



Kwong Fong Industrial Co., Ltd.

2024 Sustainability Assessment

Kwong Fong Sustainability Report



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Welcome to the Sustainability Report published by Kwong Fong Industrial Co., Ltd. (hereinafter referred to as Kwong Fong Company). This report comprehensively discloses Kwong Fong Company's sustainable management strategies, activities, and performance in ESG (environment, society, governance), while also presenting the outcomes of stakeholder engagement, thereby illustrating Kwong Fong Company's commitment to sustainable development and its social and environmental responsibilities.

Scope of Disclosure:

Kwong Fong's parent company and its consolidated subsidiaries (Kwong Fong Holdings Limited, Pao Fong Asset, MDBS Digital, Galaxy Digital, Digital Securities Investment Advisory) encompass a diverse range of operations. Kwong Fong Group engages in digital technology, construction, investment, and securities investment advisory services, with this report detailing a total of two operational locations. The total disclosure ratio accounts for 100% of the consolidated revenue for 2024. The disclosure scope for each business entity is outlined as follows:

1. Digital Technology Business: The disclosure scope encompasses the consolidated subsidiaries in which the Company possesses a 51% stake, specifically MDBS Digital Technology Co., Ltd. and Galaxy Digital Co., Ltd. These two entities are tasked with software development and application service operations.

2. Construction business: The scope of disclosure encompasses the company's wholly-owned consolidated subsidiary, Pao Fong Asset Management Co., Ltd., which oversees the company's real estate development and management operations.

3. Investment Business: The investment division of the company oversees the diverse investment activities of Kwong Fong Industries Corporation and Kwong Fong Holdings Limited, encompassing financial product investments and strategic investments in both domestic and international open markets.

4. Securities Investment Consulting Business: Digital Securities Investment Consulting Co., Ltd., a subsidiary of Galaxy, oversees external securities investment consulting activities.

Company name	Industry	Sustainability Report Disclosure Criteria	Consolidation of Financial Statements: Disclosure Scope	Not included within the scope Reason
Kwong Fong Industrial Co., Ltd.	Others	Yes	Yes	None
Subsidiary of Pao Fong Asset Management Co., Ltd.	Construction industry	Yes	Yes	None
Subsidiary of Kwong Fong Holdings Limited	Overseas investment	Yes	Yes	Registration place: British Virgin Islands/No staff
Subsidiary of Galaxy Digital Co., Ltd.	Information software services	Yes	Yes	None
Subsidiary of MDBS Digital Technology Co., Ltd.	Information software services	Yes	Yes	None
Subsidiary of Galaxy Digital Securities Investment Consulting Co., Ltd.	Information software services	Yes	Yes	Galaxy 100% subsidiary



■ Compose a concise summary

The information and data presented in this report are supplied by each unit window, with the sustainable development team responsible for integrating the information. The content's accuracy is verified by the heads of each department and ultimately approved and disclosed by the board of directors to create a formal report.

■ Report Structure

This report has been prepared in accordance with the GRI General Standards 2021, as published by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board, and the Task Force on Climate-related Financial Disclosures (TCFD).

■ Reporting Period

From January 1, 2024, to December 31, 2024.

■ Reporting period

The Company annually prepares a sustainability report. The most recent report was published in August 2025, with the subsequent report anticipated in August 2026.

■ Information revised

This is the second report, and no information has been reiterated.

■ Data Assessment

Financial operating performance is derived from the annual report, encompassing all affiliated companies within the consolidated financial statements, in compliance with the International Financial Reporting Standards (IFRS), and expressed in New Taiwan dollars. This information is certified by CPA Singapore. For further details, please consult the financial report. The pertinent data is compiled by the appropriate internal departments and presented using internationally recognized indicators and units; the data and explanations regarding water and electricity consumption for environmental sustainability are primarily disclosed at the operating locations in Taipei City.

■ Assurance and trust

This report has not yet been commissioned to ensure its accuracy.

■ Feedback

Should you have any inquiries, comments, or suggestions regarding this report, please do not hesitate to reach out to us via the following channels:

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Letter from the Chairperson

As the global trend toward sustainable development accelerates, Kwong Fong Company recognizes the significant role that enterprises occupy within the contemporary economy, environment, and society. Confronted with climate change, resource limitations, and the challenges associated with humanity's quest for greater equity and inclusion, Kwong Fong Company remains steadfast in its commitment to the core values of "integrity, innovation, and responsibility." The company is dedicated to advancing business strategies that align with ESG (environmental sustainability, social participation, and corporate governance) principles.

In 2024, our focus will be on enhancing resource utilization efficiency, minimizing our carbon footprint, and striving to improve supply chain transparency and employee welfare. We remain dedicated to information development and system integration services, expanding our client base within the financial sector, and upholding our mission as an information innovator. By leveraging AI technology, we aim to achieve excellence in financial technology and serve as a robust digital support for corporate clients. To advance the knowledge and skills of our employees, we will design and implement a variety of training programs. We are committed to safeguarding the rights and interests of our workforce, offering a competitive salary structure and comprehensive benefits, fostering employee loyalty, and growing alongside the company to create mutually beneficial outcomes.

ESG is integral to the sustainability and competitiveness of businesses. By fostering innovation and embracing environmentally friendly solutions, we can attain our energy conservation and carbon reduction objectives in the short, medium, and long term. Moving forward, we will remain committed to our responsibilities as corporate citizens, enhance collaboration with stakeholders, and collectively seek sustainable solutions. We are convinced that only through sustained commitment and comprehensive engagement can we genuinely achieve the vision of "harmonious coexistence between humanity and nature."

Looking forward, in addition to striving for operational and profit growth, Kwong Fong Company will persist in enhancing corporate governance to safeguard shareholder rights, align with the government's carbon pathway policy to mitigate greenhouse gas emissions, prioritize employee well-being to ensure their physical and mental health and safety, and engage in public welfare and other ESG sustainable initiatives to fulfill the objective of corporate sustainability.



Sustainable Performance Achievements

2024 Performance Highlights	
Towards	Performance Content
Economic aspects	• In 2024, the Group's diverse enterprises endeavored to maintain stable operations. Adhering to a lean management policy, the implementation of the working hour performance system and accounts receivable management was emphasized, leading to a sustained growth of 12.73% in annual consolidated revenue, 13.12% in operating gross profit, and 53.48% in net profit after tax. Furthermore, various financial metrics continued to demonstrate robust performance in 2024, with a current ratio of 223.58%, an average collection period of 29 days for accounts receivable, and a debt ratio of 23.99%, reflecting a relatively sound operational foundation. • Our company is collaborating with Keda Construction to advance the reconstruction project of the Meiren section in Songshan District. Moving forward, the project will adhere to the "Urban Dangerous and Old Building Volume Incentive Measures." The planning will align with the building seismic design (Article 6), the candidate silver-level green building certificate (Article 7), and the candidate silver-level smart building certificate (Article 8).
Environmental aspect	An evaluation was performed in 2024, followed by an investment in GreenLand USA in 2025. The investment initiatives encompassed advanced technology sectors, including closed-loop recycling, plastic injection molding, and automated luggage production. Comprehensive support was offered in technology integration and strategic planning to enable GreenLand to attain innovative advancements in the green circular economy within the United States, aiming to establish itself as an industry leader. Our company's tailored software solutions are developed in accordance with user requirements and cutting-edge themes. We aim to create energy-efficient software products while advancing carbon emission management and process optimization to foster sustainability in software development. 1. Optimization of operational processes: Streamline redundant application operations to decrease overall carbon emissions. 2. Infrastructure optimization: Minimize redundancy in tasks across various cloud databases, consequently decreasing carbon emissions.
Social aspect	1. Contribute resources to the Yawen Children's Language Education Foundation. 2. Contribute resources to the Huashan Foundation. 3. On December 14, 2024, the "I Profit, I Charitable" lecture took place at NTU Jisi, featuring six speakers who shared insights on futures and overseas commodity strategies. All proceeds will be donated to the Children's Therapeutic Association, merging investment with philanthropy to embody the principle of giving back to society.

Kwong Fong agrees with the mission of the "Yawen Children's Hearing and Language Education Foundation": to help hearing-impaired children in Taiwan learn to "listen" and "speak" to fully develop their talents, and supports the operation of the foundation with practical materials.



Huashan Foundation has a mission to serve the elderly, and has the concepts of "aging in place" (elderly people can live out their lives in an environment they are familiar with), "aging at home" (elderly people can live out their lives in a family-style residence), and "community mutual assistance" (taking from the community and serving the community). It provides free home services for the elderly with three disabilities (disability, dependence, and dementia). Kwong Fong agrees with its philosophy and donates materials to support its practice with practical actions.



Highlights of Kwong Fong's Subsidiary of Galaxy



This lecture event, titled "I Profit, I Charity | Master Interview Public Welfare Lecture," integrates investment acumen with a commitment to public welfare. It is scheduled to take place at the NTU Jisi Conference Center on December 14, 2024 (Saturday), from 1:00 PM to 5:00 PM. The event features six distinguished speakers, including A Rongmi, Freeman, Warrant Brother, Yang Yunxiang, General Manager Mao, and lawyer Zhong Wenzhao, who will provide insights into operational strategies and regulatory frameworks pertaining to Taiwan Index Futures, individual stock futures, and international commodity markets, including the mini-Nasdaq, gold, US dollar, euro, and Hang Seng Index.

This event is organized by Galaxy College and sponsored by Qun Yi Futures. In addition to offering professional investment insights, it serves as a charitable initiative. All proceeds from the course will be donated to the Taiwan Early Childhood Development Association to assist more children in need of support.

This lecture underscores that "profit is not the sole objective in life" and urges investors to contribute to society through education and practice, embodying the principle of "investing in oneself and investing in the world."



Company Profile

GRI 2-1, 2-6



Company Overview

Company name	Kwong Fong Industrial Co., Ltd.
Headquarters location	28F, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City 106
Stock code	1416
Industry category	Others
Date of establishment	June 28, 1968
Capitalization	NT\$1,853,421,680
Number of shares issue	185,342,168 shares
Number of employees	131 people
Operation locations	2, Taiwan

Note: The above data is up to December 2024



Company Overview and Historical Background

Kwong Fong Industries Corporation (stock code: 1416) was founded in 1968, initially focusing on "Laifu" brand towels as its primary product. The company was listed on the Taiwan Stock Exchange in 1976. As the industrial landscape evolved, Kwong Fong gradually transitioned to real estate development and construction in 2006. In 2020, it made strategic investments in Mdb's Digital Technology Co., Ltd. and Galaxy Digital Co., Ltd., thereby entering the financial technology sector and offering real-time financial transaction products, big data analysis, financial AI platforms, and other services. Today, Kwong Fong Industries has evolved into a diversified enterprise group with operations spanning construction, digital technology, property management, and various other sectors. The company's significant developmental milestones and historical events are outlined as follows:

1968 Mr. Ho Ying-cai, the founder of our company, established Kwong Fong Industrial Co., Ltd. in Bade Township, Taoyuan County, and launched the LIFE brand.



1969 Towel manufacturing facility established.

1970 Establishment of the spinning mill.

In 1976, the Taiwan Stock Exchange approved the listing of Kwong Fong Industrial Co., Ltd.

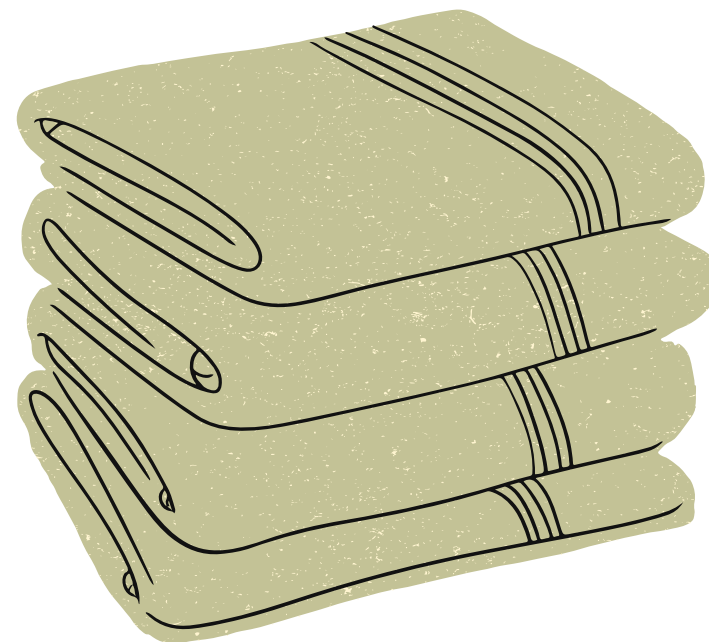
1979 Merged with Lecheng Textile Co., Ltd.

In 1983, the transition from outdated equipment to modern machinery was expedited, the initiative for "continuous production automation" was established, and enhancements were made to production management information systems.



1992 Kwong Fong Holdings Limited made an investment in the Hong Kong-listed entity "Greater China Group."

1997 Kwong Fong Taoyuan Bade "residential area rezoning," application for urban transformation plan.



1998 The towel division was transformed into the home textile division.

In 1999, the company officially entered the bedding market and collaborated with internationally recognized brands such as Disney and Kafan to design and develop premium bedding.

2003 Pao Fong Asset Management Co., Ltd. was founded to oversee the development of the Kwong Fong Bade redevelopment area and the associated industrial and commercial complex.

In 2007, Pao Fong Asset Management Co., Ltd. commenced the development and construction of projects including "Taoyuan Yangmei Apple Village" and "Tamsui Xiaopingding Huanyou County."

2009 The planning and construction of the Kwong Fong Bade rezoning area were completed, initiating the redevelopment of the residential area and the industrial and commercial complex.

2010 saw the launch of the "Kwong Fong Park NO.1" project by Pao Fong Asset Management Co., Ltd.

In 2011, Pao Fong Asset Management Co., Ltd. initiated the "Kwong Fong Park NO.2" project.

In 2013, Pao Fong Asset Management Co., Ltd. initiated the "Kwong Fong Park NO.3" project.



In 2017 "Kwong Fong Plaza" was completed and put into operation



2020 1. Sold "Kwong Fong Plaza."

2. Invested "MDBS Digital Technology Co., Ltd." and "Galaxy Digital Co., Ltd."



Company Introduction and History:

June 1968

"Kwong Fong Industries Corporation" was founded by the previous chairperson Ho Ying-Tsai. The capital stock was NT\$20,000,000; the "LIFE" trademark was created.

1969

Built the Yarn-spinning Factory No.1.

1970

Built the Fabric-weaving Factory.

1976

Shares went public.

1979

Merged Le Cheng Textile Company.

1980

Completed expansion of automatic towel machines in the Towel Factory.

1983

Implemented rapid transportation and streamlined production processes, enhancing financial management functions.

1984

Became the first in Taiwan to introduce the SPUN technology for quick-drying yarn production.

1992

Kwong Fong Holdings Limited through investment, invested in the Hong Kong-based "Mega Group."

1997

Applied for the urban land in Bade City, Taoyuan County.



1998

Expanded the towel business division into the "Home Products Division."

1999

Entered the formal military uniform market and began developing high-end bedding products in collaboration with renowned international brands such as Disney and KAFEN.

2003

Set up Pao Fong Investment Management Co., Ltd. through investment, to undertake the development of the urban land in Bade City.

2007

Pao Fong Investment Management Co., Ltd. launched the "Taoyuan Yangmel Apple Community" and "Tamsui Xiaopingding Westin Hills," both receiving great acclaim.

2009

Consolidated the urban land (the land on which Kwong Fong's Taoyuan factories sat) in Bade City, Taoyuan County and completed the development of the land for the early phase of the urban land consolidation project.

2010

Launched "Kwong Fong Park NO.1" project.

2011

Launched "Kwong Fong Park NO.2" project.

2013

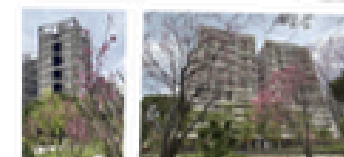
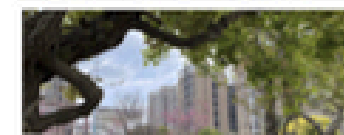
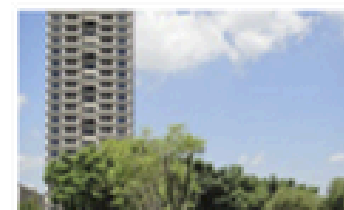
Launched "Kwong Fong Park NO.3" project.

2017

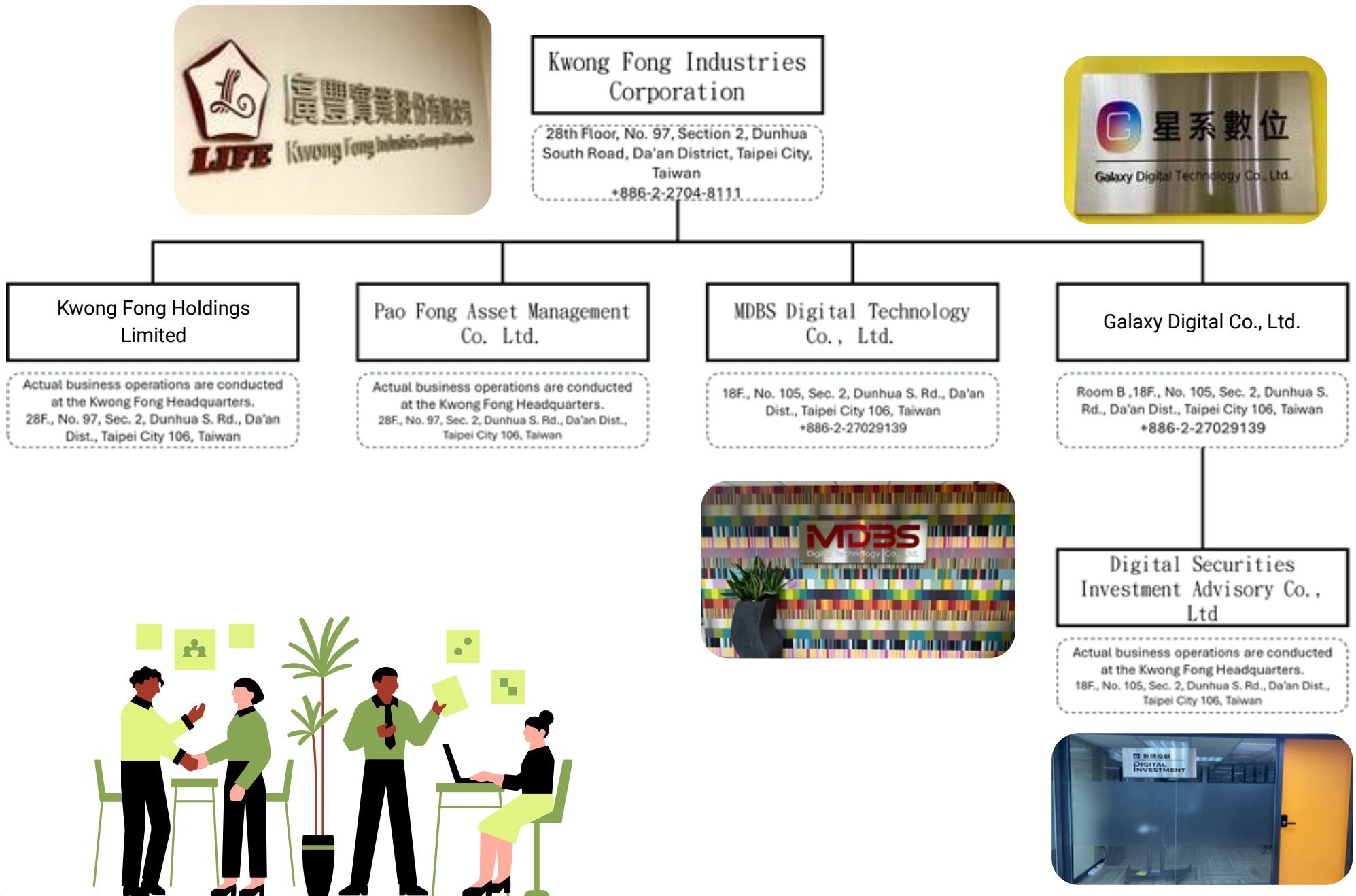
"Kwong Fong Plaza" was completed and put into operation

2020

1. Sold "Kwong Fong Plaza."
2. Invested "MDBS Digital Technology Co., Ltd." and "Galaxy Digital Co., Ltd."

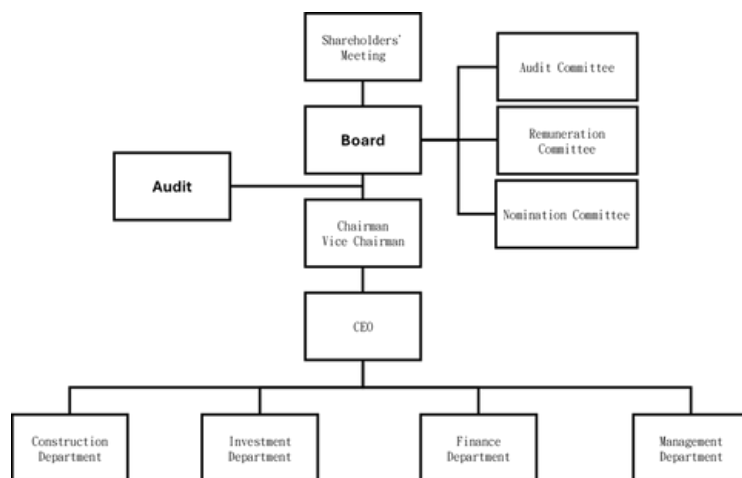


Operational Locations

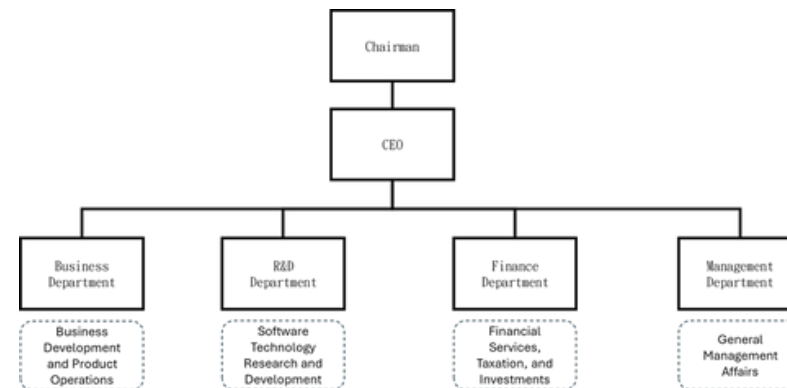


Organizational Framework

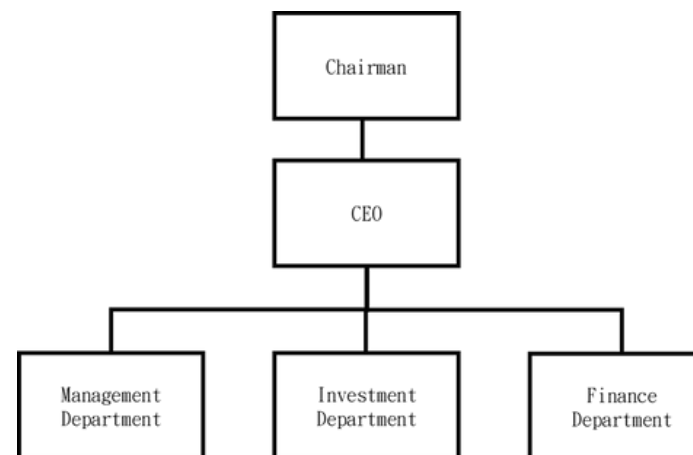
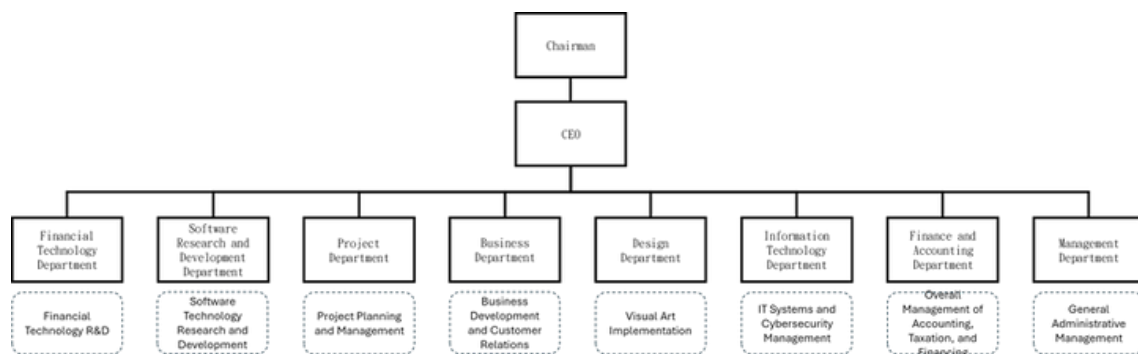
Kwong Fong Industries Corporation (parent company)



