Total Actual Returning Employees for the Year/ Total Employees Expected to Return for the Year) * 100%.

Retention Rate = (Total Employees Still Employed Twelve Months After Returning/ Total Employees Who Actually Returned in the Previous Year) * 100%.

Finally, NAFCO provides retirement counseling to employees who are about to retire, ensuring their financial planning for retirement. The retirement benefit system includes both defined benefit plans (old retirement pension) and defined contribution plans (new retirement pension).

Defined benefit plan (old retirement pension)

NAFCO's retirement system is fully compliant with the Labor Standards Act. Employees with more than fifteen years of service and aged fifty-five or older, or those with more than twenty-five years of service, are eligible to apply for voluntary retirement. The retirement benefits are provided according to the employee's years of service, with two units of the base salary granted for each completed year of service. For employees with over fifteen years of service, one unit of the base salary is granted for each completed year, with a maximum total of forty-five units. NAFCO has established a supervisory committee and allocated funds to this plan.

Defined contribution plan (new retirement pension)

Since July 1, 2005, NAFCO has been following the provisions of the Labor Retirement Pension Act. A monthly contribution less than 6% of the monthly salary is allocated towards the retirement pension, which is stored in a specialized account for labor retirement pensions.

Gym



Employee trips



Employee cafeteria



lactation room



5-2.2 Talent Development

Material Topic	Talent Development
<p>Significance to the Company</p>	<p>NAFCO firmly believes that sustainable talent is a crucial element of the company's future core competitiveness. We are committed to developing high-quality and diverse educational training to enhance the continuous growth of employees' professional capabilities. We adhere to an international perspective, integrating organizational strategic development, and have created a career development blueprint tailored to the needs of employees.</p>
<p>Policy/Commitment</p>	<p>Through education, training, and knowledge sharing, we enrich employees' knowledge and skills to improve work efficiency and quality. We design various training programs for different levels and positions, including physical training, online courses, on-the-job training, and external training. Simultaneously, to implement the concept of dual sustainable development between the company and society, we utilize internal and external teaching resources to enhance technical, leadership, and execution capabilities, promoting NAFCO Technology's corporate culture and employee career development.</p>
<p>Short-Term Goals</p>	<p>Enhance the development and nurturing of talent in "management," "technology," "AI," "manufacturing" and "engineering" to meet the continuous growth of the organization. Continuously allocate resources to enhance innovation capabilities and maintain a competitive advantage in the industry.</p>
<p>Medium to Long-Term Goals</p>	<p>Effectively utilize and develop human resources that align employee growth with corporate development goals. Through a systematic nurturing mechanism, sustainably cultivate future management talents, promote the development of middle and senior management reserve talents. In 2023, we trained 24 mid-to-senior level managers and expanded this effort to include at least 43 mid-to-senior level managers and at least 30 junior-level managers.</p>
<p>Resources Invested/ Specific Achievements for the Year</p>	<p>Team Collaboration and Talent Development Program: The budget is approximately NT\$800,000. English Courses: The budget is approximately NT\$150,000 Lean Management Courses: The budget is approximately NT\$400,000</p>
<p>Responsible Department/ Appeal Mechanism</p>	<p>Human Resource Department speakout@nafco.com.tw</p>
<p>Assessment Mechanism/ Achievements</p>	<p>Optimization of Education and Training Platforms: Achieved optimization of cross-strait education and training with resource sharing capability. Team Collaboration and Talent Development Program: Successfully trained 43 managers at the senior level and above, as well as 30 front-line supervisors.</p>



For NAFCO Technology, the key to sustainable business lies in the continuous learning and growth of its employees. Education and training are vital pathways to ensure that human capital continues to appreciate. Therefore, NAFCO Technology has always placed a strong emphasis on employee training. The overall learning and development strategy is based on on-the-job training and supplemented by training for new recruits, specialized training, and managerial-level training as its core components. Functional education and training explanations are provided for middle and senior managers, in line with annual goals and the requirements of different business segments, creating a comprehensive education and training system.