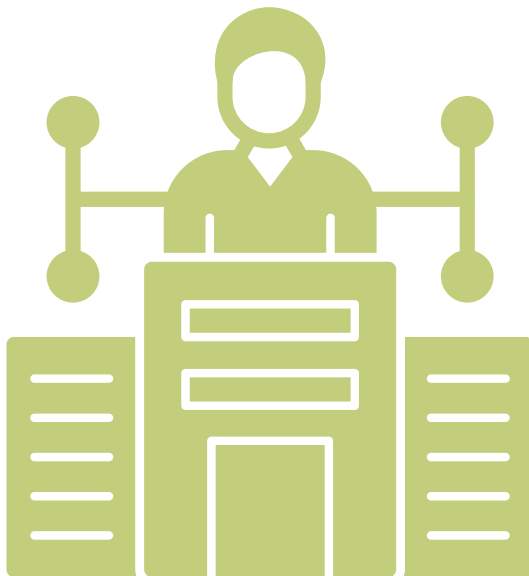
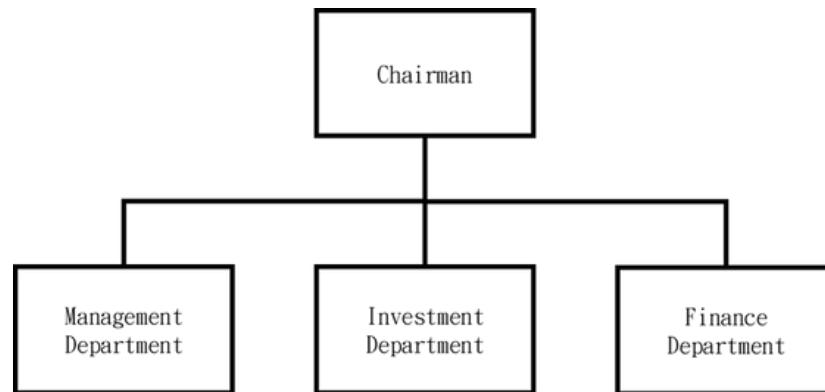
Galaxy Digital Co., Ltd. (subsidiary)



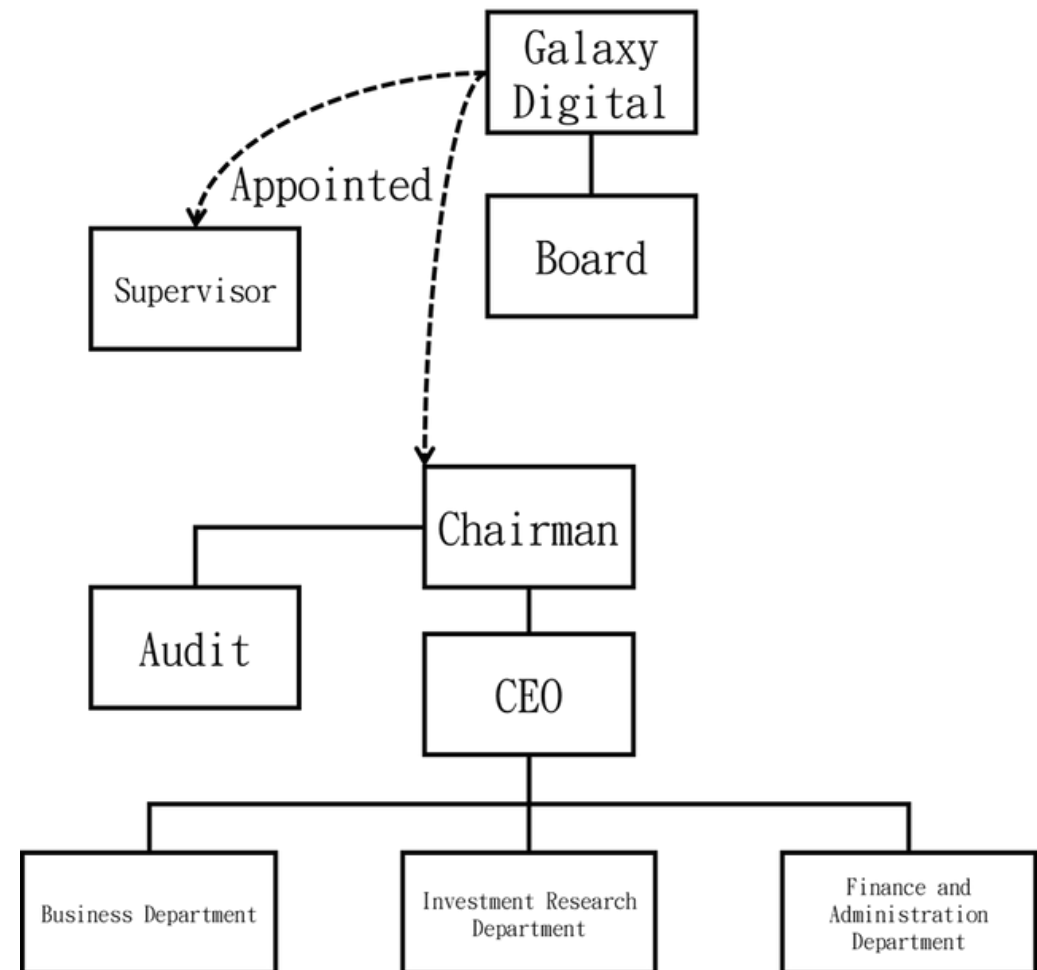
Pao Fong Asset Management Co., Ltd. (subsidiary)



Kwong Fong Holdings Limited
(subsidiary)



Digital Securities Investment Consulting Co., Ltd.
(a subsidiary of Galaxy)



Corporate Philosophy



Corporate philosophy

Our company embodies the ethos of "innovation and change, forging ahead," adeptly responding to industry and economic challenges. We maintain a commitment to diligence, pragmatism, and steady operation, establishing a robust foundation for development and progressing towards sustainable growth. We uphold the principles of fairness, integrity, and transparency, dedicating ourselves to continuously creating value and addressing diverse needs in a rapidly evolving market. Kwong Fong Company places significant emphasis on honest management, actively fostering mutual trust with clients, partners, and employees. We deliver high-quality products and services in the realms of construction, digital technology, and property management with a professional demeanor.

Corporate Vision

Kwong Fong embraces "integrating resources, creating value, and sharing benefits" as its foundational principle. By employing a well-defined value creation model, it amalgamates advantageous resources both within and beyond the organization, harnesses growth potential, fosters sustainable development, ensures employee welfare, rewards shareholders, and elevates the overall value for clients and enterprises. Kwong Fong is steadfast in its belief that the long-term vision of "harmonious coexistence between man and nature" can only be achieved through sustained commitment and the active participation of all employees.

Introduction to Products and Services

■ In 2024, Kwong Fong Group's business composition will consist of information subscription services at approximately 53%, information system development at around 46%, consulting services at about 0.7%, and rental income at roughly 0.27%.

■ Digital Technology Business: Our company's digital technology division is firmly established within the financial sectors, including securities, funds, and insurance. It boasts advantages in system performance and information connectivity, along with extensive cross-industry development experience. The division is dedicated to delivering high value-added solutions and services.

- In the B2B market, we offer Speedy, an instant financial transaction solution from Taiwan, alongside extensive system integration, real-time big data analysis, a financial AI innovation platform, web design, website development, and app creation. Our services cater to long-term, stable clients, including the financial sector and large enterprises. In recent years, we have broadened our application market through advanced technology, establishing a consumer product ecosystem for the financial e-commerce and retail e-commerce sectors, while actively pursuing the B2C market to generate new business opportunities and drive revenue growth.
- The company's subsidiaries, MDBS Digital Technology and Galaxy Digital, specialize in digital services and financial social sectors, respectively, offering a range of innovative solutions. MDBS Digital facilitates digital transformation for businesses through website development, app creation, system integration, and visual design. In contrast, Galaxy Digital merges social and financial information, introduces applications like Roomi Small Box, and establishes an investment academy to enhance users' financial literacy and investment skills.
- MDBS Digital offers comprehensive digital services, encompassing website and platform development, application creation and maintenance, multi-terminal website construction, system integration, and professional visual design. Website development includes portal sites, corporate official websites, and responsive web design, adhering to the latest UI/UX standards. Application development prioritizes intuitive functionality, a global perspective, streamlined dynamic elements, and adaptable architecture. Multi-terminal construction integrates architectural design, prototype concepts, and interactive experiences. System integration encompasses membership systems, payment components, content management, and large-scale system interfaces. Visual design aligns with Android IO, UI/UX, and micro-interaction design standards.
- Galaxy Digital Co., Ltd. has introduced an innovative application, "Roomi Small Box," which integrates chat, entertainment, and financial information functionalities. Users can initiate courses within the chat room, engage in real-time voice interactions, and enhance social communication. The integrated virtual fish pond offers fishing games, allowing users to experience the enjoyment of investment while earning R coins as rewards. The stock discussion area facilitates real-time stock price inquiries and social sharing.
- Additionally, Galaxy Investment Academy offers an extensive array of investment tools and courses, including Taiwan Stock Market University, Stock Price Gene, and Taiwan Stock Market Time Machine, among others. These resources encompass stocks, bonds, funds, and derivatives, and are delivered by industry experts. By utilizing both online and offline learning modalities, the academy enhances users' investment knowledge and decision-making skills.

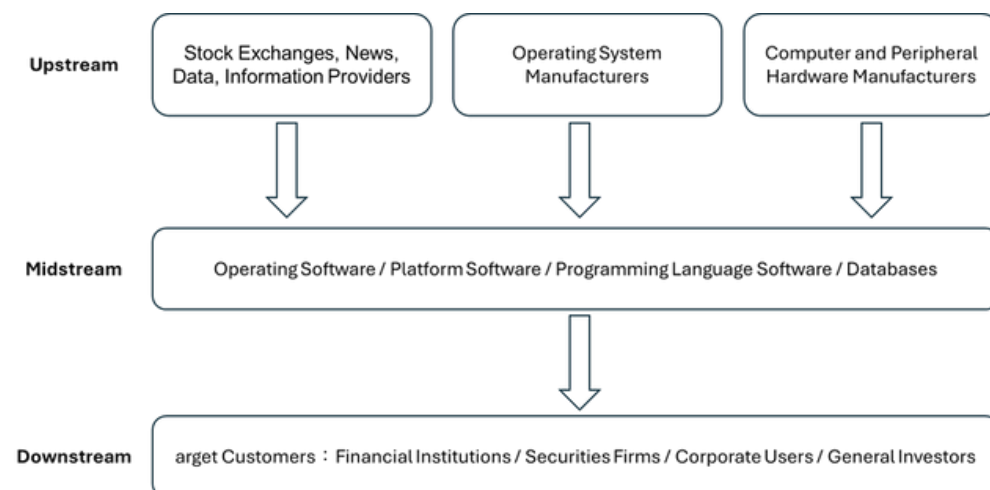
■ Construction business: In the short term, recoup funds by selling surplus properties, collaborate with the government to advance urban renewal and address hazardous aging infrastructure, and broaden business prospects through joint construction or partnership development.

- Land development and residential sales: Kwong Fong's subsidiary, Pao Fong Asset Management Co., Ltd., is advancing a collaborative construction project in Tamsui, New Taipei City, and is marketing completed residences, primarily in the Xiaopingding area.

Development of Value Chain and Industrial Competition

1. Digital technology enterprise

The information service industry typically encompasses enterprises that deliver professional expertise and information technology, as well as produce, manage, and access diverse forms of original data and knowledge to develop integrated, networked, and optimized information systems for both their own use and that of various clients. Our company's digital technology division boasts a broad client base and has increasingly concentrated on the financial sector in recent years. The financial industry information service market is delineated as follows:



Upstream suppliers primarily consist of information source manufacturers (market quotes, after-hours information), operating system developers, and hardware equipment providers. Notable examples include Chunghwa Telecom, Lingqun Computer, Jingcheng Information, and the Taiwan Futures Exchange. The company's digital technology division predominantly offers clients individual products or comprehensive solutions through information integration, application programming, and interface optimization. It serves downstream clients such as securities firms (CITIC Securities, Mega Securities, Guopiao Securities, First Financial Securities, KGI Securities, Fubon Securities, Hua Nan Yongchang Securities, Qunyi Jinding Securities, Cooperative Bank Securities), futures firms (Guopiao Futures, SinoPac Futures, Uni-President Futures), banks (Future Bank), the insurance sector, financial holding companies, corporate traders, and general investors for redevelopment or utilization.

Development of industry competition

The zero-contact economy continues to evolve, encompassing digital transformation and cross-domain innovation, thereby challenging the information industry's capacity to adapt to shifts in business models and integrated applications. While the information industry is characterized by its high level of professionalism, the Internet era has lowered the barriers to entry for basic software development. Consequently, numerous newcomers are entering the market with low-cost strategies to capture market share. Established software developers have transitioned from original equipment manufacturers to digital consultants, now offering solutions that integrate software and hardware. In the post-pandemic era, various industries are embracing diversified development. The prevailing trend is the convergence of virtual and physical realms, with a focus on life-oriented software development that aligns with business models; innovation and speed have emerged as the industry's competitive advantages.

The digital technology sector is dedicated to the advancement and implementation of digital innovation while continually enhancing its core technical competencies. Concurrently, it employs AI-driven tools and development expertise to integrate platform information, thereby aiding clients in their digital transformation journeys. Additionally, it maintains significant investments in the development and optimization of independent investment platforms, expanding educational courses and after-sales services to support individual investors in making informed trading decisions and to provide an optimal investment tool experience.

2. Construction industry

(1) Industry Overview and Development:

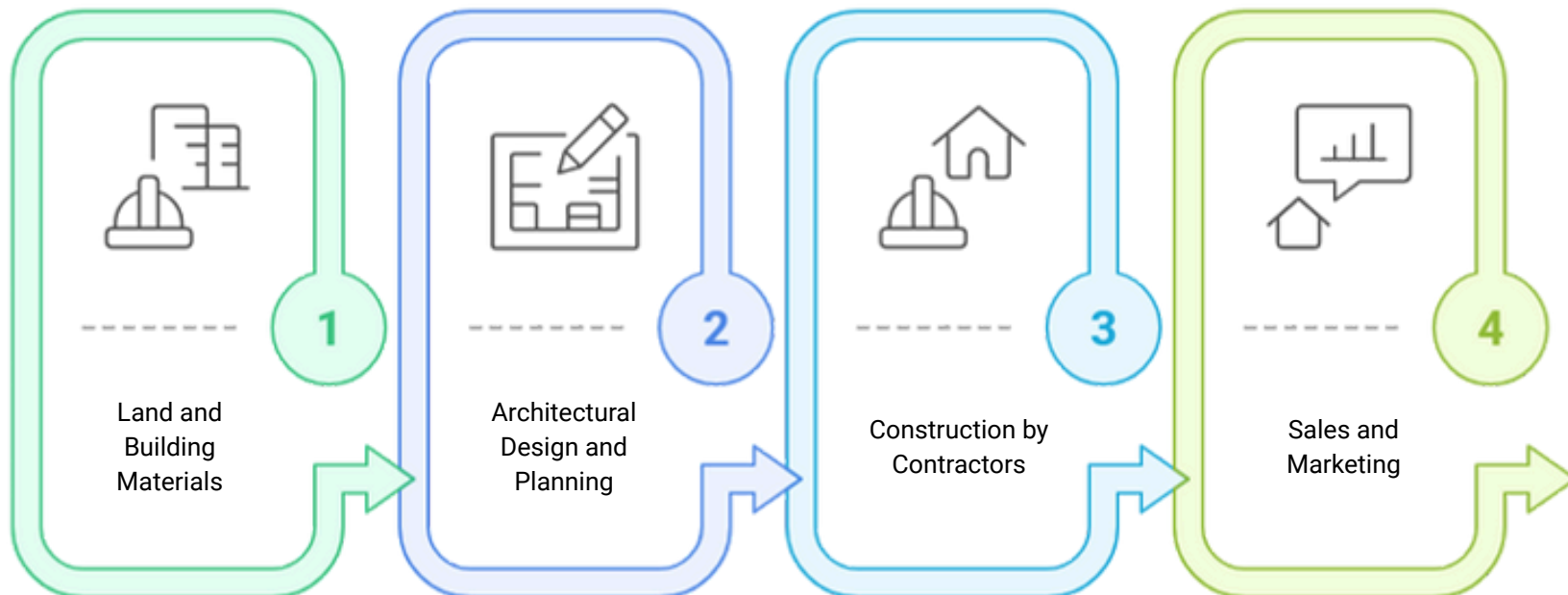
According to the monthly statistics from the Ministry of the Interior, the number of buildings sold and transferred in Taiwan in 2024 is projected to reach 350,525, reflecting an increase of approximately 43,000 buildings, or 14.19% year-on-year. Experts indicate that the surge in housing market transactions in 2024 is primarily attributable to the influence of the "New Youth Peace of Mind Home Loan Project," which has significantly enhanced the overall transaction volume in the housing market. In September of the same year, the central bank enacted the seventh wave of credit control measures, effectively curbing the robust buying momentum observed in the first three quarters. In 2025, the housing market is expected to remain predominantly focused on self-use, and given the constrained capital environment, the potential for housing market performance will be limited.

(2) Correlation among upstream, midstream, and downstream sectors:

The upstream raw materials of the real estate industry primarily consist of land and building materials. Following the acquisition of land, skilled architects are essential in the midstream phase to oversee product planning, while construction firms known for their high-quality workmanship are tasked with the construction process. Subsequently, proficient downstream sales companies or intermediaries handle the product sales.

(3) Trends in Development and Competition:

Acquiring land in prime locations is becoming increasingly challenging. Furthermore, consumers are placing greater emphasis on residential products and space planning. Consequently, we must enhance our focus on product planning moving forward. In addition to addressing consumer needs, we must cultivate product uniqueness to ensure competitiveness in the market and, in turn, shape the brand image.



1-1 Sustainability Governance Framework
1-2 Sustainability Strategy



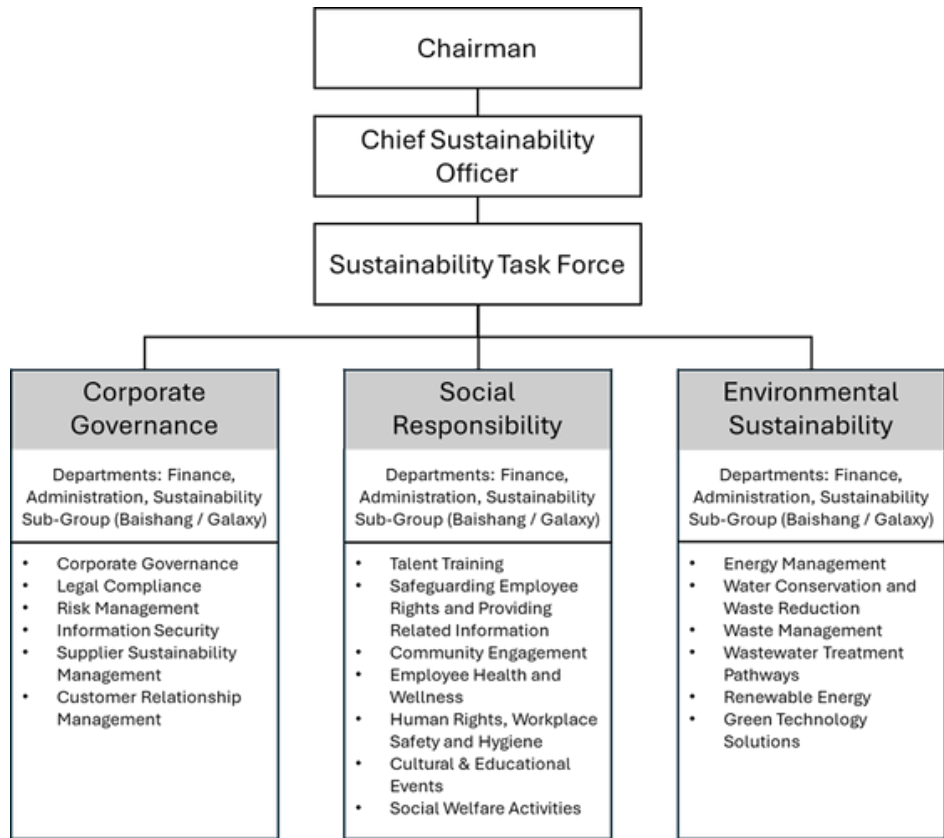
CHAPTER 01 Sustainability Strategy

In 2023, the Company formed a "Sustainability Preparation Team," followed by the establishment of a "Sustainability Promotion Team" in 2024, comprising senior executives from diverse departments. This team is tasked with overseeing sustainable initiatives across the three primary domains of environment, economy, and society. Annual meetings are convened to develop sustainable strategies and objectives, alongside consultations with stakeholders. Upon receiving approval from the Chairman, responsibilities are delegated to various departments, with the Chief Sustainability Officer supervising implementation and regularly reporting progress to the Board of Directors.

The operations of the Sustainability Promotion Group encompass four fundamental steps: (1) Strategic Planning: Formulating the company's sustainability strategy and defining short-, medium-, and long-term objectives; (2) Plan Implementation: Each working group advances initiatives related to environmental sustainability, corporate governance, employee welfare, and social engagement; (3) Performance Evaluation: Monitoring ESG outcomes and preparing an annual report; (4) Improvement Action: Gathering feedback from stakeholders and recommending ongoing enhancement strategies.

The team also develops sustainable policies and indicators informed by significant impacts and negotiation outcomes, which are then submitted to the chairman for review. The chairman is tasked with evaluating the implementation and modifying strategies as needed to harmonize environmental and operational advantages, while also overseeing integrity management and risk control. Following approval, each department will proceed and report progress in accordance with the policy, and the general manager will present the annual results after integration.

Simultaneously, the company vigorously advocates for low-carbon operations in alignment with the goal of achieving net zero carbon emissions by 2050. The Chairman and the Sustainability Promotion Team collaboratively undertake the responsibility for managing climate-related risks. At the start of the year, they assessed the climate risk thresholds, operational plans, and associated budgets, subsequently proposing management adjustments to ensure the effective execution of carbon reduction and climate adaptation initiatives.



Sustainability Working Group / Operational Framework for the Sustainability Development Committee

To enhance corporate sustainable governance, the board of directors empowers the chairman to act as the principal leader of the sustainability framework and establishes a "sustainable development promotion team," with the general manager designated as the "sustainability chief." This role entails coordinating the three primary working groups focused on corporate governance, social welfare, and environmental sustainability, overseeing project effectiveness, and facilitating collaboration among various departments to advance sustainability initiatives. In addition to providing periodic updates to the chairman regarding project progress, the sustainability chief is also required to present the overall results to the board of directors annually.

In operational terms, the promotion team identifies essential sustainability issues derived from stakeholder consultations and their effects on the economy, environment, and society. Following a review by the Chief Sustainability Officer, the team, along with department heads, develops management policies, strategies, and performance targets. Upon approval by the Chairman, each department will execute these plans in detail to perpetually advance the sustainable vision.



Blueprint for Sustainability Strategy

Sustainability Vision	Kwong Fong Group is dedicated to sustainable operations, striving for growth in both operations and profits, enhancing corporate governance to safeguard shareholder rights, minimizing greenhouse gas emissions, prioritizing the physical and mental health and safety of employees, and actively engaging in public welfare to realize the objective of sustainable corporate operations.
Long-term goals	- Enhance operating profits and corporate value. Fortify core technology and competitive edge. Broaden the client base and elevate overall operational efficiency. Deepen engagement in the financial sector and augment profitability. - Enhance and update employees' knowledge and skills. Decrease greenhouse gas emissions. Safeguard shareholders' rights and interests while prioritizing employees' physical and mental health and safety.
Achieve Strategy	
Environmental aspect	- Collaborate with the government's carbon pathway policy to mitigate greenhouse gas emissions. - Adhere to the stipulations of the Air Pollution Control Act and the Waste Disposal Act, utilize eco-friendly refrigerants, minimize the reliance on disposable items, and progressively decrease disposable waste annually.
Economy aspect	- In the realm of financial investment, select low-risk targets to guarantee investment security and maintain a stable cash flow from dividends. - In the realm of strategic investment, we judiciously allocate resources to forward-thinking and development-focused companies, engage in policy formulation and operational decision-making, consistently enhance core technologies and competitiveness, optimize applications to broaden our client base, and augment revenue. - Continue to invest in financial industry application systems to deliver optimal solutions to clients.
Social aspect	- Plan and organize diverse training programs, implement a competitive salary structure, and offer comprehensive employee benefits. Ensure compliance with the Labor Standards Act and relevant regulations to support employees' physical and mental well-being and safety, while maintaining a competitive salary framework and extensive benefits package. - Engage proactively in the sustainability dimensions of ESG, including charitable initiatives.

Our company's responsible business policies are published on the official website (<https://www.kfic.com.tw/>) and are developed by pertinent groups, subsequently receiving approval from the board of directors. The specifics are outlined as follows. The company has established policies to engage in regular discussions with stakeholders and to promote internal policies, ensuring stakeholders comprehend the policy content and facilitating their implementation. In 2024, the relevant departments will persist in supporting the implementation, and no violations of the policies have been reported during their annual execution.

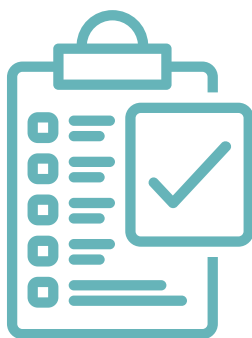


Policy Name	Policy Development Process	The policy implementation process encompasses management and methodologies for executing policies, including procedures to identify, prevent, and mitigate, as well as to articulate how the organization addresses or responds to actual and potential adverse impacts.
Corporate Governance Practice Code	With reference to the "Corporate Governance Practice Guidelines for Listed Companies (113.08.23)" jointly formulated by the Taiwan Stock Exchange Corporation and the Taiwan Stock Exchange Center, the company's corporate governance code is formulated to determine corporate governance principles, establish a corporate governance structure, formulate relevant rules and regulations, implement and supervise, and conduct regular reviews and revisions. It will be announced and implemented after the resolution of the board of directors.	The management reviews the self-assessment results and audit reports of each department every year. The Audit Committee is responsible for supervising the implementation of the situation. Independent directors regularly hold discussions with internal auditors to track the progress of improvements and report to the board of directors to ensure that internal controls continue to operate effectively. The board of directors also attaches importance to interaction with shareholders. The chairman of the shareholders' meeting should abide by the rules of procedure. Major financial and business matters should be resolved by the shareholders' meeting, and suggestions should be responded to by dedicated personnel to protect shareholders' right to know and prevent insider trading. At the same time, the company clearly regulates the procedures and conditions for the selection of directors, implements the professionalism and diversity of board members; establishes an independent director system and functional committees to enhance decision-making independence and supervisory effectiveness; establishes meeting norms and directors' fiduciary obligations to strengthen directors' responsibilities. The company also actively protects the rights and interests of stakeholders, establishes communication channels, and discloses important information through governance websites and legal briefings to enhance transparency and corporate trust.

Policy Name	Policy Development Process	The policy implementation process encompasses management and methodologies for executing policies, including procedures to identify, prevent, and mitigate, as well as to articulate how the organization addresses or responds to actual and potential adverse impacts.
Company's Code of Integrity and Business Conduct	Referring to the Taiwan Stock Exchange Corporation's "Listed "○○ Co., Ltd. Integrity Management Operation Procedures and Behavior Guidelines" Reference Example (109.02.13)", after drafting the first draft, collecting opinions, board resolutions, implementation and supervision, the integrity management code was established.	Establish a dishonesty risk assessment mechanism, regularly analyze high-risk business activities, revise prevention measures accordingly, and review their effectiveness. Directors and senior management must sign a commitment statement, and new employees must also agree to abide by the integrity policy when they are hired. In addition, continue to pay attention to the development of domestic and international integrity management standards, encourage all employees to make suggestions, so as to continuously improve the content of the policy and the effectiveness of its implementation, and comprehensively enhance the corporate integrity governance.
Company's Code of Ethics and Conduct	In accordance with the Taiwan Stock Exchange Corporation's "Reference Model for the Code of Ethical Conduct for Listed and OTC Companies (109.06.03)", the Code of Ethical Conduct is established and announced for implementation after the resolution of the board of directors. The behavior of directors, supervisors and managers (including general managers, deputy general managers, assistant managers and those of equivalent rank, heads of financial departments, heads of accounting departments, and other persons who have the right to manage company affairs and sign) shall comply with ethical standards.	When the company is involved in a loan or guarantee, major asset transaction, or purchase (sale) transaction with the company, the relevant directors and managers of the company shall proactively explain to the company whether there is a potential conflict of interest between them and the company. The company or its purchase (sale) clients' information shall be kept confidential unless authorized or required by law. No gifts, entertainment, kickbacks, bribes or other improper benefits in any form shall be requested, agreed, delivered or accepted for the benefit of individuals, companies or third parties. Employees are encouraged to report to managers, internal audit supervisors or other appropriate personnel when they suspect or discover any violation of laws, regulations or ethical codes of conduct, and provide sufficient information so that the company can properly handle subsequent matters.

Policy Name	Policy Development Process	Policy implementation process and tracking management and policy implementation methods (Procedures for identifying, preventing, mitigating and stating how the organization handles or responds to actual and potential negative impacts)
Procedures for reporting unlawful, unethical, or dishonest conduct	In order to implement the provisions of Article 10 of the Company's Code of Ethical Conduct and Article 23 of the Code of Integrity Management, and to encourage reporting of any illegal or violation of the Code of Ethical Conduct or the Code of Integrity Management, this handling method is specially formulated for compliance, and will be announced and implemented after the resolution of the board of directors.	Our company has implemented a reporting mechanism whereby the Audit Office receives external reports, while the Management Department addresses internal reports. Reporters are required to provide their names and essential information, including the name, unit, title, date, and details of the individual being reported, to facilitate the investigation. Generally, anonymous reports are not accepted; however, they may be considered if verification is deemed necessary. Reports concerning ordinary employees should be directed to the department head, while those involving directors or senior executives must be submitted to independent directors. If the verification confirms illegality or dishonesty, appropriate disciplinary action will be taken in accordance with regulations, and the chairman will be informed for approval. Significant cases will be communicated separately to independent directors. Written records of the handling process must be maintained for five years, with the retention period extended in the event of litigation. If the verification is substantiated, the relevant unit is responsible for reviewing and enhancing the internal control system, while also safeguarding the reporting individual's right to appeal to prevent retaliation.
Integrity Management Operating Procedures and Conduct Guidelines	This operating procedure and behavioral guide is formulated in accordance with the "Code of Integrity Management of Listed Companies", which specifically regulates the matters that the company's personnel should pay attention to when performing business, and will be announced and implemented after the resolution of the board of directors. The scope of application also applies to the company's subsidiaries and other group companies and organizations such as institutions or legal persons with actual control capabilities.	To ensure transparent management, the company has established explicit regulations and procedures, unequivocally forbidding the acceptance of inappropriate benefits. A review mechanism has been instituted for facilitation fees, political contributions, donations, and sponsorships, all of which require evaluation and approval. Furthermore, unfair competition is strictly prohibited, and measures are in place to safeguard the rights and interests of stakeholders against any detrimental impact from products or services. The company strictly prohibits insider trading and mandates the signing of a confidentiality agreement. All employees are required to declare their compliance with the integrity policy. Prior to forming a business relationship, an integrity assessment and explanation must be conducted, and integrity clauses must be incorporated into the contract to prevent engagement with dishonest parties. Dishonest behavior is addressed in accordance with established regulations, both internally and externally. The company also implements reward and punishment, complaint, and disciplinary mechanisms through public awareness and systematic approaches to reinforce the integrity culture.

Policy Name	Policy Development Process	Policy implementation process and tracking management and policy implementation methods (Procedures for identifying, preventing, mitigating and stating how the organization handles or responds to actual and potential negative impacts)
Risk Management Policy and Procedures	To establish sound risk management awareness and reasonably ensure the achievement of strategic objectives for sustainable development, this procedure is hereby formulated.	The company's risk management is executed through processes of risk identification, risk response, risk monitoring, and other management activities, with timely adjustments made in accordance with changes in the business environment and operational activities. 1. Risk identification: this should encompass, but not be limited to, the company's operational, financial, investment, management, information security, legal, and other identifiable risks. 2. Risk response: for the identified risks, provide a description of the current situation or response measures to ascertain whether the risks fall within the company's tolerance range. 3. Risk monitoring: verify whether the identified risks have appropriate and effective management plans, and assess whether they are incorporated into the annual audit plan of the audit unit to monitor implementation status.
Human Rights Policy	To safeguard and protect basic human rights, we recognize and support the spirit and basic principles of human rights protection set forth in international human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Convention, and eliminate any infringement and violation of human rights.	• Adhere to labor and environmental statutes and regulations. • Equitable employment and non-discrimination • Prohibit involuntary labor and child exploitation. • Ensure a secure and healthful workplace.



■ The management strategies addressing the negative impact issues encountered by the Company are presented in the following table:



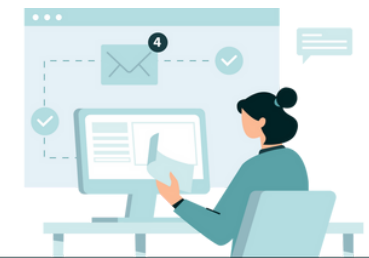
Management measures for negative impact issues

Negative impact issues	Management policy to mitigate/compensate for negative impacts
Business performance	Establish an operating performance evaluation team, monitor financial and market dynamics, implement financial simulation exercises, and strengthen transparent communication and risk assessment. Adjust resource allocation and strategy to continuously optimize management efficiency.
Information security	Establish a security emergency response team, regularly conduct drills to respond to attacks and leaks, transparently report and build information channels, strengthen encryption and firewall protection, and enhance personnel security awareness and technical capabilities.
Managing system risks from technology disruptions	Establish a technical response team, practice system interruption handling processes, real-time information reporting, adopt backup and disaster recovery mechanisms, train technical personnel, and continuously improve system stability.
Customer privacy	Form a privacy emergency response team to respond to leaks in real time and notify affected clients, strengthen encryption and access control, and promote employee privacy protection training and policy updates.
Employee well-being and physical and mental health	Establish a health management team to respond to employee health emergencies, regularly review the welfare system, provide psychological and medical support, and strengthen employee health education and resource investment.

To ensure that stakeholder complaints are addressed promptly, fairly, and effectively, the Company has implemented a complaint and reporting mechanism, as detailed in the following table. The Company is dedicated to resolving stakeholder complaints swiftly through this process, thereby fostering positive relationships with stakeholders and promoting the sustainable development of the Company.

Complaint / Reporting Mechanism

Complaint topic	Complaint channel	Stakeholder category	Complaint handling process	Complaint outcomes for the reported year
Sexual harassment prevention	Report Hotline: 02-27061858 Report mailbox: kfic@kfic.com.tw	Employee	- The company offers various channels for lodging complaints, including telephone, email, and written submissions, while also permitting anonymous complaints to safeguard the rights and privacy of stakeholders. A dedicated department receives and records these complaints, documenting the complainant's information, the content of the complaint, and the submission time. A response is subsequently issued to confirm receipt and outline the processing procedure and timeline. - Upon receipt of the complaint, a preliminary assessment will be undertaken, and the complaint will be allocated to the appropriate units for resolution based on its nature and severity. Urgent cases will be prioritized, and necessary actions will be initiated. The team will oversee the investigation phase to guarantee that the process is conducted fairly and independently, maintain communication with the complainant and relevant parties, and gather evidence. - Propose measures informed by the investigation results and offer feedback to the complainant. Should any deficiencies in policy or procedure be identified, they will be rectified and enhanced. Following the resolution of the complaint, the status of implementation will be monitored, and common issues will be identified through data analysis to elevate management quality. - The company routinely compiles summaries of complaint management, generates reports, and presents them to senior management and the board of directors, while consistently refining the complaint process to enhance handling efficiency and stakeholder satisfaction.	None
Insider trading	Written report: Mail to 28F, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City	All parties involved		None



Topics and Channels for Stakeholder Communication

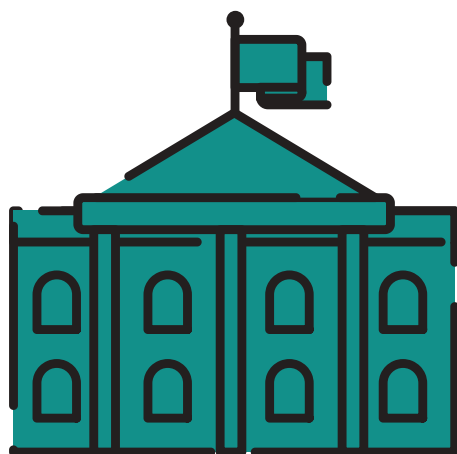
The company defines "stakeholders" as any internal or external groups or individuals that influence or are influenced by the company. Guided by the five principal engagement tenets established by the AA1000 SES (Stakeholder Engagement Standards)—dependence, responsibility, influence, multiple perspectives, and tension—we identify seven key stakeholders: employees, clients, shareholders, original equipment manufacturers, suppliers, government, and media. Through various communication channels, we actively listen to and comprehend the concerns of all parties, ensuring that the information disclosed aligns with their expectations while fostering transparency and trust.

Stakeholders	The significance of stakeholders to Kwong Fong	Communication topics	Communication frequency/channels	Our company's response
Employee	Employees are one of the most important assets of a company. Their skills, knowledge and loyalty directly affect productivity and innovation. Through a good working environment, competitive salary and development opportunities, employee satisfaction and retention rate can be improved, thereby driving overall performance.	Talent acquisition Employee wellness Talent development and retention Internal organizational training	- Talent acquisition: Provide monthly progress updates, conduct open days quarterly, and engage through the official website, recruitment platforms, social media, and internal communication channels. - Employee welfare and health: quarterly updates on activities, biennial health assessments, and communication via emails, newsletters, lectures, and manuals. - Talent development and retention: Assess training requirements biannually, revise development plans annually, and facilitate communication via email, messaging applications, and course platforms. - Internal training and development: evaluate needs annually, organize courses quarterly, and deliver them via email, communication software, and training platforms.	In terms of talent acquisition, we regularly update recruitment progress through our official website, recruitment platforms, social media, and internal communications to enhance transparency and attract talent. To support employee well-being, we arrange biennial health checks and provide support through emails and seminars. Regarding career development, we annually survey training needs and update development plans, leveraging internal training resources to drive employee growth. We assess needs quarterly and offer irregular courses, distributed via email and learning platforms, to strengthen employee skills and enhance their competitiveness.
Customer	Customers are the source of revenue for a company, and their needs and satisfaction are the key to success. Providing high-quality products and services can build good relationships, enhance brand loyalty, and drive business growth.	Management Technology Customer Privacy Customer Relationship	- Managing technology disruption risks: Prepare annual system risk assessment reports and conduct contingency drills, disseminating risk information through email, client platforms, and instant messaging. - Customer Privacy: We revise our privacy policy biannually, release privacy protection reports quarterly, and disseminate notifications through email, website announcements, client service hotlines, and e-newsletters. - Customer relationship management: Administer annual satisfaction surveys, conduct quarterly feedback meetings, and enhance engagement through email questionnaires, CRM systems, and client interviews.	We conduct system risk assessments and contingency drills annually to ensure platform stability and protect customer interests. We regularly publish information security reports and conduct training to strengthen data protection. We also review and update our privacy policy and compile an annual report to safeguard customer privacy. Furthermore, we continuously deepen customer engagement and relationship management through annual satisfaction surveys.

Stakeholders	The significance of stakeholders to Kwong Fong	Communication topics	Communication frequency/channels	Our company's response
Shareholders	Capital support from shareholders is crucial to the company's financial health and sustainable development. Good governance and transparent financial reports can enhance shareholder confidence, ensure stable capital inflows and value growth.	Business performance	Operating Performance: Release financial reports on a quarterly basis and compile annual reports, while engaging with shareholders via the investor relations section of the official website, emails, and reports from shareholder meetings.	We conduct annual system risk assessments and rehearse contingency plans to ensure system stability and protect shareholder rights. We publish quarterly financial reports and prepare annual reports. We communicate with shareholders through email, the investor relations page on our official website, and shareholder meeting reports to enhance transparency and shareholder confidence.
Original Manufacturers	The original manufacturer is the source of the company's technology and quality. Maintaining good cooperation can ensure the latest technical support and high-quality raw materials, thereby enhancing product competitiveness.	Information security	Information Security: Disseminate information security reports and conduct collaborative meetings annually, utilizing email, video conferencing, report updates, and platform announcements for communication.	We publish annual security reports and hold security collaboration meetings to strengthen system protection and enhance trust with suppliers. We also prepare privacy protection reports and regularly update our protection measures to ensure customer data security and maintain stable partnerships.
Suppliers	Suppliers are a key link in the supply chain, and their reliability and quality directly affect production and services. Establishing a stable and sustainable cooperative relationship helps ensure a stable and efficient supply chain and reduce operational risks.	"	Information security: quarterly reports on information security, semi-annual training sessions or seminars on information security. Email notifications, video conferences, report updates, and announcements on the cooperation platform.	We issue annual information security reports, conduct periodic training sessions and seminars on information security, and consistently enhance the information security measures within the supply chain to ensure the stability and trust of our partners. Furthermore, we have established a supplier management policy and published the annual assessment results on our official website to uphold transparency and accountability. We publish annual information security reports and hold regular security training and seminars to continuously improve the security of our supply chain and ensure the stability and trust of our partners. Furthermore, we have established a supplier management policy and publish annual assessment results on our official website to maintain transparency and accountability.



Stakeholders	The significance of stakeholders to Kwong Fong	Communication topics	Communication frequency/channels	Our company's response
Government	The government formulates and enforces regulations, which directly affect the company's compliance and operating environment. Companies can establish good government relations and strive for policy support and advantages by abiding by the law, paying taxes and participating in public welfare.	Business performance	Business performance: Deliver financial reports quarterly and submit annual business performance reports each year. Utilize email submissions, an online reporting system, website disclosures, and regular financial briefing meetings.	We publish quarterly financial reports and prepare annual performance reports to ensure transparent and compliant operations. This helps strengthen government trust and support for our company and facilitates policy coordination and resource allocation. We also regularly participate in seminars and information sessions.
Media	The media is the disseminator of the company's image and reputation, and its reports affect public perception and trust. Companies can effectively convey information, shape positive brands and enhance market influence through good interaction and communication.	Business Performance Management Skills	- Business performance: We release financial reports quarterly and conduct an annual press conference on business performance, disseminating information concurrently via press releases, official websites, media briefings, and social media platforms. - Technology disruption risk management: We issue an annual risk management report and conduct a technology risk press conference to convey our response strategies and management outcomes to external stakeholders through various channels.	We publish quarterly financial reports to maintain transparency and enhance media credibility. We also hold at least one corporate information session annually.



The contents of the 2024 Stakeholder Communication Report are outlined as follows:

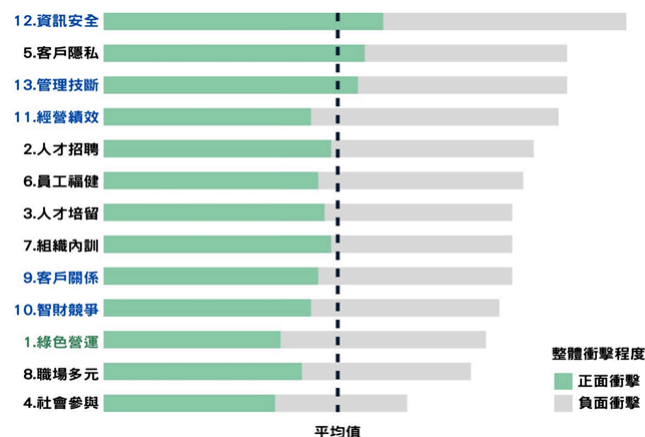
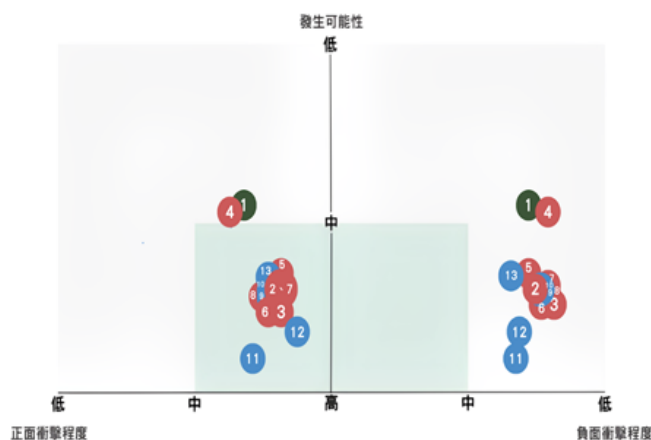
Stakeholders	Priority issues	Communication channels, response methods and communication frequency	Stakeholder communication performance
Employees	- Employee Compensation and Benefits - Industrial Relations - Operational Efficiency - Occupational Health and Safety	- Weekly all-staff meetings - Weekly management meeting - Employee Performance (three sections) - Education and training (nonconventional) - Internet Mailbox (Instantaneous) - e-mail: vivianlyn168@kfic.com.tw	47 weekly staff meetings 42 weekly management sessions - Performance appraisal three times 202 hours of education and training. - Immediate communication
Investors	- Corporate Governance - Financial Performance - Integrity management - Professional Ethics - Risk Management - Sustainable Development Plan	- Monthly revenue data (monthly) - Corporate briefing - Shareholders' meeting/annual report (annually) - Company website/public information monitoring station (real-time)	- Revenue announcements twelve times 1 corporate briefing - Annual shareholders' meeting once 42 significant news announcements 19 information announcements 34 significant board resolutions disclosed - Spokespersons and deputy spokespersons are readily available to address investors' concerns promptly.
Government and regulatory authorities	- Regulatory Adherence - Corporate Governance - Risk Management	- Engage in policy discussion meetings and seminars organized by the relevant authority periodically. - Collaborate with the relevant authorities in oversight and auditing. - Irregular official documents, meetings, emails, and exchanges of public information. - Establish communication channels and foster positive engagement with relevant authorities. - Chief Financial Officer Ms. J. Chern, s.j.chern@kfic.com.tw	2 exchange promotion meetings - Complete the questionnaire of the relevant authority 18 times.
Directors	- Operational Efficiency - Corporate Governance - Sustainable Development	- Board of Directors - Audit Committee - Compensation Committee - Nominating Committee	- Engage with accountants on four occasions. 8 board meetings - Audit Committee meetings convened five times. - Convened seven Compensation Committee meetings. - The Nomination Committee convened three times.