To enhance the professional skills of its employees, NAFCO develops an annual training plan based on the company's development needs and ensures the achievement of training objectives. This approach allows employees to pursue long-term careers while enabling the company to enjoy the benefits of employee growth and progress. Through internal training, the transfer of skills and experience to relevant departments is continuously promoted, assisting employees in defining their learning and development directions and serving as the basis for personal career planning.

When new employees join the company, they are introduced to various internal regulations, policies, and occupational safety-related knowledge by dedicated personnel. Subsequently, their respective departments provide specialized training. NAFCO Technology actively encourages employees to pursue professional courses within the scope of their job responsibilities, with a focus on continuous employee growth. Multiple learning channels are provided to allow employees to harness their expertise and achieve personal success.

Training Hours Statistics

Year		2021	2022	2023
Average Training Hours per Employee		39.05	37.17	43.22
Average Training Hours by Gender	Female	38.44	39.04	42.55
	Male	21.56	22.38	43.43
Average Training Hours by Category	Direct	23.66	24.33	40.96
	Indirect	45.28	47.52	46.07

Note: All overseas factory employees are classified as indirect personnel.

Note: The average training hours for each category of employees are calculated as (the total training hours for employees in that category during the year / the total number of employees in that category at the end of the year).



5-3 Charity Engagement

The NAFCO Fund continues its annual commitment to charitable donations. In the summer of 2023, as in previous years, a week-long summer camp was organized for children at the Huilong Quaker Church. Factory nurses were invited to teach the children about the prevention of summer infectious diseases, with the hope that they would grow up healthy and happy.

Support was also provided to the Taoyuan City Private Pingzhen Home for Children, funding the repair and replacement of outdated equipment and assisting in organizing outdoor parent-child activities. Company employees were invited to participate in these charitable events.





In 2023, total charitable donations amounted to NT\$1,110,000. Beneficiaries included:

- (1) Donations to the Taoyuan City Police Friendship Association;
- (2) Support for the Quaker Church's Center for Disadvantaged Families (approximately 80 children from low-income families)
- (3) Contributions to the Taoyuan City Private Pingzhen Educational and Care Institution;
- (4) Donations to National Yang Ming Chiao Tung University (Presidential Chair Program) to retain and develop high-level PhD talent in Taiwan

As a member of society, NAFCO recognizes its interdependence with investors, employees, local residents, and other stakeholders. By taking the initiative, NAFCO leverages its influence to fulfill its corporate social responsibility, collaborating with local organizations at its operational sites to ensure resources are directed to those genuinely in need. In addition to its direct charitable involvement, we also responded to the group's call by donating to its founding charitable foundation. Through collective goodwill, the foundation aims to make the most effective use of resources and contribute to a better society.





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感謝函

感謝 豐達科技股份有限公司 熱心社會公益，舉辦公益義賣活動邀請員工一起做愛心支持本會「失能家庭服務計畫」，共同散播愛與關懷，創造有愛無礙的社會，嘉惠弱勢族群，本會不勝感激，特此感謝。