Note: The communication with stakeholders is reported to the Board of Directors once a year. This year, the report was submitted to the Board of Directors on November 8, 2024.

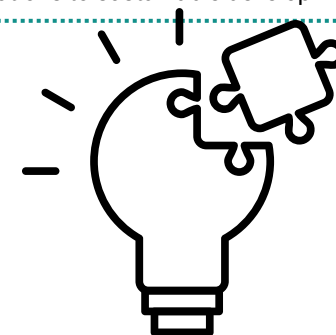
Our company adheres to the GRI guidelines and conducts a materiality analysis through four steps: identifying sustainability issues, assessing the level of concern, analyzing key issues, and reviewing and discussing findings. This process serves as the framework for compiling and disclosing the sustainability report, while also evaluating the company's current status in sustainable development.

1	Collect sustainable issues	Following the GRI standards and stakeholders' concerns as the basis for collecting sustainable issues, 13 sustainable issues were integrated.
2	Assess impact	Through questionnaire surveys, the positive and negative impacts of sustainable issues and the possibility of occurrence were evaluated.
3	Analyze major issues	After integrating all questionnaire data (34 copies), the impact of sustainable issues was analyzed and the impact of sustainable issues was ranked.
4	Review and discuss	Based on the results of the materiality analysis, discussions were held and 9 major issues were finally selected. The internal and external boundaries of each major issue were defined, and the issues were strengthened and management was carried out. The relevant indicators were disclosed in this report.

Material Analysis Matrix



Material issues signify the considerable influence of the company on the economy, environment, and society, as well as their substantial effect on the assessment or decision-making processes of stakeholders. By delineating the parameters of material issues, we can comprehend the extent of their impact and the company's positive or negative contributions to sustainable development.



●: Direct impact ○: Indirect impact

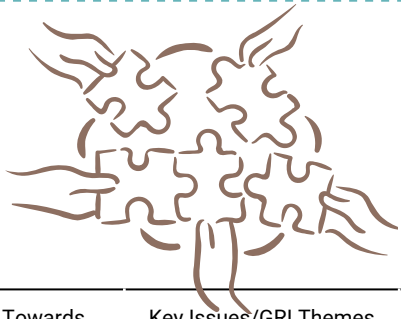
Towards	Major Issues	Explanation of the significance and impact of major issues	Internal Organization		External Organization			GRI Compliance	Reveal Chapter
			Our company	Employee	Customer	Original factory	Suppliers		
Social	Talent recruitment	Recruit professional and consistent talents, attach importance to diversity and inclusion, and introduce excellent human resources through fair mechanisms.	●	●	○	○	○	GRI 3、GRI 401	Sustainability initiative, workforce well-being, employee advantages
	Talent development and retention	Provide continuous training and development opportunities to help employees practice themselves and resonate with corporate values.	●	●	○	○	○	GRI 3、GRI 404	Sustainable strategy, talent development
	Customer privacy	Personal information and privacy protection are the key to corporate reputation and customer trust.	●	●	○	○	○	GRI 3、GRI 418	Sustainable strategy, customer relationship management
	Employee benefits and physical and mental health	Provide multiple benefits and promote health promotion to reduce occupational hazards and construction risks.	●	●	○	○	○	GRI 3、GRI 401、GRI 403	Sustainability strategy, workforce well-being, employee advantages, workplace safety
	Organizational training and development	Establish a complete training system, cultivate professional talents and strengthen functions.	●	●	○	○	○	GRI 3、GRI 404	Sustainable strategy, talent development
Management	Customer relationship management	Actively communicate and respond to feedback, continuously optimize product services, and establish stable customer relationships.	●	●	●	○	○	GRI 3	Sustainable strategy
	Business performance	Pursuing operating financial performance to achieve profit goals is the cornerstone of a company's stable operation.	●	●	●	●	●	GRI 3、GRI 201	Sustainable strategy, operational performance
	Information security	Strengthen information security governance and protection capabilities to ensure compliance with regulations and implementation in daily operations.	●	●	●	●	●	GRI 3、GRI 418	Sustainable strategy, customer relationship management
	Management of system risks from technology disruptions	Improve risk management and response mechanisms to ensure system stability and protect customers and stakeholders.	●	●	●	●	●	GRI 3、GRI 418	Sustainable strategy, customer relationship management





Major subject management strategy

Towards	Key Issues/GRI Themes	Responsible Unit	Evaluation Mechanism	Short-term Targets (2024)	Medium- to Long-Term Targets (2027)	SDG Goals/Specific Sub-Targets
Society	Talent recruitment	Human Resources Department	Analyze recruitment process efficiency and diversity statistics through regular recruitment data surveys.	Shorten recruitment cycles and improve recruitment efficiency. Increase the proportion of diverse candidates.	Establish a comprehensive recruitment data analytics system.	SDG 8 Employment and Economic Development 8.3: Foster the development of entrepreneurship, creativity, and micro, small, and medium enterprises, while generating quality job opportunities through formal employment. 8.5 Attain comprehensive and productive employment, as well as dignified work for all adults, including youth and individuals with disabilities, ensuring equal remuneration for equal labor.
	Talent development and retention	Human Resources Department	Employee training hours, retention rates, and employee satisfaction survey results. Track training program implementation, conduct regular employee satisfaction surveys, and analyze employee turnover data.	Increase employee training participation rates. Conduct regular employee satisfaction surveys to understand retention.	Improve employee retention and reduce talent loss.	SDG 8: Decent Work and Economic Growth 8.5 Attain comprehensive and productive employment, as well as dignified work for all adults, including youth and individuals with disabilities, ensuring equal remuneration for equal labor.
	Customer privacy	Business Units	Number of data breaches, number of customer complaints, and frequency of privacy policy updates. Monitor and record data breaches and customer complaints to regularly review and update privacy policies.	Improve customer satisfaction with privacy protection.	Establish a comprehensive data protection system. Ensure all company departments adhere to privacy policies.	SDG 9: Industrialization, Innovation, and Infrastructure 9.1 Foster the development of high-quality, reliable, sustainable, and resilient infrastructure, encompassing regional and cross-border projects, to promote economic growth and improve human well-being, prioritizing affordable and equitable access for all. 9.b Foster technological advancement, research, and innovation; establish a conducive policy framework; facilitate diversification; and augment product value addition.
	Employee benefits and well-being	Human Resources Department	Employee benefits participation rates, health checkup participation rates, and occupational disease and injury data. Analyze health checkup results and occupational disease data through regular employee satisfaction surveys on	Increase employee participation in health checkups. Increase employee satisfaction with benefits programs.	Establish a comprehensive employee health management system. Regularly update and improve benefits programs.	SDG 3: Good Health and Well-being SDG 3.8: Attain universal health coverage, encompassing financial risk protection and ensuring access to quality essential health care for all individuals. SDG 3.d: Enhance early warning systems, risk mitigation strategies, and health risk management capabilities.
	Organizational training and development	Human Resources Department	Training participation rates, training effectiveness evaluations, and number of career development opportunities. Collect post-training effectiveness evaluations and feedback by tracking training participation	Increase training participation rates. Collect and analyze post-training effectiveness evaluations.	Establish a comprehensive training and development system. Continuously improve training content and enhance employee skills.	SDG 8 Employment and Economic Development 8.8 Safeguard the rights of workers and establish a safe and secure working environment for all employees, including migrant workers, with particular attention to women migrant workers and those engaged in hazardous occupations.



Towards	Key Issues/GRI Themes	Responsible Unit	Evaluation Mechanism	Short-term Targets (2024)	Medium- to Long-Term Targets (2027)	SDG Goals/Specific Sub-Targets
Governance	Customer relationship management	All Business Units	Customer satisfaction, customer retention rate, and customer complaint handling time. Analyze customer retention data and complaint handling records through regular customer satisfaction surveys.	Improve customer satisfaction. Reduce customer complaint handling time.	Build long-term, stable customer relationships. Increase customer retention.	SDG 17 Global Partnerships 17.6.3: Enhance collaboration in science, technology, and innovation, improve knowledge exchange, and bolster coordination through global technology facilitation mechanisms. 17.17: Foster and advance effective collaborations among public entities, public-private partnerships, and civil society, drawing upon existing partnership experiences and strategies.
	Business performance	Finance Department	Revenue growth rate, profit margin, and shareholder return. Analyze operating data and financial indicators through regular review of financial statements.	Increase revenue and profitability. Improve shareholder return.	Establish a stable financial growth system.	SDG 8: Decent Work and Economic Growth 8.2 Attain elevated levels of economic productivity through diversification, technological enhancement, and innovation, with an emphasis on high value-added and labor-intensive sectors.
	Information security	Information Security Department	Number of information security incidents, employee information security training participation rate, and frequency of information security policy updates. Monitor and record information security incidents, track information security training data, and regularly review and update information security policies.	Increase employee participation in information security training.	Establish a comprehensive information security management system. Regularly update information security policies.	SDG 16: Peace, Justice, and Robust Institutions 16.4 Mitigating Illegal and Digital Crime 16.6 Establish institutions that are effective, accountable, and transparent. 16/10 Guarantee public access to information and safeguard fundamental freedoms in alignment with national laws and international agreements.
	Managing systemic risks associated with technological disruption	All Business Units	Number of system failures, emergency drill success rate, and system recovery time. Measure system recovery time by monitoring and recording system failure incidents, conducting regular emergency drills, and analyzing the results.	Increase the success rate of emergency drills. Reduce system recovery time.	Establish a robust risk management system. Continuously improve contingency plans to ensure stable system operation.	SDG 13: Climate Action 13.3 Enhance education and awareness regarding mitigation, adaptation, impact reduction, and early warning of climate change, while improving the response capacity of institutions and individuals. 13.b: Propose efficient strategies to improve capabilities for effective climate change planning and management.

- 2-1 Corporate Governance**
- 2-2 Operational Efficiency**
- 2-3 Integrity Management**
- 2-4 Regulatory Adherence**
- 2-5 Product Safety**
- 2-6 Customer Relationship Management**
- 2-7 Sustainable Supply Chain Management**



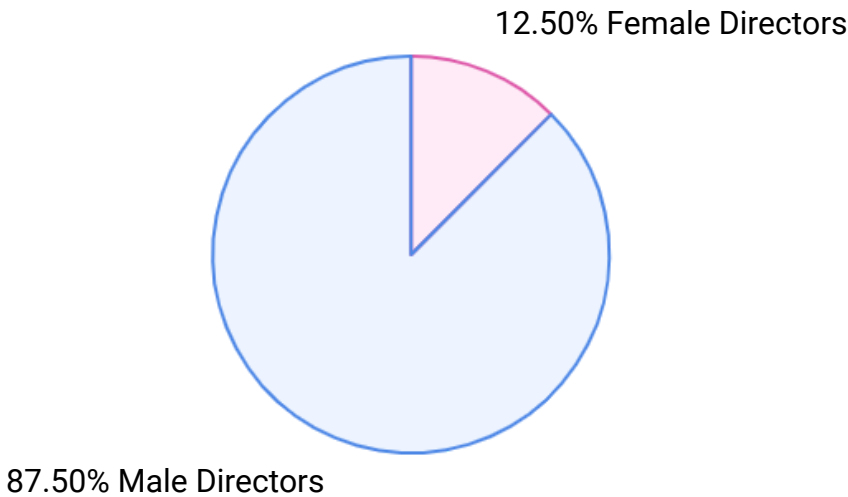
CHAPTER 02 Corporate Governance

Corporate Governance

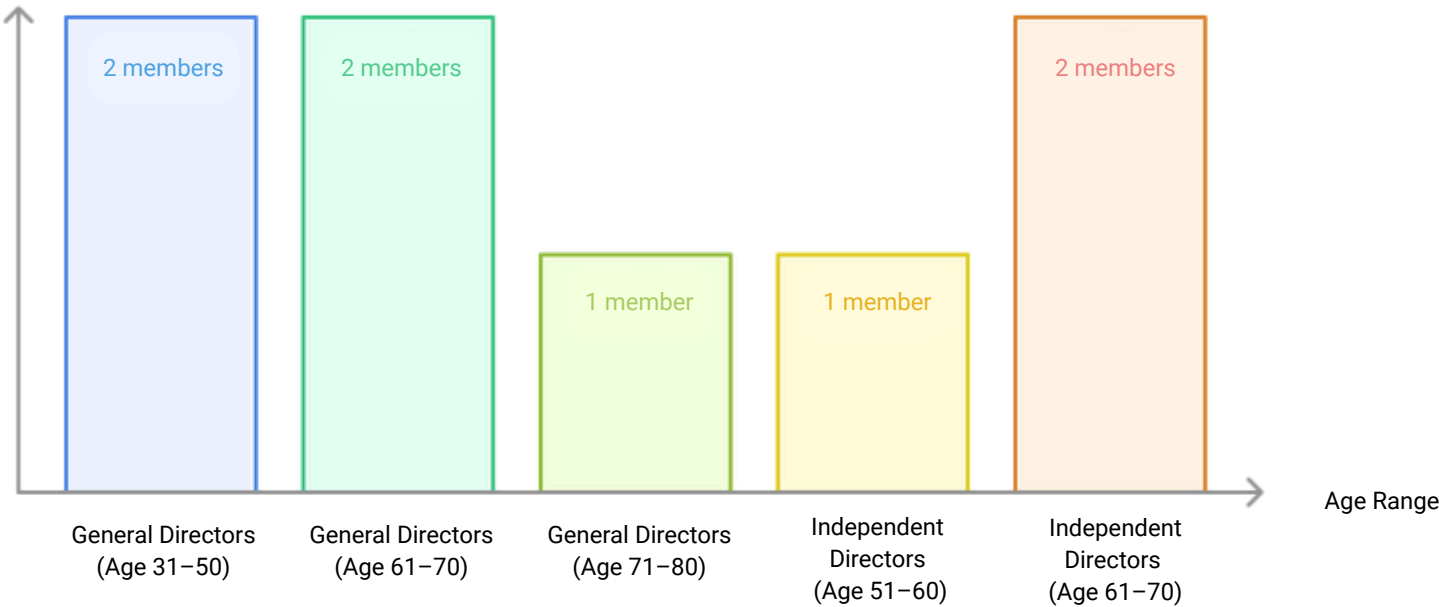
Board Composition and Functionality

The 19th Board of Directors comprises eight members, including three independent directors. The board members possess diverse professional backgrounds in law, industry, accounting, marketing, and finance. Their varied expertise equips them with essential skills in business management, leadership decision-making, operational judgment, crisis management, accounting, financial analysis, industry knowledge, and international market perspectives, resulting in a well-rounded and complementary team. The current Board of Directors includes eight positions, consisting of five general directors and three independent directors, with two general directors also serving as employees. Female directors represent 12.5% of the board. Among the five general directors, two are aged between 31 and 50 years, two between 61 and 70 years, and one between 71 and 80 years. The three independent directors include one aged between 51 and 60 years and two between 61 and 70 years. The average shareholding ratio among the five general directors is 9.22%. Of all directors, 37.5% hold bachelor's degrees, 50% possess master's degrees, and 12.5% have doctoral degrees.

Board Gender Diversity



Number of Directors



Board Age Distribution

In 2024, the Board of Directors convened for 8 meetings, with the pertinent resolutions detailed in the table below:

Date	Meeting Name	Important Resolutions	Implementation
2024.01.24	17th Meeting of the 18th Board of Directors	Approval of the Amendment to the Articles of Association Approved the election of the 19th Board of Directors. Approved the proposal to remove the non-competition restriction for the 19th board of directors. 4. Arrange the 2023 Annual Shareholders Meeting of the Company. 5. Acceptance of shareholder nominations and proposals. 6. By augmenting the endorsement guarantee amount for the consolidated subsidiary 7. Authorization of credit facilities from financial institutions	The independent director refrained from expressing an opinion. The issue has been addressed in accordance with the resolution.
2024.03.15	18th Board of Directors Meeting	1. Examine the company's 2023 internal control statement along with its associated attachments. Approval of the remuneration payment plan for the company's directors and employees for 2023. 3. Examine the company's 2023 business report, financial statements, and consolidated financial statements. 4. Ratified the company's profit distribution plan for 2023. 5. Propose and evaluate the roster of candidates for directors and independent directors. 6. Define the key implementation aspects of the directors' training plan. 7. Evaluation of the independence of the accountant responsible for certifying the company's financial statements. 8. Implementation of the pre-approval policy for non-confirmed services of the designated visa agencies for 2023.	The independent director refrained from expressing an opinion. The issue has been addressed in accordance with the resolution.
2024.05.10	19th Meeting of the 18th Board of Directors	1. Report on Directors, Supervisors, and Key Employees Liability Insurance 2. Examine the company's financial statements for the first quarter of 2024. 3. Approval of the financial institutions' credit line renewal case	The independent director refrained from expressing an opinion. The issue has been addressed in accordance with the resolution.
2024.05.30	19th Board of Directors First Meeting	Delivery of pertinent promotional materials prepared by the Taiwan Stock Exchange to all directors. 2. Report on the Schedule for the 2024 Board of Directors Meeting All directors in attendance elected Director He Xijing as the Chairman and Director He Mingheng as the Vice Chairman. 4. Executed a letter of intent for collaboration between industry and academia, along with a part-time faculty cooperation agreement with National Central University. 5. Ascertain the ex-dividend date for the company's 2023 profit distribution. 6. Appointment of members to the company's second audit committee	The independent director refrained from expressing an opinion. The issue has been addressed in accordance with the resolution.

2024.06.26	19th Board of Directors Second Meeting	1.Approved the amendment of "Financial Affairs Between Related Parties." 2. Implement a code of conduct for sustainable development. 3. Authorized the formation of a "Sustainable Development Promotion Group." 4. Formulate a "Committee for the Advancement of Corporate Integrity Management" 5. Approve the roster of directors designated by the Company for its subsidiaries. 6. Authorization of credit facilities from financial institutions	The independent director refrained from expressing an opinion. The issue has been addressed in accordance with the resolution.
2024.08.13	3rd Meeting of the 19th Board of Directors	1. Examine the company's financial statements for the second quarter of 2024. 2.Revise the internal control system and establish procedures for the preparation and validation of the perpetual report. 3. Evaluation of the preparation of the 2023 Sustainability Report 4. Authorization of credit facilities from financial institutions	The independent director refrained from expressing an opinion. The issue has been addressed in accordance with the resolution.
2024.11.08	4th Meeting of the 19th Board of Directors	1. Report items: (1) Execution of the intellectual property management plan (2) Execution of integrity management (3) Risk management policy, scope, organizational structure, and operations (4) Stakeholder communication (5) Execution of information security management (6) Execution of sustainable development (7) Report on the 2025 board of directors meeting schedule (noting that during the lockout period of each quarterly financial report, directors are prohibited from trading the company's stock) 2.Approved the company's financial statements for the third quarter of 2024. 3. Approved the review of the company's internal audit plan for 2025.	The independent director refrained from expressing an opinion. The issue has been addressed in accordance with the resolution.
2024.12.10	5th Meeting of the 19th Board of Directors	1.To safeguard the rights and interests of the company, a lawsuit will be filed. 2. Endorsement of the appointment of the company's general manager 3. Endorsement of the company's personnel modification strategy 4. Approval of the list of directors designated for assignment to subsidiaries by the Company.	The independent director refrained from expressing an opinion. The issue has been addressed in accordance with the resolution.

Directors' Information

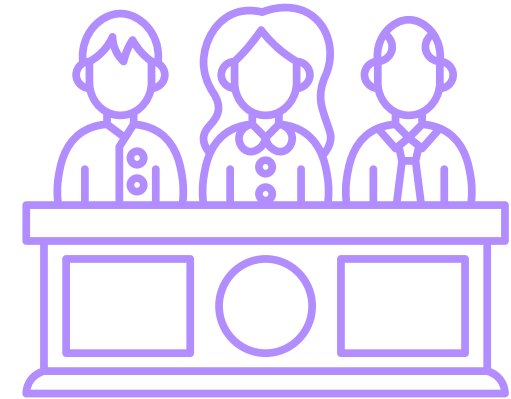
Disclosure of Directors' Professional Qualifications and Information on the Independence of Independent Directors

Condition Name		Professional Qualifications and Experience	Independence Status	Number of Independent Directorships in Other Public Companies
Director	He Xi-jing	Chairman He Xijing graduated from the Department of Applied Mathematics at the University of California, USA. He joined Kwong Fong Group in 2008 and served as deputy general manager. He was promoted to chairman in 2021 and participated in the group's business and the management of "Kwong Fong New World". He also served as an independent director of Dongdian Optoelectronics Technology. He has experience in accounting and financial practice, strategic management and industrial operation, has the professional ability and quality required for the position of director, and actively contributes to corporate governance.	The Chairman of the Board of Directors of the Company is not classified as an independent director. 2. Directors of the Company's affiliated entities (wholly owned subsidiaries). 3. Become one of the top ten individual shareholders of the Company. He serves as the chairman of the board of directors for Fufeng Industrial Co., Ltd. and Defeng Investment Co., Ltd., both of which are legal shareholders possessing over 5% of the Company's issued shares. The remaining individuals have been validated in accordance with the independence criteria outlined in the "Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with," issued by the Financial Supervisory Commission, and continue to satisfy the pertinent independence standards.	1
Director	He Ming-heng	Vice Chairman He Mingheng graduated from the University of Washington with a master's degree in business administration. He served as the chairman of the Securities and Futures Business Association and the chairman of Yuanta Futures and Yuanta Securities. He has rich industry practice and management experience, and his expertise covers financial accounting, business operations and securities and futures. He has served as a director in many related companies and has the professional ability required to perform the duties of a director, and continues to contribute to corporate governance.	The Vice Chairman of the Company does not hold the position of an independent director. 2. Directors of the Company's affiliated entities (wholly owned subsidiaries). 3. The director serves as a representative of the corporate director of the company (Luo Shengtai Co., Ltd.) and is not an independent director. The remaining individuals have been validated in accordance with the independence criteria outlined in the "Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with," issued by the Financial Supervisory Commission, and continue to satisfy the pertinent independence standards.	None
Director	Li Ming-hui	Director Li Minghui graduated from Stevens Institute of Technology with a master's degree in scientific management. He has served as a senior executive and director of many securities companies. He has experience in financial practice, strategic management and industrial operation. His expertise covers finance, marketing and operations management, and has the professional ability required for the position of director.	The director serves as the representative of the legal entity, Luo Shengtai Co., Ltd., and is not classified as an independent director. The remaining individuals have been verified in accordance with the independence criteria outlined in the "Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with," issued by the Financial Supervisory Commission, and continue to satisfy the pertinent independence standards.	None
Director	Liu Xiang	Director Liu Xiang graduated from Harvard University with a Bachelor of Arts degree. He was the General Manager of Tiffany Asia. He has extensive sales and management experience. His expertise covers strategic planning, finance, marketing and operations management. He has the professional ability and quality required for the position of director.	The director serves as the representative of the legal entity, Hanfeng Investment Co., Ltd., and is not an independent director. The remaining individuals have been verified in accordance with the independence criteria outlined in the "Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with," issued by the Financial Supervisory Commission, and continue to satisfy the pertinent independence standards.	None
Director	Huang Si-ying	Director Huang Siying graduated from the National Taiwan Ocean University with a Master of International Logistics Management degree. He was the Governance Director and Acting Spokesperson of China Container Transport Corporation. He has industry practice and corporate governance experience. His expertise covers strategic management, finance, marketing and operations planning. He has the professional ability and quality required for the position of director.	The director serves as the representative of the legal entity, Hanfeng Investment Co., Ltd., and is not an independent director. The remaining individuals have been verified in accordance with the independence criteria outlined in the "Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with," issued by the Financial Supervisory Commission, and continue to satisfy the pertinent independence standards.	None
Independent Director	Hou Qing-zhi	Independent Director Hou Qingzhi graduated from the University of Illinois with a Master of Business Administration degree. He was the Vice President of Yuanta Futures and the General Manager of Fubon Futures. He has experience in securities and futures industry practice and corporate governance. He has professional abilities in strategic management, finance and operations planning, and is qualified for the position of director.		None
Independent Director	Guan Qi-rui	Independent Director Guan Qirui graduated from the Department of Architectural Engineering of National United University. He was the General Consultant of Dechang and Kanghe Construction Engineering. He has practical experience in the construction of real estate industry and strategic management ability. His expertise covers business, operations planning and industry management. Independent Director Zheng Youwei graduated with a doctorate in law from the University of Pennsylvania, USA. He is currently the vice president and professor of the College of Management of National Central University. He has experience in law and business practice, strategic management and leadership, and specializes in law, business and industrial management.	The following three independent directors have met the qualifications required by the "Regulations on the Establishment and Compliance of Independent Directors of Public Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act in the two years prior to their election and during their tenure. In addition, the independent directors have been granted the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and have independently performed their duties accordingly.	None
Independent Director	Zheng You-wei	Chairman He Xijing graduated from the Department of Applied Mathematics at the University of California, USA. He joined Kwong Fong Group in 2008 and served as deputy general manager. He was promoted to chairman in 2021 and participated in the group's business and the management of "Kwong Fong New World". He also served as an independent director of Dongdian Optoelectronics Technology. He has experience in accounting and financial practice, strategic management and industrial operation, has the professional ability and quality required for the position of director, and actively contributes to corporate governance.		1

Note: None of the directors/independent directors have committed any of the circumstances specified in Article 30 of the Company Law.

Audit Committee

Audit Committee Composition: The Audit Committee of our company consists of three members with relevant professional backgrounds and experience: Hou Qingzhi, Guan Qirui, and Zheng Youwei. Their term of office spans from May 30, 2024, to May 29, 2027. The committee is primarily tasked with overseeing the accuracy of financial statement presentations, the appointment and assessment of external auditors, the effectiveness of internal control systems, compliance with applicable laws and regulations, and the execution of risk management strategies. In 2024, the committee convened for three meetings (March 15, August 13, and November 8), with full attendance from all members. They conducted annual self-evaluations across five key areas: operational engagement, accountability awareness, decision-making quality, committee composition and elections, and internal control, to enhance the committee's operational effectiveness.



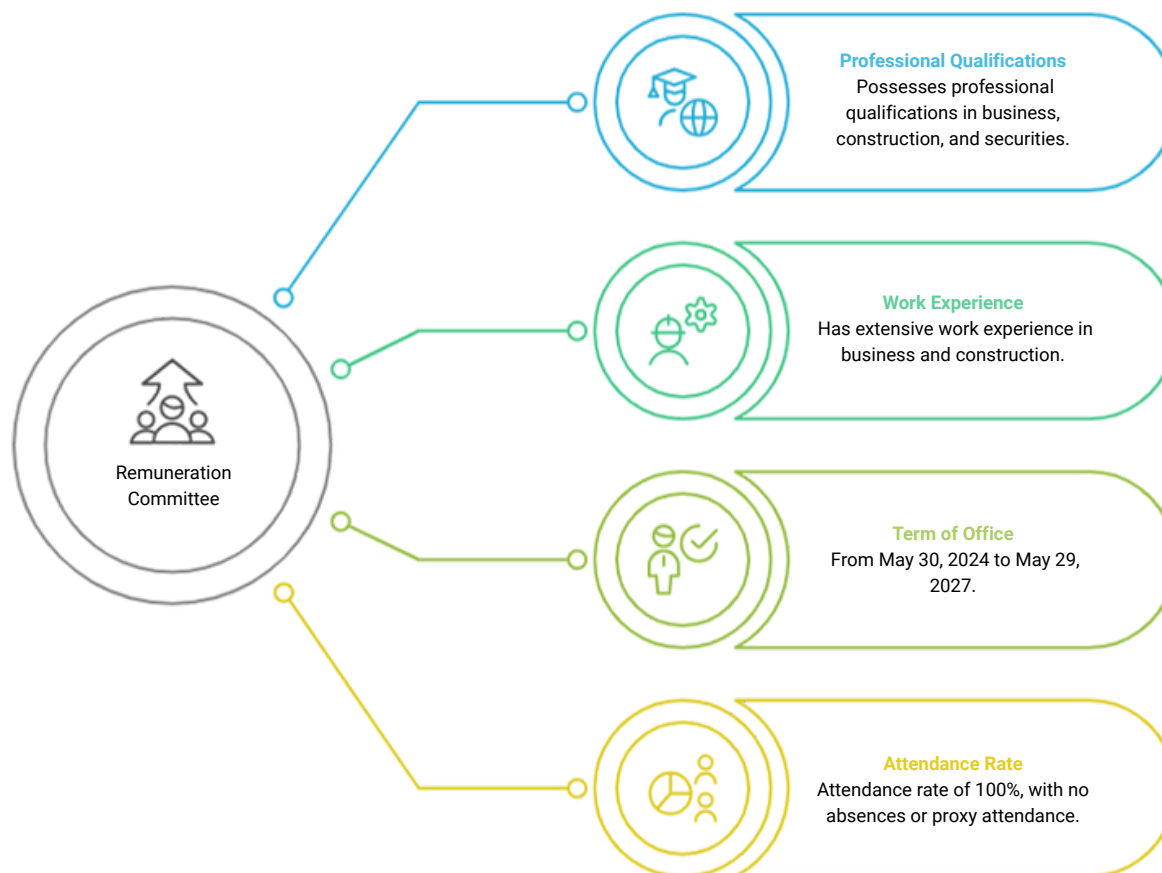
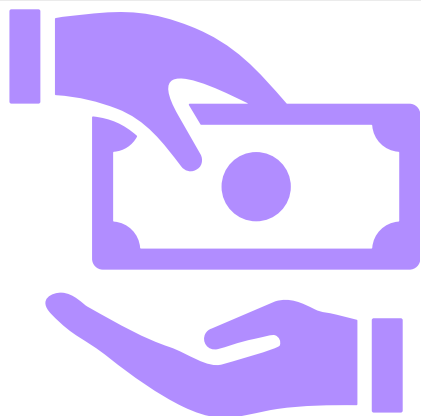
Title	Name
Convening Committee Member	Ho Chin-Chih
Committee Member	Kuan Chi-Jui
Committee Member	Cheng Yu-Wei



Compensation Committee

The Remuneration Committee comprises three members who possess the requisite professional qualifications and experience in business, construction, securities, finance, law, or corporate affairs. All members fulfill the professional qualification criteria in these fields, ensuring they possess the necessary expertise and skills to execute their responsibilities effectively. This marks the sixth term of the committee, with the term of office commencing on May 30, 2024, and concluding on May 29, 2027, thereby ensuring the committee's continuity and stability. In 2024, the Remuneration Committee convened for a total of seven meetings. All members attended each meeting, resulting in an attendance rate of 100%. No member was absent or represented by a proxy, demonstrating the committee members' commitment to their responsibilities and active engagement.

Title	Name
Convening Committee Member	Kuan Chi-Jui
Committee Member	Ho Chin-Chih
Committee Member	Cheng Yu-Wei



Nominating Committee

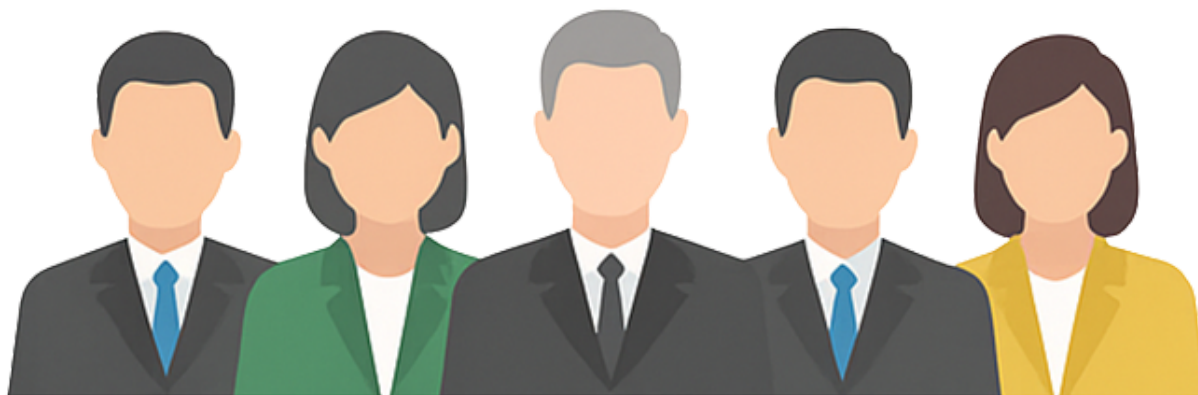
The Nomination Committee is composed of five members, three of whom are independent directors and two are company directors. Each member possesses over five years of experience in business, law, finance, or corporate management, having held senior management positions or possessing professional technical qualifications to guarantee adequate professional knowledge and judgment in executing nomination and selection responsibilities. The committee's term of office spans from May 30, 2024, to May 29, 2027. The primary functions of the committee include:

Establish criteria for the professional knowledge, skills, experience, gender, and other diverse backgrounds, as well as the independence required of board members, and utilize these standards to identify, evaluate, and nominate director candidates.

2. Establish and refine the organizational framework of the Board of Directors and its various committees.
3. Develop and evaluate training programs for directors and succession plans for both directors and senior managers.
4. Examine the guidelines for corporate governance practices and the procedures for director selection within the company.
5. Functioning as the executive body responsible for the performance assessment of the Board of Directors and various functional committees.

In 2024, the Nomination Committee convened three regular meetings, with full attendance from all members, achieving a 100% participation rate, which reflects a strong sense of responsibility and commitment. The resolutions passed during the meetings included:

1. Annual assessment of the Board of Directors and each functional committee.
2. Evaluation of nominations for directors and independent directors
3. Develop implementation strategies and associated plans for the ongoing training of directors.
4. Election of the committee's convening members
5. Revise the standards for financial and business transactions among related parties.
6. Develop a code of conduct for the company's sustainable development.



<u>Title</u>	Name
Convening Committee Member	Cheng Yu-Wei
Committee Member	Ho Chin-Chih
Committee Member	Kuan Chi-Jui
Committee Member	Leo Ho
Committee Member	Ho Ming-Hong

■ Integrity Organizational Framework



To enhance the integrity management system, the company has established a "Corporate Integrity Promotion Group," chaired by the general manager, which includes the heads of governance, accounting, and management departments. This dedicated team is responsible for formulating integrity policies and prevention mechanisms, as well as supervising their implementation. The chairman presents the group's operations and effectiveness to the board of directors annually to ensure the measures are executed effectively. The company upholds a business philosophy centered on integrity, transparency, and responsibility, promoting and implementing the "Employee Code of Conduct," "Integrity Management Code," and "Integrity Management Operating Procedures and Behavior Guidelines" approved by the board. This approach fosters a comprehensive corporate governance and risk control mechanism, contributing to a sustainable business environment.

1. Integrity Management Policy

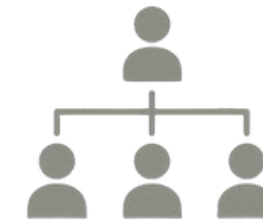
The company engages in business activities grounded in the principles of fairness, honesty, trustworthiness, and transparency. To implement the integrity management policy and avert any improper conduct, we have developed the "Integrity Management Code" in alignment with the "Integrity Management Code for Listed Companies" and pertinent laws and regulations applicable in our operational jurisdiction. This code explicitly delineates the precautions that all employees must adhere to during business execution. The company embraces integrity, transparency, and accountability as its core business philosophy, fostering a sustainable business environment through robust corporate governance and risk management mechanisms.

2. Strategy to deter unethical conduct

The company's dedicated department should regularly conduct internal awareness campaigns, with the Chairman, General Manager, or other senior management personnel conveying the importance of integrity to directors, employees, and designees. The company should incorporate integrity management into employee performance evaluations and human resources policies, establishing clear and effective reward and disciplinary systems and complaint systems. To prevent dishonest behavior, the company has established "Procedures for Reporting Illegal, Unethical, or Dishonest Behavior" and "Integrity Management Operating Procedures and Behavioral Guidelines," establishing a reporting mechanism, with a spokesperson and the Audit Director handling and clearly defined procedures.

3. Implementation status in 2014.

(I) The Company has established a complaint channel for employees and offers a streamlined reporting mechanism for external parties, including clients, suppliers, and investors, who may utilize the official website's contact mailbox.



(II) As of 2024, the number of accepted reported cases stands at 0.

Note:

(1) The execution of integrity management is presented to the Board of Directors annually. This year, the Board submitted the report on November 8, 2024.

(2) On November 8, 2024, the Board of Directors presented the "Scheduled Meeting Schedule for the 2025 Board of Directors," which outlined the announcement dates for the quarterly financial reports of 2025 and the lock-up period preceding these announcements.

(3) Before the 2024 Board of Directors reviewed the financial statements, they dispatched emails to remind directors of the lock-up period preceding the announcement of the financial statements.



Director selection procedure

The procedure for selecting the Company's directors is established in accordance with Article 21 and Article 41 of the "Code of Corporate Governance Practice for Listed Companies." The selection of the Company's directors shall be conducted in accordance with this procedure unless otherwise stipulated by law or the Articles of Association.

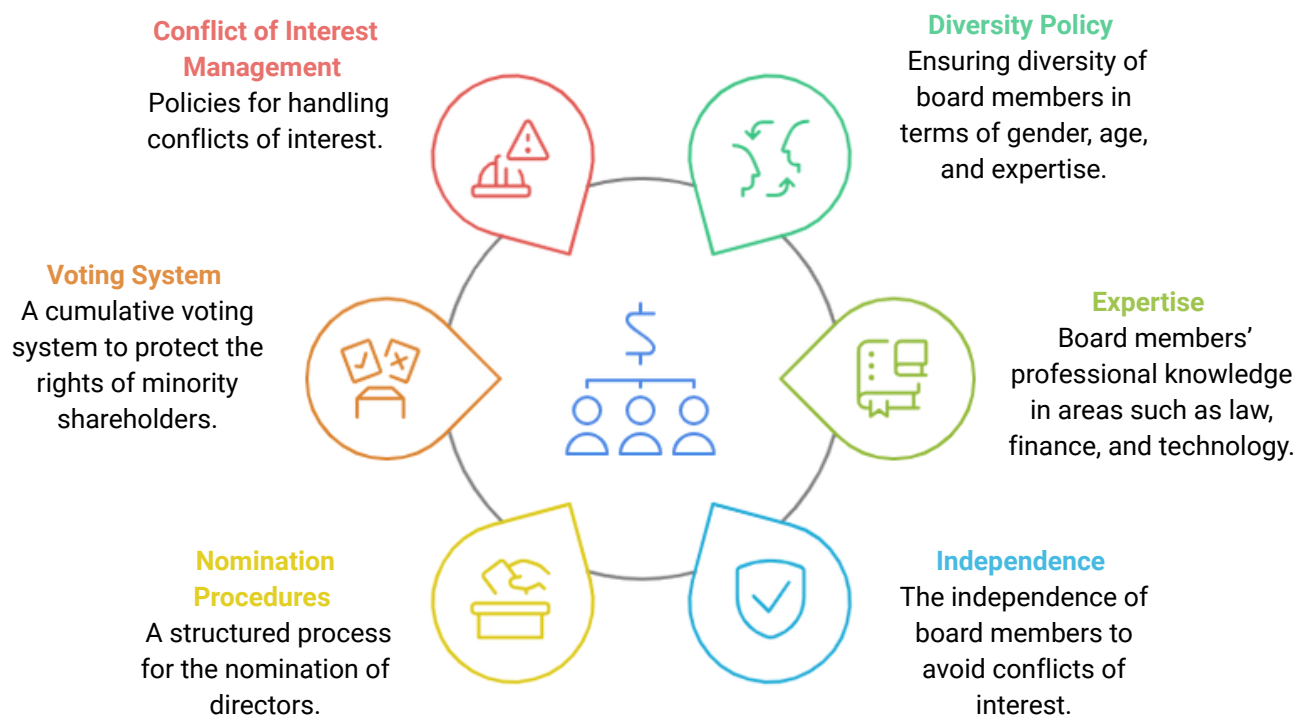
In the selection of directors, the Company meticulously evaluates the overall composition and diversity of the Board of Directors, establishing a diversified policy that aligns with the operational model and developmental requirements, which includes:

1. Fundamental conditions and values - gender, age, nationality, and cultural background;
2. Professional expertise and competencies: Background and experience in the fields of law, accounting, industry, finance, marketing, technology, and related areas.

Board members should demonstrate the following essential competencies to ensure the effective execution of their responsibilities: operational judgment, accounting and financial analysis, business management, crisis management, industry expertise, an international market perspective, leadership, and decision-making skills. To preserve independence, no more than fifty percent of the board seats may be occupied by spouses or relatives within the second degree of kinship.

The qualifications and election of independent directors shall adhere to the relevant provisions outlined in the "Regulations on the Establishment and Compliance of Independent Directors of Publicly Issued Companies" and the "Code of Governance Practices for Listed Companies." The nomination and election of general directors shall be conducted in accordance with the candidate nomination system specified in Article 192-1 of the "Company Law." Should the number of directors fall below five for any reason, a by-election will be conducted at the most recent shareholders' meeting; if vacancies constitute one-third of the seats as defined in the Articles of Association, a by-election will occur at an extraordinary shareholders' meeting within sixty days. If the number of independent directors does not meet the requirements set forth by the "Securities and Exchange Law," a by-election will also be held at the most recent shareholders' meeting or at an extraordinary shareholders' meeting within sixty days. The Company employs a cumulative voting system, whereby each share carries a number of votes equivalent to the number of directors to be elected. Votes may be concentrated for a single candidate or distributed among multiple candidates to safeguard the interests of minority shareholders.

The board of directors currently comprises eight members, including independent directors, whose expertise spans various professional domains such as corporate management, finance, construction, and law. The chairman of the board serves as the head of the highest governance unit and does not hold concurrent positions as other senior executives within the company. In instances where a resolution presents a conflict of interest, the affected directors or supervisors are required to abstain from and exit the meeting in accordance with established regulations, refraining from participation in discussions or voting. Additionally, if an employee identifies a conflict of interest, they are encouraged to report it to their direct supervisor. The board of directors also conducts regular reviews and adjustments of its membership composition based on performance evaluation outcomes to ensure optimal governance effectiveness.



Significant event publication procedure

When disseminating significant information, the company adheres rigorously to applicable laws and regulations, as well as the Taiwan Stock Exchange's "Procedures for Verifying and Publicly Handling Important Information of Listed Companies," including its Q&A, alongside the company's internal operational protocols. This ensures the timeliness, accuracy, and completeness of information dissemination. When a corporate decision or event qualifies as significant information, the responsible unit must complete the "Important Information Release Application" and "Important Information Evaluation Checklist" on the day of the occurrence. Following the unit supervisor's signature, these documents will be submitted to the Important Information Task Force for review, subsequently receiving approval from the company spokesperson for release, with the relevant information disclosed within the statutory timeframe. In 2024, the company did not encounter any major events or information, and all routine announcements were managed in accordance with established regulations.



Director of Continuing Education Policy

The director training program will be divided into two segments: core courses and professional courses, in alignment with the aforementioned functional requirements for directors. The core courses emphasize subjects including directors' responsibilities and obligations, board organization and functions, meeting procedures, and collaboration with the management team, enabling directors to gain a comprehensive understanding of their roles and effectively implement corporate governance systems. Professional courses are grounded in the three primary areas of training outlined in the "Key Points for Implementation of Training for Directors and Supervisors of Listed Companies." They take into account the professional backgrounds of each director and encompass domains such as financial analysis, risk management, business and commercial strategy, legal and accounting practices, corporate social responsibility, internal control, and financial reporting obligations. The training hours specified in the key points are derived from core courses, supplemented by those related to corporate governance and sustainable development. This framework aims to empower directors to assume pivotal roles in decision-making and governance culture, thereby enhancing the international competitiveness of our companies.

The required hours of advanced study for the Company's directors are as follows: 1. New directors are mandated to complete a minimum of 12 hours of advanced study in the year they assume office. 2. Continuing directors are required to undertake at least 6 hours of advanced study annually throughout their term of office.

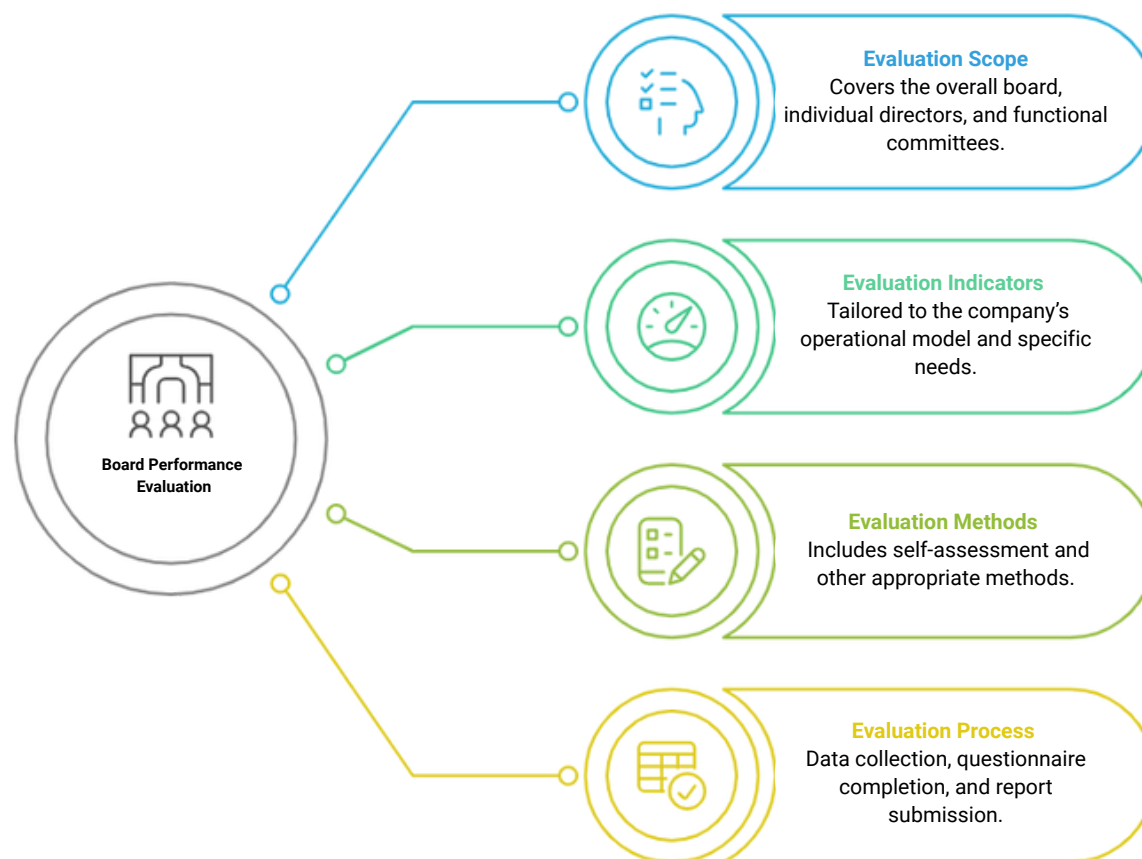
Title	Name	Study Date	Organizer	Course Name	Study Hours
Chairman	He Xi-jing	2024.09.03	Taiwan Corporate Governance Association	Fully launched corporate innovation and growth	3
		2024.09.24	Taiwan Corporate Governance Association	Application of AI, law and auditing	3
		2024.10.01	Taiwan Corporate Governance Association	How the board of directors formulates ESG sustainable governance strategies	3
Vice Chairman	He Mingheng	2024.01.19	Taiwan Securities Association	(ESG) fair treatment principle assessment briefing	3
		2024.08.14	Taiwan Securities Association	Domestic and international laws and regulations on preventing money laundering and combating terrorist financing, as well as risk trends and patterns	3
		2024.09.05	Taiwan Securities Association	Trends in information security threats and crisis management	3
		2024.10.07	Taipei Foundation of Finance	Corporate governance friendly financial standards and financial services for people with disabilities	2
Director	Li Ming-hui	2024.09.06	Taiwan Corporate Governance Association	Strategic thinking on group corporate restructuring	3
		2024.11.08	Taiwan Corporate Governance Association	Analysis of equity investment planning and joint venture agreements for corporate mergers and acquisitions	3
Director	Liu Xiang	2024.08.27	Taiwan Corporate Governance Association	Discussing integrity management and anti-corruption from the perspective of sustainable governance	3
		2024.09.03	Taiwan Corporate Governance Association	Full launch of corporate innovation and growth	3
Director	Huang Si-ying	2024.11.13	Securities and Futures Institute	How directors and supervisors supervise companies to do a good job in corporate risk management and crisis management (including gender equality)	3
		2024.11.13	Securities and Futures Institute	Corporate ESG: environment, society, governance - analysis of relevant judicial cases and legal responsibilities	3
		2024.12.13	Taiwan Investor Relations Institute	Prevention and control of sexual harassment in the workplace	3
(12.2024 New Legal Representative)		2024.12.20	Taiwan Corporate Governance Association	What directors and supervisors must know about self-protection: understanding how criminals use unconventional transactions and related transactions	3
Director The legal representative resigned on December 12, 2024.	Huang Li-ling	2024.06.06	Jointly organized by the Taiwan Stock Exchange (TWSE) and the Taiwan Sustainable Development Association	Building a new carbon age with sustainable knowledge	7
		2024.06.18	Jointly organized by the Taiwan Stock Exchange (TWSE) and the Taiwan Sustainable Development Association	Building a new carbon age with sustainable knowledge	6