敬祝

平安 喜樂

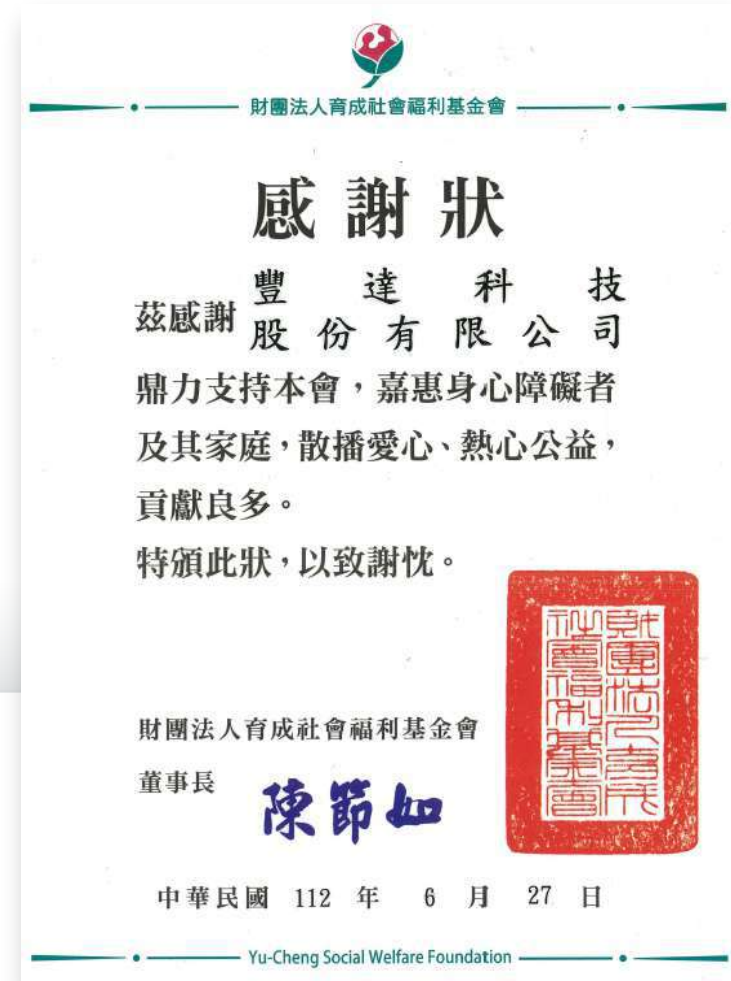
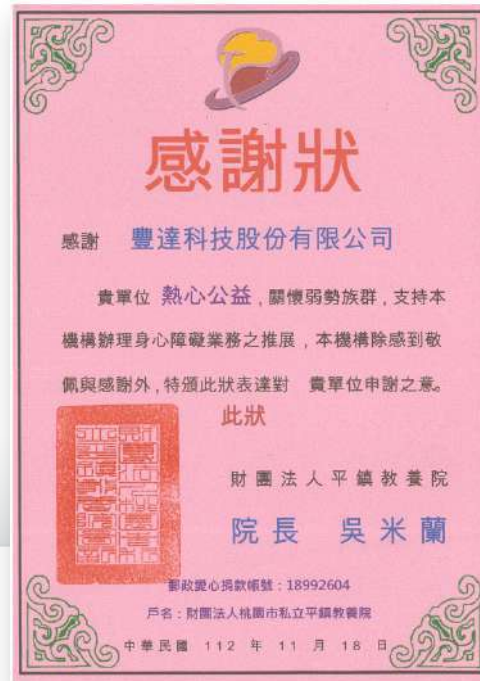
財團法人伊甸社會福利基金會

執行長 **鍾嘉林** 敬上

中華民國 一 一 二 年 七 月 七 日

「能夠付出是福氣，懂得付出是智慧」—杏林子





Appendix GRI Content Index

★ Represents a Material Topic

Declaration of use	NAFCO has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2023.
Utilization of GRI 1	GRI 1: Foundation 2021
Applicable GRI industry standards	None