Title	Name	Study Date	Organizer	Course Name	Study Hours
Independent Director	Hou Qing-zhi	2024.01.19	Taiwan Securities Association	(ESG) Fair Customer Treatment Principles Assessment Seminar	3
		2024.08.14	Taiwan Securities Association	Domestic and International Anti-Money Laundering and Counter-Terrorist Financing Laws, Risk Trends, and Patterns	3
Independent Director	Guan Qi-rui	2024.01.19	Taiwan Securities Association	(ESG) Fair Customer Treatment Principles Assessment Seminar	3
		2024.08.14	Taiwan Securities Association	Domestic and International Anti-Money Laundering and Counter-Terrorist Financing Laws, Risk Trends, and Patterns	3
Independent Director	Zheng You-wei	2024.09.27	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
		2024.11.26	Taiwan Corporate Governance Association	Responsibilities for Dishonest Business Practices and Analysis of Unlawful Securities Cases	3



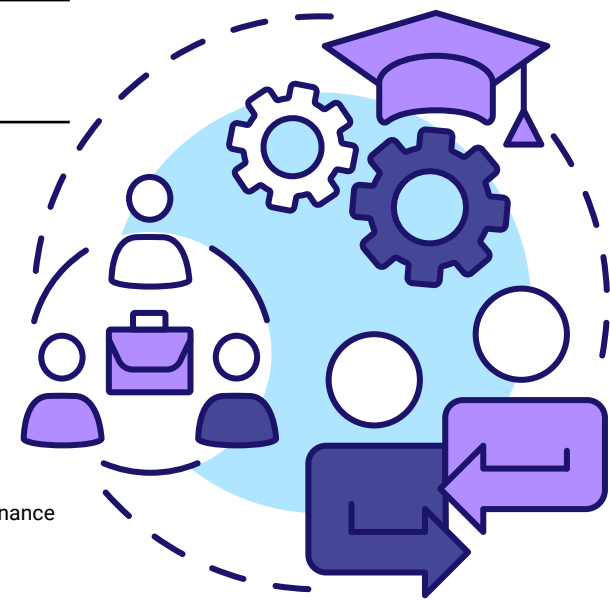
■ Approach for assessing the performance of the board of directors

In accordance with the Company's most recent revision of the "Board of Directors Performance Evaluation Method," the Company will routinely disclose the outcomes of the annual performance evaluation of the board of directors, encompassing the entire board, individual directors, and various functional committees. The relevant evaluation criteria are customized to align with the company's operational model and requirements, and the Remuneration Committee will periodically review these criteria and propose enhancements. The evaluation methods include internal self-assessment of the board, self-assessment of individual directors, or other suitable approaches. Each executive unit is tasked with gathering information on board activities and disseminating documents such as the "Board of Directors Performance Self-Evaluation Questionnaire," "Director Member Performance Self-Evaluation Questionnaire," and "Functional Committee Performance Self-Evaluation Questionnaire." The evaluation subjects will complete the questionnaires in accordance with the established criteria, and the evaluation report will be compiled and submitted to the board of directors for review, serving as a foundation for subsequent improvements.



Internal self-evaluation

Evaluation Unit	The board members will conduct self-evaluation using the "Board of Directors Performance Self-Evaluation Questionnaire", "Board Member Performance Self-Evaluation Questionnaire" and "Functional Committee Performance Self-Evaluation Questionnaire".
Self-assessment frequency	Once a year
Evaluation content	The performance evaluation criteria for directors encompass the following: 1. Comprehension of organizational objectives and responsibilities 2. Understanding of directors' responsibilities 3. Level of engagement in company operations 4. Management and communication of internal relationships 5. Executive and Continuing Education for Directors 6. Internal Control The performance evaluation criteria of the Compensation Committee encompass the following elements: 1. The extent of involvement in the company's operations. 2. Enhance the decision-making quality of the compensation committee. 3. Composition and Structure of the Remuneration Committee 4. Selection of Members The performance evaluation criteria for the Audit Committee encompass the following elements: 1. The extent of involvement in the company's operations. 2. Enhance the quality of decision-making within the audit committee. 3. The composition and structure of the Audit Committee align with the stipulations outlined in Article 37 of the Code of Corporate Governance Practice. 4. Member Selection
Self-evaluation results	Results of the 2024 Annual Evaluation The Company finalized the performance evaluation of the Board of Directors, individual Directors, the Remuneration Committee, and the Audit Committee in January 2025. The outcomes of the 2024 Board of Directors' performance evaluation varied from 5 points (strongly agree) to 4 points (agree). Directors generally expressed strong agreement regarding the effectiveness of various evaluation indicators. The Board of Directors was assessed as functioning well overall, adhering to corporate governance standards, and effectively enhancing its responsibilities while protecting shareholder interests. The Nomination Committee reviewed the 2024 evaluation results on March 14, 2025, and submitted them to the Board of Directors on the same day. Evaluation options: Strongly Agree - 5 points; Agree - 4 points; Neutral - 3 points; Disagree - 2 points; Strongly Disagree - 1 point
External evaluation: None	



Salary

1. Compensation policy and structure

The compensation for the Company's directors and supervisors comprises fixed salaries and remuneration as outlined in the Articles of Association. In addition to their base salaries, the General Manager and Deputy General Managers are eligible for performance bonuses and employee remuneration, the amounts of which are determined by their job responsibilities, contributions to the Company, and prevailing market standards.

2. Development of protocols

The compensation of directors, supervisors, and managers is assessed and proposed annually by the Remuneration Committee, subsequently implemented following review and approval by the Board of Directors.

3. Connecting performance and risk

The remuneration package for managers at all levels comprehensively reflects the company's overarching operational objectives, financial condition, and responsibilities, while also balancing future risks to ensure alignment between remuneration and operational performance.

4. Self-Assessment Mechanism for the Remuneration Committee

The Compensation Committee performs an annual internal self-evaluation (January 1 to December 31) to assess its operational effectiveness across five key aspects: (1) Engagement in the company's operations (2) Understanding of the functional responsibilities of committee members (3) Enhancement of decision-making quality (4) Composition of the committee and member selection (5) Level of coordination with internal control mechanisms.

The 2024 Remuneration Committee comprised the second meeting of the fifth term and the fifth meeting of the sixth term (the sixth term spans from May 30, 2024, to May 29, 2027). The attendance of the members is as follows:

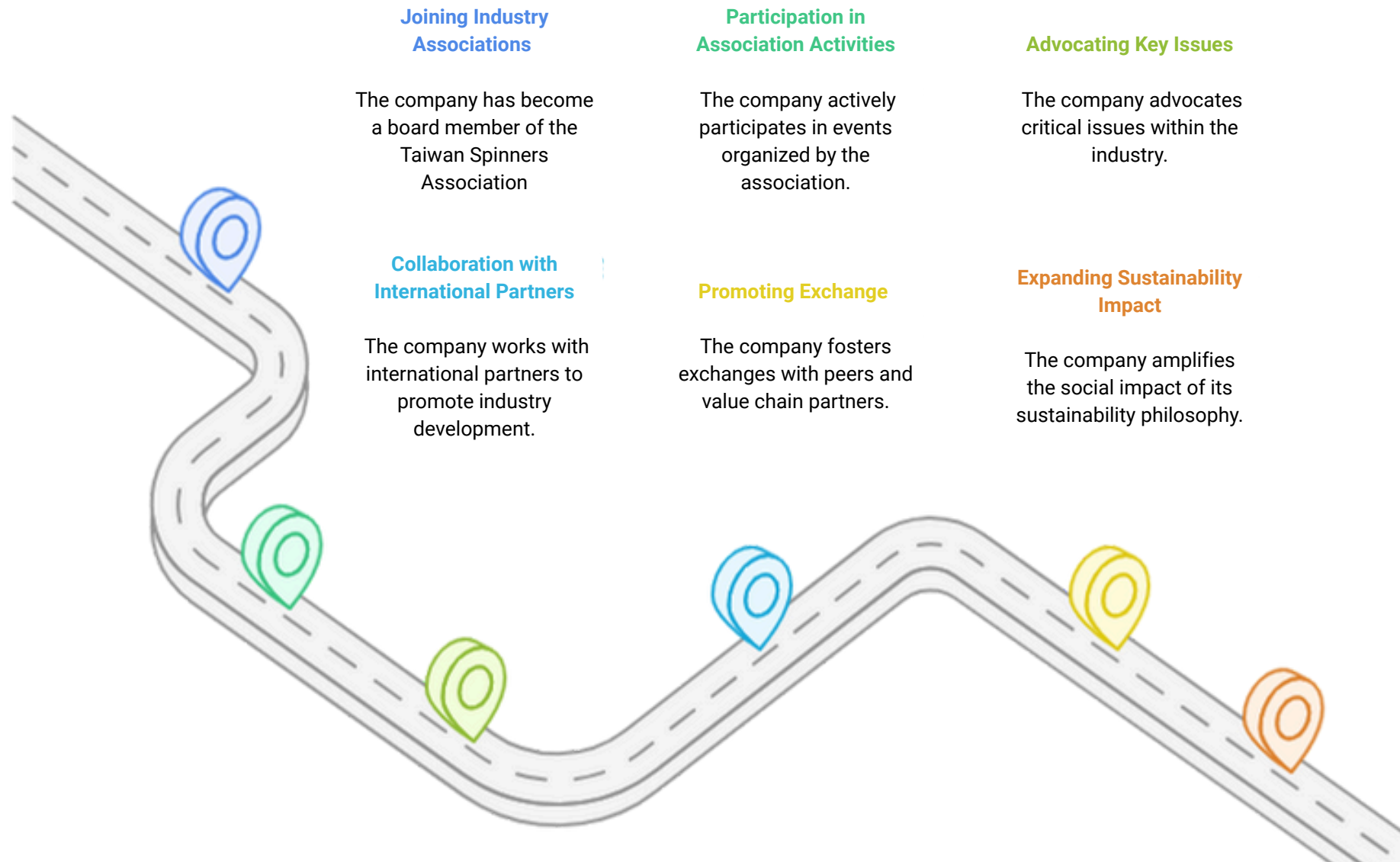
Title	Name	Actual attendance rate (B)	Requested attendance rate	Actual attendance rate (%) (B/A)	Notes
Convener	Kuan Chi-Jui	5	0	100	The sixth session
Member	Ho Chin-Chih	5	0	100	
Member	Cheng Yu-Wei	5	0	100	
Convener	Ho Chin-Chih	2	0	100	The fifth session
Member	Kuan Chi-Jui	2	0	100	
Member	Liu Wei-Ting	2	0	100	

During the 2024 Annual Remuneration Committee of the Company, members engaged in discussions and reached pertinent resolutions at each meeting. On January 24, 2024, the 10th meeting of the 5th term evaluated the distribution of year-end bonuses for managers and the performance bonuses for departments in 2023. Following consultations by the chairman with all present members, the proposal was unanimously approved. On March 15, 2024, the 11th meeting of the 5th term assessed the proposal for the allocation of remuneration for directors and employees in 2023. After the chairman's consultations with all members present, the proposal was also approved without objection. The company subsequently submitted a report on the resolution to the board of directors. On May 30, 2024, the 1st meeting of the 6th term convened to elect the members of the 6th Remuneration Committee. On June 26, 2024, the 2nd meeting of the 6th term reviewed the proposal regarding the remuneration of new directors. With no objections from the members present, the proposal was passed. On August 13, 2024, the 3rd meeting of the 6th term considered the proposal for the distribution of managers' remuneration and the adjustment of managers' salaries for 2023. After the chairman consulted with all present members, the proposal was approved without objection. The 4th meeting of the 6th session took place on November 8, 2024, to review performance bonuses. All members present raised no objections, and the company submitted the resolution to the board of directors. The 5th meeting of the 6th session was held on December 10, 2024, to review the remuneration of the new general manager. All members present had no objections and approved the proposal as presented. The aforementioned items and resolutions of the Remuneration Committee in 2024 will be reported to the board of directors, ensuring transparency and fairness in decision-making.

Date/period	Proposal content	Resolution Status	Company's Response to Committee Members' Comments
2024.01.24. The 10th meeting of the 5th session	1.Establish Performance Bonus Guidelines 2.Review performance bonuses of the Investment department 3.Review the 2023 year-end bonuses for managers	After being consulted by the chairman, all the attending committee members had no objection and passed the proposal Report the resolution to the board of directors 	
2024.03.15. The 11th meeting of the 5th session	Review the 2023 directors' and employees' remuneration proposal		
2024.05.30. The 1st meeting of the 6th session	1.Elect the Convener of the 6th Remuneration Committee		
2024.06.26. The 2nd meeting of the 6th session	1.Review the Compensation Proposal for the New Directors		
2024.08.13. The 3rd meeting of the 6th session	1.Review the 2023 manager's remuneration proposal 2.Review the manager's salary adjustment proposal.		
2024.11.08. The 4th meeting of the 6th session	Review performance bonuses of the Investment department		
2024.12.10. The 5th meeting of the 6th session	Review the salary of the new President		

■ Guild

To facilitate industry advancement, the company actively engages with various industry associations and their initiatives, advocates for critical issues, and collaborates with international partners to foster industrial development. Through our robust participation in diverse initiatives and projects, we not only enhance interactions with peers and value chain partners but also enable the company's sustainable development philosophy to exert a broader social impact. Consequently, in 2005, the company joined the board of directors of the "Taiwan Spinning Industry Association" and continues to play a pivotal role in the industry's development.



Risk Management

I. Risk Management Policy

To protect the interests of the Company's shareholders and to ensure asset quality, financial security, and adherence to applicable laws and regulations, the "Risk Management Policy and Procedures" were instituted on November 11, 2022, serving as the paramount guiding principle for risk management.

II. Organizational Structure and Responsibilities of Risk Management.

1. The Chairman serves as the foremost risk management officer, while the General Manager and the heads of each unit act as first-level risk management officers.
2. The personnel at the first level of risk management are tasked with identifying diverse risks, developing response strategies, and reporting the outcomes to the chairman.
3. Depending on the nature of the risks, the Chairman may call a meeting to evaluate the various response measures and, if deemed necessary, form an appropriate response team.
4. Evaluate the execution of significant controls in accordance with the audit plan and present audit reports to the Audit Committee and the Board of Directors.

III. Scope of Risk Management

The Company's Risk Management Policy encompasses operational risk, financial risk, investment risk, credit risk, management risk, information security risk, legal risk, and other identifiable risks. It is adjusted promptly in response to changes in the operating environment, as well as business and operational activities.

Audit Report
Audit reports provide strong control assurance under low-risk impact.



Chairman's Review Meeting
The Chairman's review meetings ensure effective control under high-risk impact.



Risk Identification by Department Heads
Department heads' risk identification serves as the starting point for low-impact and low-control situations.



Establishment of Contingency Task Force
A contingency task force is established to address situations of high risk with low control.



IV. Risk Management Operations in 2024

	Risk type	Management unit	Risk content description	Preventive measures	Risk management operation
	Operational risks	General manager's office	Achievement of operational goals	1. Implement a budget management system. 2. Review of budget and actual expenditures.	Oversee the attainment of annual policies and objectives through management meetings.
	 Financial vulnerabilities	Finance department	Exchange rate changes	1. Oversee foreign currency positions to mitigate risks associated with exchange rate losses. 2. Weekly exchange report, delivering data for monitoring the impact of exchange rates.	- Monitor fluctuations in the foreign exchange market and relevant information, while evaluating the foreign exchange risks and variations in profit and loss associated with the company's assets and liabilities. - Develop hedging strategies and execute exchange rate hedging operations. - Implement risk management strategies for foreign currency exchange rates and execute corresponding hedging operations for fund transfers that result in fluctuations in foreign currency positions. - The objective of market risk management is to optimize risk-adjusted returns by regulating market risk within an acceptable and manageable range.
		Finance department	Interest rate changes	1. Enhance capital control, minimize idle funds, and lower capital costs. Weekly loan statements that offer interest rate quotes from multiple banks while pursuing optimal financing conditions.	- Monitor fluctuations in the interest rate market, manage current long-term and short-term loan positions, and employ market instruments to secure interest rate expenses when suitable. - Comprehend the financial landscape, assess diverse financing strategies and instruments in relation to annual budget requirements, and minimize capital expenditures. - Foster strong banking relationships while seeking optimal financing and deposit rates.
	Investment risks	Investment department	Market changes	1. Execute authorized investments in compliance with the company's regulations. 2. Daily and weekly investment equity reports to assess fluctuations in net worth.	- Monitor fluctuations in the investment market, manage both long-term and short-term investment positions, and promptly adjust investment strategies. - Derivative commodity transactions are disclosed in compliance with regulations.
	Credit risks	Finance department	Account recovery risks	1. Aging analysis table. 2. Report on the management and tracking of overdue accounts.	Customer credit evaluation, monitoring of accounts receivable recovery progress, and mitigation of overdue risks.



Risk type	Management unit	Risk content description	Preventive measures	Risk management operation
Managing Risk	Management department	Personnel modifications and labor-management relations	1. A compensation and benefits system that exceeds the provisions of the Labor Standards Act. 2. Assess working hours and evaluate the sufficiency of staffing. 3. Employee education, training, and planning for further studies.	- Enhance communication channels between labor and management to foster harmonious relations. - Enhance the management, execution, and oversight of personnel recruitment channels, as well as education and training initiatives. - Ensure that current human resources management practices and associated administrative operations adhere to legal regulations.
	Management department	Employee misconduct	1. Advancement and presentations. 2. Implement a reporting system and communication channels.	We have established the "Integrity Management Code", "Integrity Management Code Operation and Behavior Guide", and "Employee Ethical Code of Conduct" to implement the values of integrity management and create an integrity corporate culture to guide the behavior of company colleagues to comply with ethical standards, thereby avoiding illegal activities and improving corporate governance.
Security Risks	Management department	Network Security Information Security	1. Enhance the capabilities of anti-virus software and firewall systems. 2. Enhance information security management. 3. Education and training in information security. 4. Information security response exercises.	- Conduct regular internal network security scans. - User authorization management system and internal information security enhancement. - Consistent data backup.
	Management department	Business Risk Management	1. Major contracts will undergo review by the legal department. 2. Enforce seal management protocols. 3. Legal advocacy, education, and training.	- Through contract management, the company enhances the execution status of diverse contract types and mitigates associated risks. - Through seal management, we enhance oversight of the issuance, utilization, and cancellation of company seals to mitigate the organization's overall legal risks. - We conduct internal legal education and training to enhance our colleagues' awareness of legal risks, enabling them to comply with applicable laws and regulations while mitigating transaction risks in business activities.
Legal liabilities	Audit	Violation and Penalty	1. Legal representation. 2. Legal consultant.	Auditing is responsible for legal risk management and provides legal advice and suggestions on matters such as internal systems, legal compliance, disputes, litigation, investment, and intellectual property management.

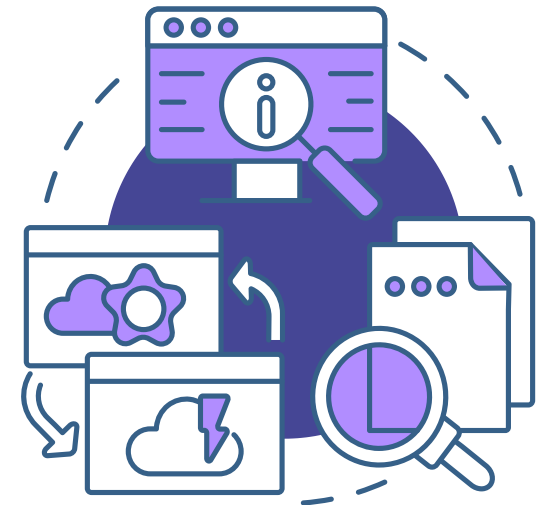
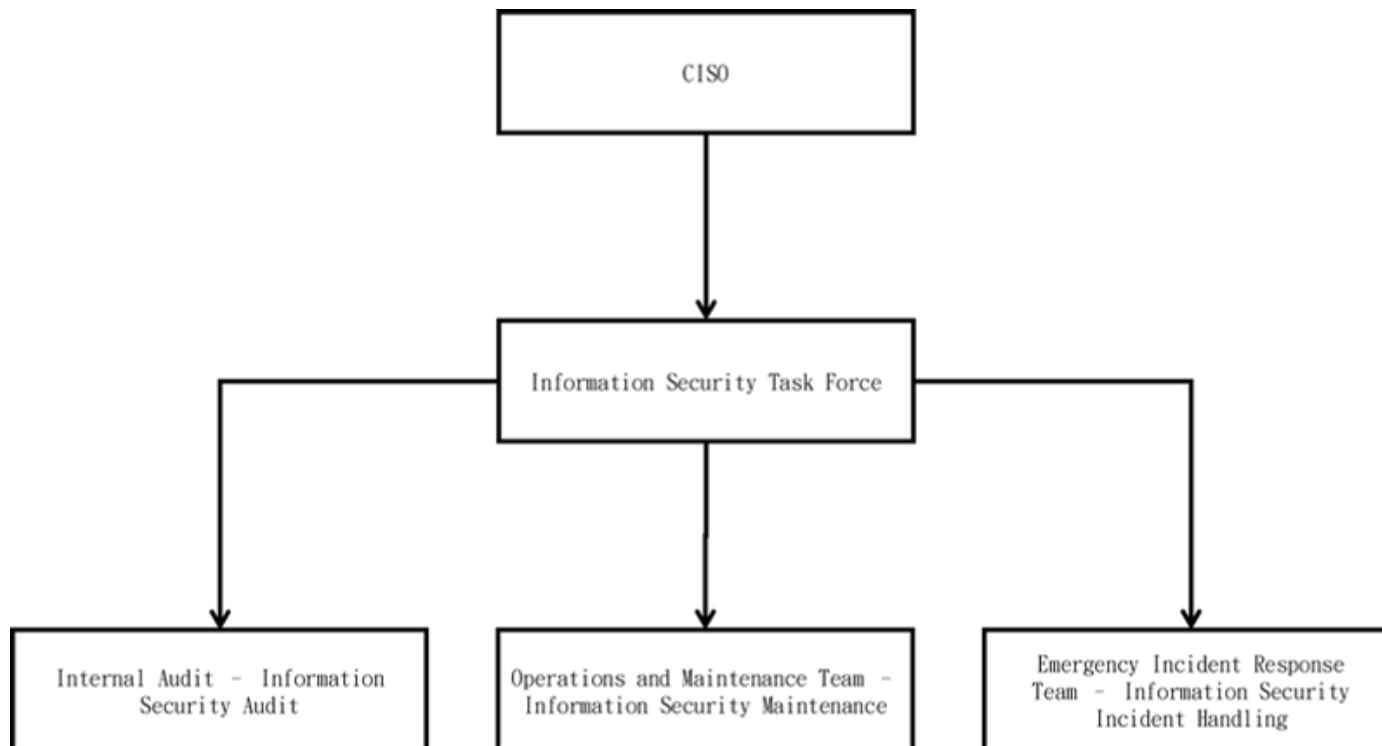
Note: Risk management policies, scope, organizational structure and operation status are reported to the Board of Directors once a year. This year, the report was submitted to the Board of Directors on November 8, 2024.

Framework for Managing Security Risks in Information Products

The company's information security team is tasked with managing information security risks. In 2025, it will implement ISO 27001 to establish a framework for information security risk management and develop policies to safeguard client privacy and internal company information from breaches. In 2024, there will be no confirmed complaints regarding violations of client privacy.

(I) Information Security Governance and Auditing Framework

The Company and its consolidated subsidiaries have established a security team, including an organizational chart. The Chief Information Security Officer is tasked with the integration and implementation of information security policies, the dissemination of information security knowledge, the enhancement of employee awareness regarding information security, and the collection and improvement of the performance and effectiveness of the organization's information security management system, technology, products, or projects. Audit personnel perform annual information security audits on the internal control system to assess the effectiveness of the company's information operation internal control. The internal audit unit conducts regular information security management operation audits each year, issues audit reports, and consistently communicates the audit results to the Audit Committee and the Board of Directors.



II. Information and Communications Security Policy

1. Purpose: To strengthen the security and stability of the Group's information operations, deliver dependable information and communications services, ensure the confidentiality, integrity, and availability of information assets, and facilitate the seamless execution of various business activities in alignment with information and communications security management operations, the Company's Information and Communications Security Policy (hereinafter referred to as "this Policy") is established as the paramount guideline for information and communications security management.

2. Scope: This policy is applicable to our company and its affiliated entities, as well as vendors and third-party personnel who access our company's business information or deliver services.

3. Objectives: Safeguard the confidentiality of the Company's business-related information and protect its trade secrets and personal data. (1) Maintain the integrity and availability of the Company's business-related information while enhancing work efficiency and quality. (2) Strengthen the Company's information security protection capabilities. (3) Attain the objective of uninterrupted operation of the Company's business.

4. Strategy: (1) Assess pertinent legal provisions and corporate operational requirements, evaluate the security needs of information and communications operations, and establish appropriate procedures to safeguard the confidentiality, integrity, and availability of information assets. (2) Develop the company's information and communications security organization, clearly defining roles and responsibilities to facilitate the execution of information and communications security operations. (3) Execute all necessary tasks in accordance with the guidelines of the information and communications security responsibility level classification method. (4) Implement an information and communications security incident reporting and response mechanism to ensure that incidents are effectively addressed, managed, and resolved. (5) Conduct regular information and communications security audits to verify the implementation of information and communications security management.

5. Audit: This policy receives approval from the Chairman and is reviewed by the Information Department at least annually, or re-evaluated in response to significant organizational changes (such as structural adjustments or major business shifts). Necessary revisions will be implemented based on the evaluation outcomes, applicable laws and regulations, and the most recent advancements in technology and business.



III. Targeted Information Security Management Strategy

Category		Specific management measures
	Firewall protection	· Set connection rules on the firewall. · If you have special connection requirements, you need to apply for opening.
	User Internet access control mechanism	· Use automatic website protection system to control users' online behavior. · Automatically filter users' online links to websites that may contain Trojan viruses, ransomware or malicious programs.
	Anti-virus software	· Use anti-virus software and automatically update virus codes to reduce the chance of virus infection.
	Operating system updates	· The operating system is automatically updated. If it is not updated for some reason, the Information Department will help update it.
	Email security control	· Automatic email scanning threat protection, which prevents unsafe attachments, phishing emails, spam, and expands the protection range against malicious links before users receive emails. · After the personal computer receives the email, the antivirus software will also scan whether it contains unsafe attachments.
	Data backup mechanism	· Important information system databases are set up for daily backup.
	Important file upload server	· Important files of each department in the company are stored on the server and are backed up and saved by the Information Department.

IV. Information Security Management Operations

Purpose: To uphold the security of the company's information system, enhance the information security protection framework, and establish pertinent regulations as the foundation for the company's implementation.

2. Scope of control: computer host systems, computing equipment, software applications, database files, computer output displays, reports, and media.

3. Operational management procedures:

Equipment room specifications

a. Personnel not involved in information processing are prohibited from entering the computer room without authorization and must complete the entry and exit log upon arrival or departure.

Flammable materials are prohibited in the computer room, and the fire prevention systems must be routinely inspected by the manufacturer.

(2) Kindly acquire and install computer equipment in compliance with the regulations.

To acquire or update equipment, it is necessary to complete a purchase requisition, which must be signed and approved by the appropriate authority prior to the Information Department proceeding with the purchase and installation.

The installation of computer equipment must be conducted in collaboration with information technology personnel. Unauthorized software must not be installed, and antivirus software must be implemented, with regular virus scans and updates to virus definitions performed consistently.

c. When an employee departs from the company, portable computer equipment must undergo handover procedures.

d. The host SERVER is outfitted with a firewall. All operations initiated from outside the company must traverse the firewall.

(3) Operational Oversight

a. Users are required to go offline upon completing their tasks and to shut down their computers when they are not in use.

b. The use of information center system equipment without authorization for operations unrelated to one's own business is strictly prohibited.

c. If the host is to be utilized outside of office hours or on holidays, the intended purpose and duration of use must receive approval from the responsible supervisor, and the information department must be informed to implement the necessary measures.

d. The information department must continuously monitor the system's abnormal JOBLOG and implement necessary measures. e. The information department is required to conduct regular data backups, store them in a separate location, and perform routine feedback tests.

(4) Password Management Each user is assigned a distinct user code and password.

a. Individuals authorized to utilize passwords must be registered and managed accordingly, and personal passwords should not be shared with others.

b. When an employee resigns or transitions to a new position, their user code should be promptly cancelled or updated.

c. All online files must be managed by applications, and these applications should fall within the parameters of access permission control.

d. Passwords are required to be changed every three months. They must consist of a minimum of six characters, with the initial character being an English letter.

e. The account and permissions for the initial user must be requested via an information form, sanctioned by the department head, and subsequently executed by the system security administrator of the information department.

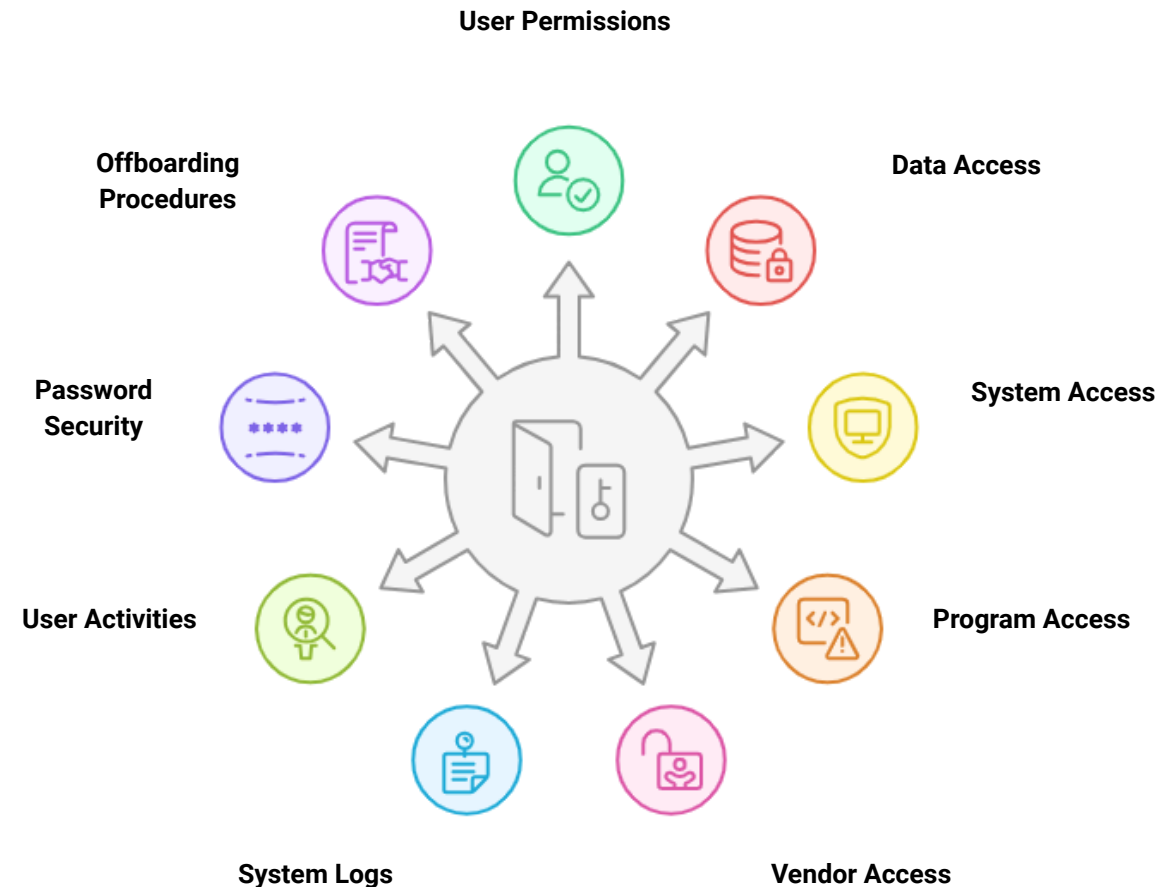


(5) Access Management

- a. Users should possess appropriate usage functions in accordance with the authorized permissions.
- b. A hierarchical authorization system for data usage rights should be established, ensuring that auditors and management personnel do not possess the authority to update the database.
- c. Personnel not designated for financial roles are prohibited from utilizing the financial reporting system.
- d. Users of general applications should not possess the authority to access host system utilities, tools, and commands beyond executing the application system.
- e. Personnel involved in system development and programming should not have access to the programs and data files of the online system.
 - f. Establish user codes for manufacturers to utilize during software and hardware maintenance, while restricting unauthorized access (disabled) during regular operations.
- g. Establish a computer work log for system operators to document system status for supervisor review.

The system must document user activity, and the system administrator should periodically review and monitor users who have not accessed the system for an extended period.

Information personnel should not be granted access to officially launched applications.
- j. Passwords must not be visible on the computer screen or printed on any report without being encrypted.
- k. When an information personnel departs from the company, they are required to complete a resignation application form, which must receive approval from the unit supervisor. Following this, they must undergo the resignation handover procedure prior to their departure. The handover procedure form must be signed by the individual assuming the responsibilities, thereby officially concluding the work.

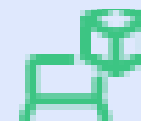


V. Allocating resources to the management of information and communications security



1. Networking hardware apparatus

Category	Quantity
Firewall	1
Computer antivirus host	1
Junk software filtering	1



2. Software system

Category	Quantity
Computer antivirus software	1
Backup management software	1



3. Investing in human capital for information and communications security

Maintenance projects	Workforce
Daily system status check	1
Weekly regular backup	1
Implementation of off-site storage of backup media	1
Annual information security promotion	1
Annual system disaster recovery simulation drills	2
Annual internal audit of information circulation	2



4. Initiatives for the promotion of information security and conference projects

Project	Number/year	Total number of participants
2024 Employee Cybersecurity Awareness Training	2	40
2024 Cybersecurity (Information and Communications Security) Conference	4	80
2024 Cybersecurity Incident Case Sharing / 2024 Cybersecurity Incident Case Study	2	40



VI. Information Security Events

The company presently has no significant information security incidents that have resulted in business harm. Continue to execute the objectives of the information security management policy and routinely conduct recovery plan drills to safeguard the company's critical systems and data.



VII. Contracts:

As of the publication date of the annual report, there are valid supply and marketing contracts, technical cooperation agreements, engineering contracts, long-term loan agreements, and other significant contracts that may impact shareholders' interests. In the most recent year, none have expired.



Economic Performance

The company's consolidated operating income for 2024 reached NT\$333,508,000, reflecting a 12.73% increase compared to the previous year. Operating gross profit rose from NT\$107,644,000 to NT\$121,765,000, marking a 13.12% increase and indicating a consistent enhancement in gross profit margin. Notably, the net profit for this period soared to NT\$168,832,000, an increase of NT\$58,832,000 year-on-year, representing a growth of 53.48%. The net profit attributable to the parent company amounted to NT\$146,930,000, an increase of NT\$51,827,000 over the same period last year, reflecting a rise of 54.50%. Earnings per share also surged from NT\$0.51 to NT\$0.79, a 54.90% increase, underscoring the company's significant achievements in enhancing operational efficiency and cost management.

Unit: NT\$ thousand

Item	Year 2024	Year 2023	Amount of Increase/Decrease	Percentage Increase/Decrease (%)
Operating income	333,508	295,859	37,649	12.73
Operating gross profit (loss)	121,765	107,644	14,121	13.12
Net profit (loss) for the current period	168,832	110,000	58,832	53.48
Net profit attributable to the parent company	146,930	95,103	51,827	54.5
Earnings (loss) per share (NT\$)	0.79	0.51	0.28	54.9



The company's financial structure and performance in 2024 showed continued improvement compared to 2023.

1. Financial framework

The ratio of liabilities to assets experienced a slight increase from 22.42% to 23.99%, suggesting that the company has sustained a low-risk profile while moderately elevating its debt ratio to facilitate investment expansion. The ratio of long-term funds to fixed assets rose significantly from 25,640% to 33,673%, indicating a greater allocation of long-term funds towards real estate, facilities, and equipment to bolster the operational foundation.

2. Debt repayment capacity

The current ratio decreased from 347.84% to 223.58%. Despite this decline, it remains above 200%, indicating adequate short-term liquidity. The quick ratio fell from 140.42% to 78.07%, reflecting a substantial decrease primarily attributed to the reduction in current assets—stemming from diminished holdings and an increase in short-term loans and payables, which led to a relative decline in quick assets. It is advisable to maintain a focus on loan management to ensure the quick ratio remains above the 100% safety threshold.

3. Profitability

The return on assets (ROA) rose from 2.55% to 3.48%, signifying an enhancement in the efficiency of the company's asset utilization.

The return on equity (ROE) rose from 3.10% to 3.78%, reflecting an improved efficacy in utilizing shareholder capital to generate profits. The net profit margin experienced a substantial increase from 37.17% to 50.62%, underscoring the concurrent enhancement of the operating gross profit margin and cost management, along with a notable rise in operating profit.

In summary, in 2024, the company not only upheld a robust financial structure and substantial liquidity but also markedly enhanced its return on assets and equity through proactive long-term investment strategies and stringent cost control, resulting in exceptional growth in overall financial health and profitability.

Category		2024 (Year)	2023 (Year)
Financial structure	Liabilities to assets ratio (%)	23.99	22.42
	Long-term funds to fixed assets ratio (%)	33673.49	25640.14
Debt-paying ability	Current ratio (%)	223.58	347.84
	Quick ratio (%)	78.07	140.42
Profitability	Return on assets (%)	3.48	2.55
	Return on equity (%)	3.78	3.1
	Net profit margin (%)	50.62	37.17
	Basic earnings per share (yuan)	0.79	0.51

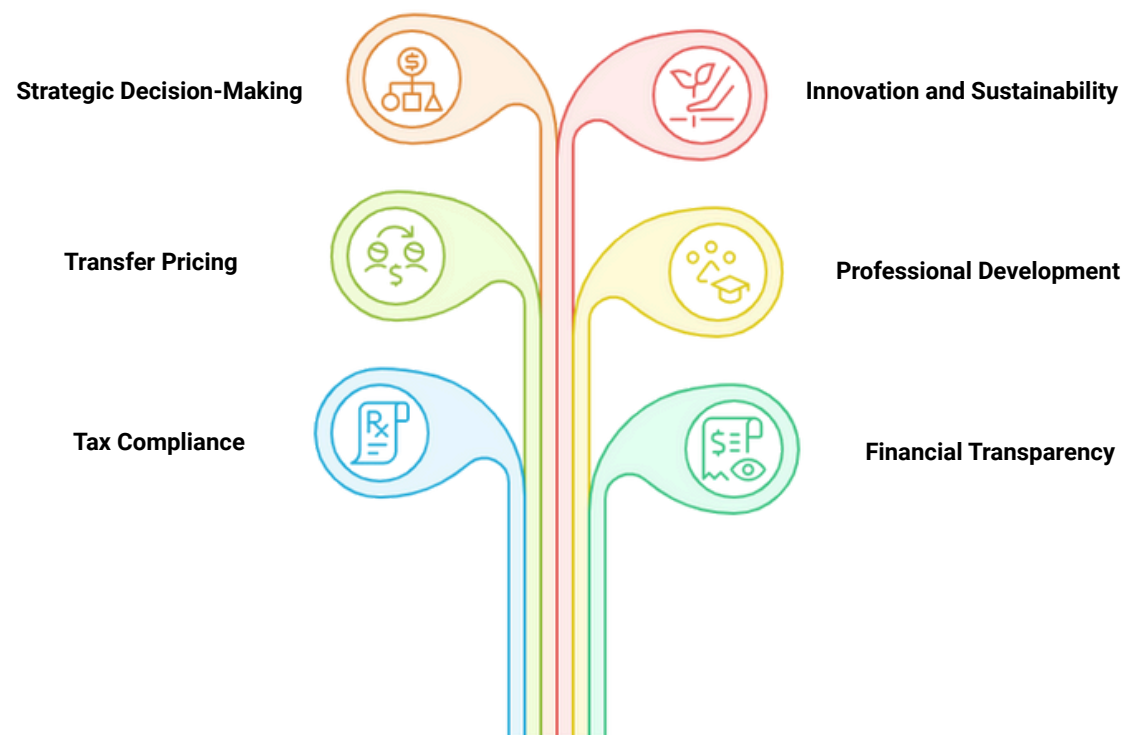
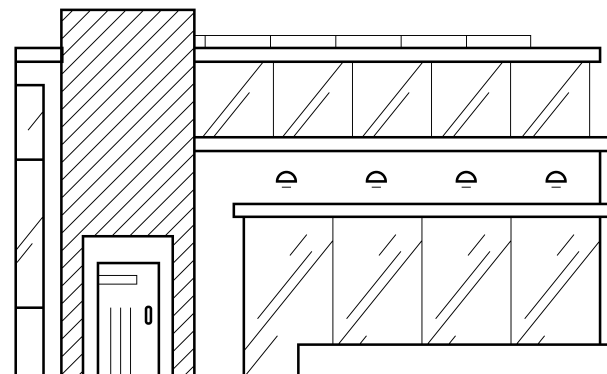


Government financial subsidies

The Company did not obtain any government financial subsidies in 2024.

Tax administration

The company adheres to the principles of tax governance, champions corporate sustainability and ethical management, formulates tax policies, complies with the tax regulations of each operational jurisdiction, fulfills tax obligations with integrity, optimizes tax management, and enhances corporate value. It ensures adherence to local tax laws and disclosure requirements to maintain transparency in financial information. Affiliated entities are expected to follow the principles of tax audits and invoicing, comply with OECD transfer pricing guidelines, and refrain from transferring transactions to low-tax jurisdictions or tax havens without substantial operations. The company is committed to strengthening the professional capabilities of its tax personnel, enhancing management efficiency, practicing ethical management, supporting government sustainability initiatives, and fostering effective communication with tax authorities. Major corporate decisions incorporate tax impact assessments, aiming to create value for shareholders through optimized management and risk control. Kwong Fong Company advocates for innovative and sustainable tax policies while managing risks to fulfill corporate social responsibility. It adheres to the OECD BEPS Action Plan, generates profits with entities that provide substantial benefits, secures tax residency, pays taxes in accordance with local tax laws, and avoids engaging in transactions in low-tax jurisdictions for tax avoidance purposes. Financial reports and tax information are disclosed in compliance with legal regulations, fostering respect and positive relationships with various tax authorities based on integrity.



The company aligns with global tax governance trends, upholds a business philosophy centered on sustainability and integrity, and develops tax policies aimed at optimizing management and enhancing corporate value. The specific practices are as follows:

Adherence and openness

- (1) Strictly comply with tax laws and disclosure requirements at all operating locations to ensure transparency in financial and tax information.
- (2) When conducting cross-border transactions with related parties, follow OECD transfer pricing guidelines and company policies to prevent profit shifting to entities without substantive operations or to low-tax or tax haven jurisdictions.
- (3) Comply with the OECD BEPS (Base Erosion and Profit Shifting) Action Plan; after obtaining tax residency, fulfill tax obligations according to the law and refrain from improper tax avoidance.

Risk Control and Decision Support

- (1) Establish a tax risk management mechanism, evaluate the tax impact of major decisions, and maintain good interaction with tax authorities.
- (2) Regularly conduct tax and invoice audits, implement internal tax reviews, and strengthen risk control.

Professional Competency Development

Enhance the professional capabilities of tax personnel by regular training and seminars to improve their grasp of regulations and practical trends.

Sustainability and Social Responsibility

Support government sustainability policies, regard honest tax payment as a corporate responsibility, and balance industrial innovation and social welfare within tax policies.

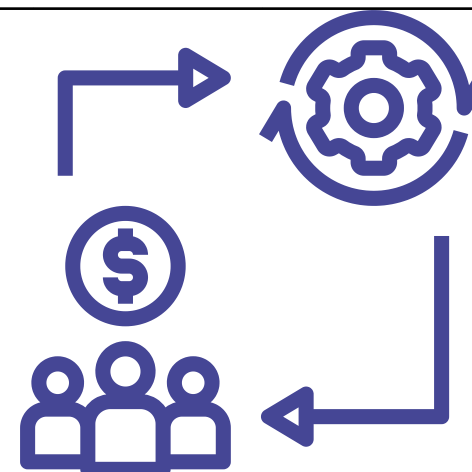
Our company is committed to establishing a compliant, transparent, and efficient tax framework to protect the rights and interests of shareholders and stakeholders, fulfill social responsibility, and lay a foundation for sustainable development.

The Company adheres to the taxation regulations of each jurisdiction in which it operates and remitted a total of NT\$16,400,000 in income tax in 2024.

Tax information for the past two years (consolidated financial statements)

Unit: NT\$ thousand

Category	2023 (Year)	2024 (Year)	Average
Net profit before tax	148,642	223,739	186,191
Income tax expense	38,642	54,907	46,775
Income tax rate (%)	26%	25%	25%
Income tax paid	16,700	16,400	16,550



Regional taxation details

The Company offers audited consolidated financial statements or public financial information in compliance with the tax laws and regulations of various countries and regions.

Unit: Thousand Yuan

Region difference	Profit and loss before tax	Income tax payable for the year	Income tax paid
Taiwan	138,142	49,177	10,670
China and Hong Kong	-	-	-
Other regions_British Virgin Islands	85,597	5,730	5,730

Tax risk management

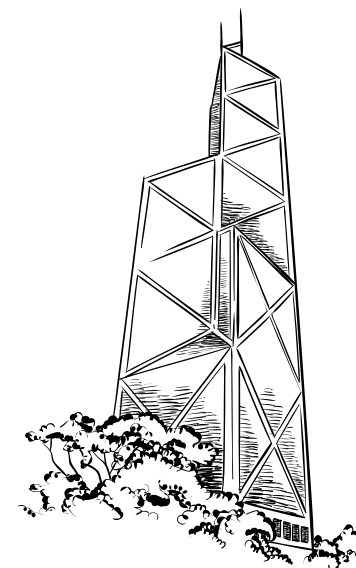
Kwong Fong's tax risks are overseen by the Finance Department, which consistently monitors the tax regulations of each operational jurisdiction, manages the company's tax obligations, and mitigates associated tax disputes and risks.