Topic	Disclosure	Description	Corresponding Chapter	Page	Reasons for Omission/ Necessary Explanations	GRI Sector Standard reference numbers for the disclosures
GRI 2: General Disclosure 2021						
Organizational and Reporting Practices	2-1	Organizational Details	2.1 Company Profile	16		
	2-2	Entities Included in the Organization's Sustainability Reporting	Editorial Policy	04		
	2-3	Reporting Period, Frequency and Contact Point	Editorial Policy	04		
	2-4	Restatements of Information	Editorial Policy	04		
	2-5	External Assurance	Editorial Policy	04		
Activities and Workers	2-6	Activities, Value Chain and Other Business Relationships	2.1 Company Profile	16		
	2-7	Employees	5.1.2 Employee Statistics	56		
	2-8	Workers Who are not Employees	5.1.2 Employee Statistics	56		
Governance	2-9	Governance Structure and Composition	3.1 Board of Directors	25		
	2-10	Nomination and Selection of the Highest Governance Body	3.1 Board of Directors	25		
	2-11	Chair of the Highest Governance Body	3.1.1 Director's Continuing Education and Performance Evaluation	27		
	2-12	Role of the Highest Governance Body in Overseeing the Management of Impacts	-			Not Applicable/ No Relevant Circumstances
	2-13	Delegation of Responsibility for Managing Impacts	1.1 Sustainable Development Committee	07		
	2-14	Role of The Highest Governance Body in Sustainability Reporting	1.1 Sustainable Development Committee	07		
	2-15	Conflicts of Interest	3.1.1 Director's Continuing Education and Performance Evaluation	27		
	2-16	Communication of Critical Concerns	3.1.1 Director's Continuing Education and Performance Evaluation	27		
	2-17	Collective Knowledge of the Highest Governance Body	3.1.1 Director's Continuing Education and Performance Evaluation	27		
	2-18	Evaluation of The Performance of The Highest Governance Body	3.1.1 Director's Continuing Education and Performance Evaluation	27		
	2-19	Remuneration Policies	3.1.2 Functional Committee	28		
	2-20	Process to Determine Remuneration	3.1.2 Functional Committee	28		
	2-21	Annual Total Compensation Ratio	-			Confidentiality Policy/ Salary Falls within the Scope of Company Confidentiality; Therefore, No Disclosure is Provided.

Topic	Disclosure	Description	Corresponding Chapter	Page	Reasons for Omission/ Necessary Explanations	GRI Sector Standard reference numbers for the disclosures
GRI 2: General Disclosure 2021						
Strategy, Policies, and Practices	2-22	Statement of Sustainable Development Strategy	Message from the Chairman	02-03		
	2-23	Policy Commitment	5.1.1 Employee Rights	55		
	2-24	Embedding Policy Commitments	5.1.1 Employee Rights	55		
	2-25	Processes to Remediate Negative Impacts	3.2 Risk Management	30		
	2-26	Mechanisms for Seeking Advice and Raising Concerns	1.3 Communication Channels & Concern Topics	09		
	2-27	Legal Compliance	3.4 Legal Compliance	33		
	2-28	Membership Associations	2.4 Participation in External Organizations	23		
Stakeholder Engagement	2-29	Approach to Stakeholder Engagement	1.2 Conformation of Stakeholders	08		
	2-30	Collective Bargaining Agreements	5.1.1 Employee Rights	55		
GRI 3: Material Topics 2021						
Material Topic	3-1	Process to Determine Material Topics	1.4 Identification of Material Topics	11		
	3-2	List of Material Topics	1.4 Identification of Material Topics	11		
Economic Aspect						
Economic Performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	3.5 Operational Performance★	34		
GRI 201: Economic Performance 2016	201-1	Direct Economic Value Generated and Distributed	3.5 Operational Performance	34		
	201-2	Financial Implications and Other Risks and Opportunities Due to Climate Change	3.2 Risk management	30		
	201-3	Defined Benefit Plan Obligations and Other Retirement Plans	5.2.1 Compensation and Benefits	59		
	201-4	Financial Assistance Received from Government	-			Not Applicable/ No Relevant Circumstances
Market Position						
GRI 202: Market Position 2016	202-1	Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	5.2.1 Compensation and Benefits	59		
	202-2	Proportion of Senior Management Hired from the Local Community	5.1.2 Employee Statistics	56-58		
Customized Topic						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	3.6 Customer Services ★	35		
Customized Topic: Customer Services		Customer Services	3.6 Customer Services	35		
GRI 3: Material Topics 2021	3-3	Management of Material Topics	3.7 Information Security Management ★	36		
Customized Topics: Information Security Management		Information Security Management	3.7 Information Security Management	36		

Topic	Disclosure	Description	Corresponding Chapter	Page	Reasons for Omission/ Necessary Explanations	GRI Sector Standard reference numbers for the disclosures
Environmental Aspect						
Waste						
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Waste Management ★	41-43		
GRI 306: Waste 2020 Management Approach	306-1	Waste Generation and Significant Waste- Related Impacts	4.1 Waste Management	41-43		
	306-2	Management of Significant Waste-Related Impacts	4.1 Waste Management	41-43		
GRI 306: Waste 2020	306-3	Waste Generated	4.1 Waste Management	41-43		
	306-4	Waste Diverted from Disposal	4.1 Waste Management	41-43		
	306-5	Waste Directed to Disposal	4.1 Waste Management	41-43		
Supply Chain Environmental Assessment						
GRI 3: Material Topics 2021	3-3	Management of material topics	4.2 Supply Chain Management ★	44-46		
GRI 308: Supply Chain Environmental Assessment 2016	308-1	New Suppliers That Were Screened Using Environmental Criteria	4.2 Supply Chain Management	44-46		
	308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken	4.2 Supply Chain Management	44-46		
Social Aspect						
Employment						
GRI 401: Employment Relationships 2016	401-1	New Employee Hires and Employee Turnover	5.1.2 Employee Statistics	56		
	401-2	Benefits Provided to Full-Time Employees That Are Not Provided to Temporary or Part-Time Employees	5.2.1 Compensation and Benefits	59		
	401-3	Parental Leave	5.1.2 Employee Statistics	56		
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	4.3 Occupational Health and Safety ★	47-53		
GRI 403: Occupational Health and Safety 2018 Management Approach	403-1	Occupational Health and Safety Management System	4.3 Occupational Health and Safety	47-53		
	403-2	Hazard Identification, Risk Assessment, and Incident Investigation	4.3 Occupational Health and Safety	47-53		
	403-3	Occupational Health Services	4.3 Occupational Health and Safety	47-53		
	403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	4.3 Occupational Health and Safety	47-53		
	403-5	Worker Training on Occupational Health and Safety	4.3 Occupational Health and Safety	47-53		
	403-6	Promotion of Worker Health	4.3 Occupational Health and Safety	47-53		
	403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	4.3 Occupational Health and Safety	47-53	Not Applicable/ No Relevant Circumstances	

Topic	Disclosure	Description	Corresponding Chapter	Page	Reasons for Omission/ Necessary Explanations	GRI Sector Standard reference numbers for the disclosures
Training and Education						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	5.2.2 Talent Development ★	63-64		
GRI 404: Training and Education 2016	404-1	Average Hours of Training per Year per Employee	5.2.1 Compensation and Benefits	59		
	404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	5.2.1 Compensation and Benefits	59		
	404-3	Percentage of Employees Regularly Undergoing Performance and Career Development Reviews	5.2.1 Compensation and Benefits	59		
Diversity and Equal Opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of Governance Bodies and Employees	5.1.2 Employee Statistics	56		
	405-2	The Ratio of Women's Base Salary to Men's Base Salary	5.2.1 Compensation and Benefits	59		
Supplier Social Assessment						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	4.2 Supply Chain Management ★	44-46		
GRI 414: Supply Chain Social Assessment 2016	414-1	New Suppliers That Were Screened Using Social Criteria	4.2 Supply Chain Management	44-46		
	414-2	Negative Social Impacts in the Supply Chain and Actions Taken	4.2 Supply Chain Management	44-46		
Customized Topic						
GRI 3: Material Topics 2021	3-3	Management of material topics	3.8 Product Responsibility/ Product Safety ★	38-39		
Customized Topic: Product Liability and Safety		Product Responsibility/ Product Safety	3.8 Product Responsibility/ Product Safety	38-39		
Customized Topic: Charity Engagement		Charity Engagement	5.3 Charity Engagement	65-68		



2023

Sustainability
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