Communication and management of tax stakeholders

Kwong Fong Group and its subsidiaries adhere rigorously to the tax regulations of each operational jurisdiction, ensuring timely tax declarations and payments. They actively engage in tax promotion initiatives organized by relevant authorities to stay informed about the latest legal developments and foster effective communication with the government. Tax outcomes are disclosed annually in financial statements to clarify tax obligations and commitments to stakeholders.

The Group maintains a specialized department tasked with tax risk management and evaluation, formulates investment strategies in accordance with industry tax regulations, and actively engages with relevant authorities regarding business matters while collaborating on audits and assessments. Significant tax risks are evaluated biannually, and the tax governance framework undergoes an annual review to ensure compliance and efficacy.

Simultaneously, we evaluate the risks associated with cross-border transactions and implement appropriate measures in alignment with the OECD "BEPS Action Plan" principles. The Group upholds the principle of good faith, fosters a mutually trusting cooperative relationship with tax authorities, and consistently enhances the efficiency and transparency of tax governance.



■ Anti-corruption Policy

The Company has yet to implement pertinent anti-corruption policies, nor has it performed corruption risk assessments for its operational sites. There were no verified corruption incidents or actions taken in 2024.

■ Antitrust policy

The Company lacks a policy addressing anti-competitive behavior, antitrust issues, and monopolistic practices; however, there were no legal proceedings concerning these matters in 2024.

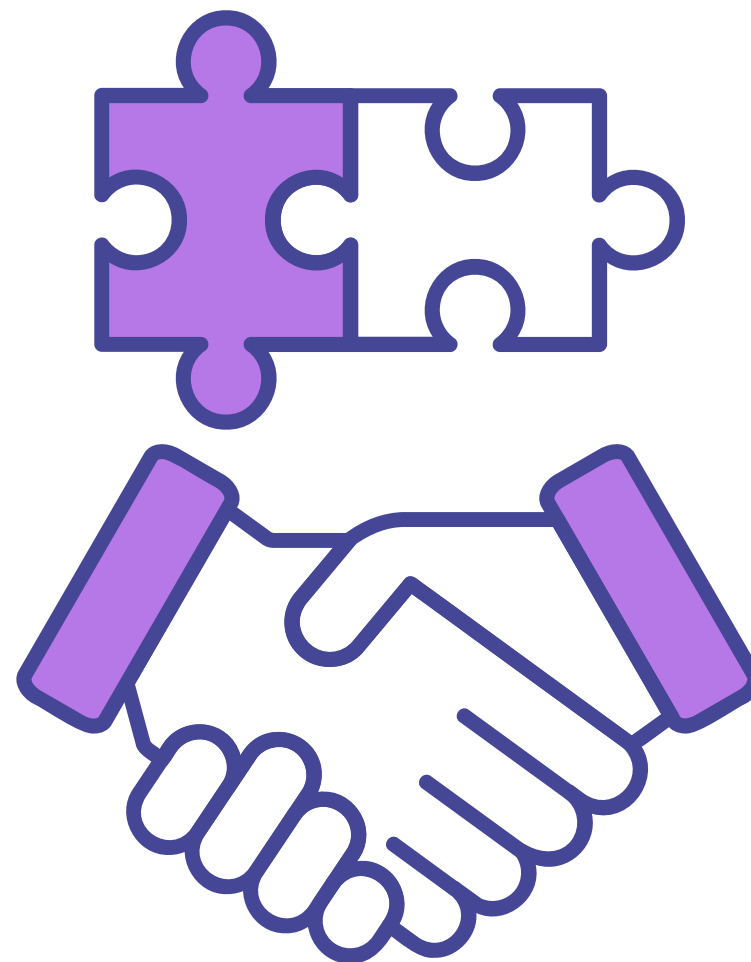
■ Mitigate corruption and fraud

In 2024, the Company refrained from making any donations to political parties or groups.

Regulatory Adherence

GRI 2-27

KFIC remains vigilant in monitoring pertinent laws and regulatory trends, ensuring that all affiliated entities adhere strictly to applicable legal frameworks. Beyond compliance with fundamental statutes such as the Company Law and the Securities and Exchange Law, the organization develops comprehensive internal operating procedures and systems aligned with relevant corporate governance regulations to facilitate legal implementation and safeguard the rights and interests of both the company and its shareholders. The company's governance regulations can be accessed at the following web link: <https://www.kfic.com.tw/shareholders.html>. The Company did not incur any significant violations in 2024.



Product Excellence and Accountability

Kwong Fong Company upholds the principle of integrity, prioritizes product quality and accountability, and implements a complaint mechanism through effective engagement with clients and suppliers to ensure that issues are addressed promptly and efficiently. All marketing and labeling information adheres to domestic regulations and international standards, ensuring the provision of accurate and transparent information.

In the realm of digital technology, we establish ourselves as a "financial information innovator," comprehending market and client requirements while integrating innovation with streamlined development processes to deliver superior digital products and services.

The company establishes stringent information security policies to safeguard the integrity and availability of business data, thereby not only enhancing internal efficiency but also bolstering client trust in Kwong Fong.



Product Regulatory Conformity

The Company's services or products in 2024 are exempt from evaluation regarding the impact of product and service categories on health and safety. Furthermore, there are no infractions or penalties related to product regulations or health and safety standards.

Product labeling and information

The marketing and labeling of the Company's products and services in 2024 adhere to applicable regulations and international standards; however, there is no third-party certification.

■ Product Information Labeling

All our products adhere strictly to applicable laws, regulations, and client specifications throughout the production process. Each department is also required to comply with relevant legal provisions and internal company policies while conducting business. To support this commitment, the company regularly offers education and training for employees to ensure that every colleague comprehensively understands and implements the various requirements and processes. Furthermore, we are dedicated to providing consumers with accurate, complete, and legally compliant information in product labeling and advertising. To date, the company has not breached any regulations pertaining to product or service information and labeling.



■ Product Promotion

The company is dedicated to delivering professional services and comprehensive information. All advertising copy is meticulously reviewed item by item by qualified evaluators, and the client service department conducts regular spot checks to promote enhancements. We firmly believe that transparent and accountable product and service labeling not only ensures transaction security but also aids consumers in making informed decisions. In 2024, the company has adhered to all laws and voluntary regulations concerning product or service information and labeling.

Customer relationship management GRI 418-1

The company's digital technology division emphasizes information integration, application development, and user interface optimization, customizing individual products or comprehensive solutions for clients. Downstream clients encompass securities firms, futures firms, banks, insurance companies, financial holding groups, as well as corporate trading teams and individual investors, who can either directly adopt or further integrate and redevelop these solutions.

Our digital technology enterprise concentrates on five primary development trajectories:

(I). Software Customization

In response to market competition and the demands of digital transformation, we offer comprehensive, tailored solutions that encompass front-end planning, UI/UX design, system development, and consulting services. Our aim is to assist companies in integrating innovation into their existing systems while enhancing functionality and user experience.

(II). Software modularization

To minimize development costs and accelerate project advancement, we implement a modular strategy to develop reusable components, establish common standards, enhance component reuse rates, and encourage the division of labor alongside integrated development within the software industry.

(III). Integration of Virtual and Physical (OMO)

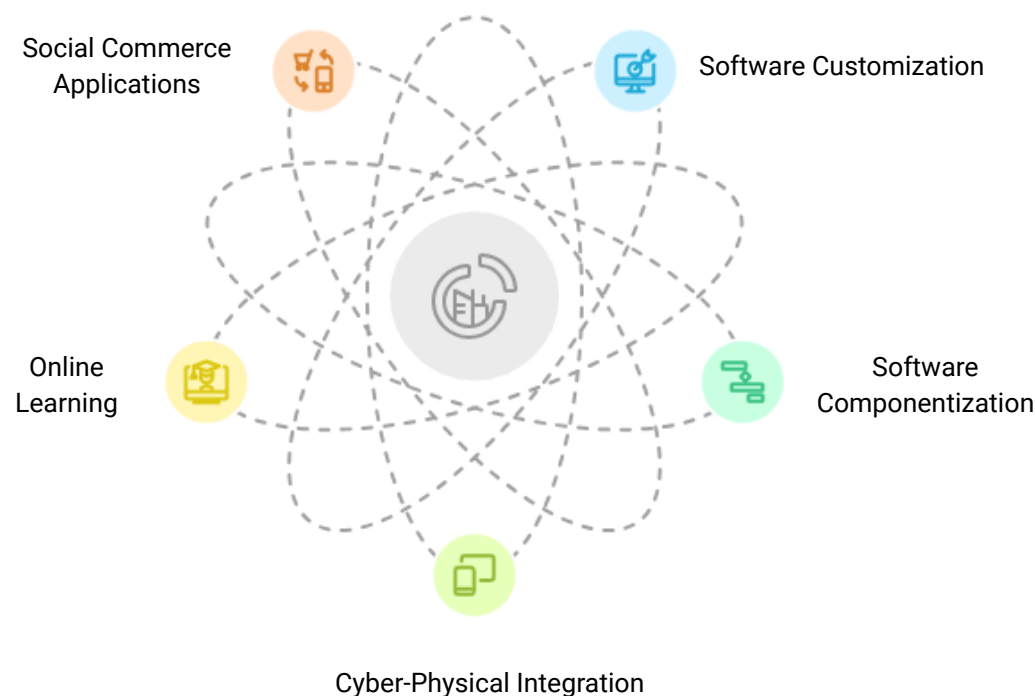
The pandemic and 5G technology have propelled consumer behavior into a new paradigm of virtual-real integration. We have developed a big data platform to assist companies in comprehending consumer demand, optimizing marketing and service processes, and converting data into operational advantages.

(IV). Digital education

Online learning is increasingly gaining popularity, encompassing professional skills, languages, financial investment, program trading, and everyday life content, thereby presenting extensive business opportunities. This trend is particularly pronounced in the domains of finance and programming, where the market demand is increasing swiftly.

(V) Social Enterprise Application

Social platforms have emerged as a significant business channel. For instance, Line group applications are extensively utilized in sectors such as consumer engagement, financial management, and education, effectively transforming traffic into clients and fostering operational growth.



Our digital technology enterprise specializes in the development of application systems for the financial sector, including securities, funds, and insurance. We integrate superior system performance, robust information connectivity, and extensive cross-industry expertise to deliver customized comprehensive solutions, thereby generating added value for information and services.

Committed to the mission of being the "Innovator of Financial Industry Information," we possess a deep understanding of market dynamics and client requirements. We prioritize high quality and meticulous attention to detail, effectively addressing diverse needs through innovative thinking and cutting-edge technology.

With extensive project experience and cross-domain integration capabilities, Digital Technology has established itself as a robust support system for clients' digital transformation and business innovation, continually advancing financial technology innovation and exceptional development.



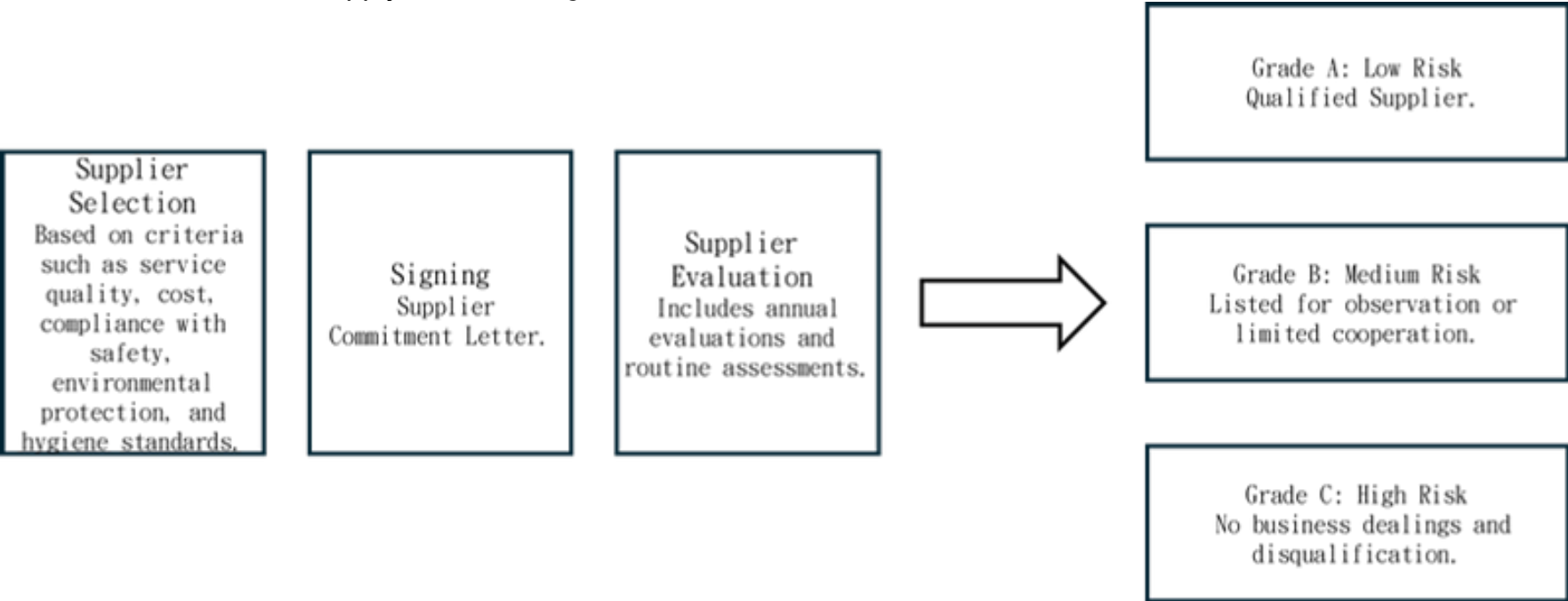
Supplier Management Policy

Kwong Fong recognizes the critical role of supplier management in promoting environmental sustainability and safeguarding human rights, viewing it as essential to fulfilling corporate social responsibility. Accordingly, we have developed the "Supplier Management Policy" to explicitly outline the principles and standards that suppliers must adhere to. Simultaneously, we have introduced the "Supplier Code of Conduct," which offers specific behavioral guidelines on fundamental issues such as labor rights, ethical business practices, occupational safety, and environmental sustainability. These two documents form the foundation of our collaboration, ensuring alignment between suppliers and the company in terms of social responsibility and sustainable development, thereby fostering a mutually beneficial relationship.

Supplier management and sustainable sourcing

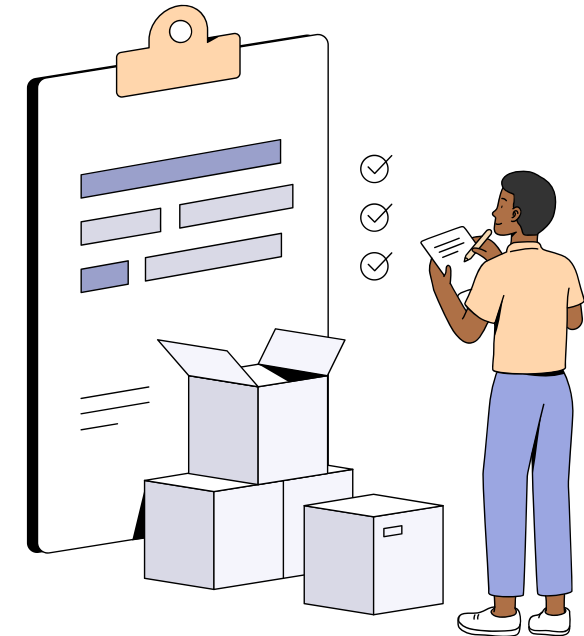
In 2024, Kwong Fong established a supplier management policy that mandates suppliers to demonstrate their capability in delivering quality supplies, timely delivery, competitive pricing, and exemplary service. Additionally, it requires compliance with pertinent regulations regarding safety, environmental protection, and hygiene, thereby enhancing the operational performance of both parties, safeguarding human and labor rights, and fulfilling corporate social responsibility.

Sustainable Supply Chain Management Procedure



Essential Aspects of Supplier Assessment

Annual review	• Quality: Consistency of quality in construction, supply, and related areas. • Compliance: The supplier's punctuality and adherence to the company's requirements. • Acceptance: Verify that the standards have been fulfilled. • Industrial safety incidents: An assessment of whether any industrial safety incidents have transpired at the supplier. • Integrity management: The supplier delivers the project punctually, ensuring that the quality, pricing, acceptance criteria, service, and collaboration all align with the specified requirements. • Sustainability concerns: environmental preservation and human rights
Daily review	Any abnormal situations that occur to suppliers on a daily basis will be recorded as the basis for annual evaluation.



We perform annual assessments of registered suppliers, categorizing and ranking them to systematically review and understand the overall condition of the supply chain. Our management strategies encompass written evaluations and daily documentation, with assessments based on quality, acceptance, collaboration, site safety, and sustainability issues as foundational elements for risk management. The evaluation outcomes are classified into three tiers, and those who successfully pass the evaluation are required to sign a supplier commitment letter to collaboratively pursue corporate sustainability objectives and foster a partnership grounded in mutual trust and growth.

Supplier categories primarily consist of Internet/telecommunications and others. In 2024, there are 33 cooperative suppliers, all of whom were evaluated based on annual procurement amounts exceeding NT\$1 million. Every supplier successfully passed the assessment, achieving a 100% A grade, with no suppliers receiving B or C grades.

2024 Supplier Evaluation Results

Supplier Classification	Risk Level	Management Measures	Results
Grade A	Low Risk	No issues – Qualified Supplier	100%
Grade B	Medium Risk	Issues – Listed for observation or limited cooperation	0%
Grade C	High Risk	Issues – No business dealings and disqualification	0%



Kwong Fong is committed to the principle of sourcing local products and collaborates with suppliers to advance corporate sustainability. The local procurement ratio is projected to achieve 100% by 2024. Concurrently, the company prioritizes the acquisition of green products that bear labels for environmental protection, energy efficiency, water conservation, and green building materials. The procurement scope encompasses cleaning supplies, paper, and information products, among others. We will persist in partnering with high-quality, environmentally responsible suppliers to collectively promote a sustainable and eco-friendly environment.

3-1 Management of Greenhouse Gases
3-2 Energy Management

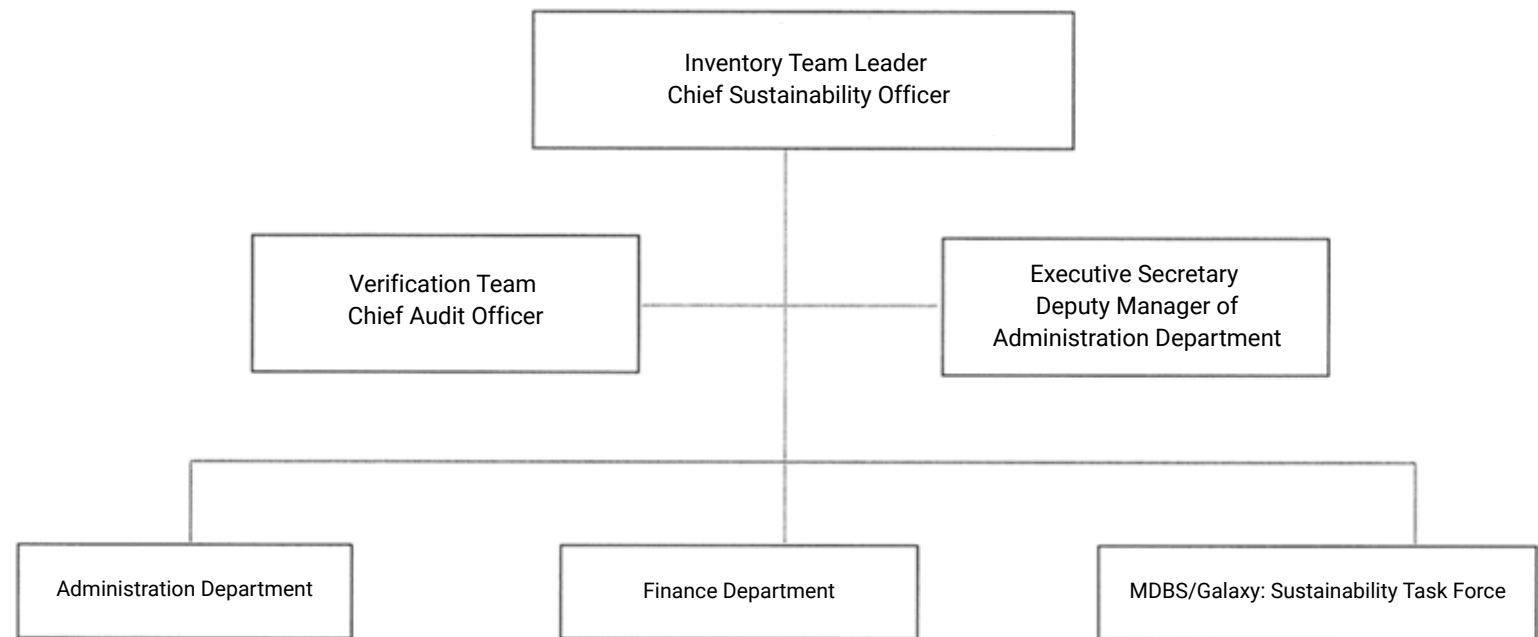


CHAPTER 03 Environmental Sustainability

Greenhouse gas oversight

To facilitate corporate sustainable development, the board of directors empowered the chairman to act as the highest governance authority within the sustainable governance framework. Additionally, the position of chief executive officer was established to be held concurrently by the general manager, and a sustainable promotion team was formed as the designated unit responsible for advancing sustainable development initiatives. Concurrently, to enhance the company's climate change strategy and program implementation effectiveness, the chairman appointed the chief executive officer as the leader of the inventory team, tasked primarily with executing the greenhouse gas inventory, overseeing the low-carbon performance of the head office and its subsidiaries, and promoting environmentally friendly operational activities. Furthermore, a "greenhouse gas inventory execution team" was established to conduct annual greenhouse gas inventory operations at each business location.

1.Organizational Framework:



2. The duties of the Greenhouse Gas Inventory Team are as follows:

Job title	Responsible Person	Responsibilities
Investigation team leader	Permanent Manager	Approval of greenhouse gas inventory plan
Executive secretary	Deputy Manager of Management Department	1. Act as the primary point of contact for each unit. 2. Execute inventory operations, encompassing data collection and quantification.
Investigation team member	Management Department Finance Department MDBS/Galaxy: Sustainability Team	1. Act as the primary point of contact for each unit. 2. Execute inventory operations, encompassing data collection and quantification.
Verification team	Audit Supervisor	Perform internal verification work



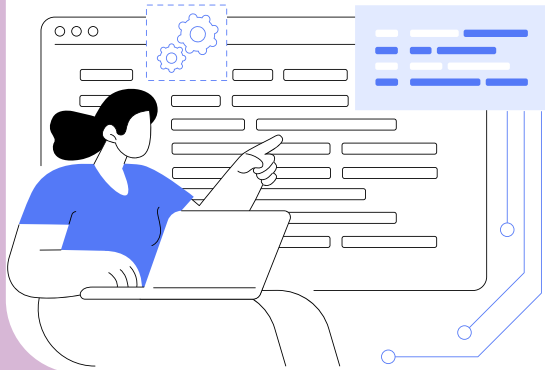
3. Results of the greenhouse gas inventory



2024 (Year)	Emissions (metric tons of CO2 equivalent)	Proportion	Density
Scope 1 Direct Emissions	43.5236	10.70%	0.1305
Scope 2 Energy Indirect	230.2047	56.61%	0.6903
Scope 1+2 (Direct Emissions + Energy Indirect)	273.7283	67.32%	0.8208
Scope 3 Other Indirect Greenhouse Gas Emissions	132.8917	32.68%	-
Total (Scope 1+2+3)	406.62	100%	-

Note:

1. Direct emissions (Scope 1) originate from sources owned or controlled by the company. Energy indirect emissions (Scope 2) arise from greenhouse gas emissions associated with the consumption of electricity, heat, or steam. Other indirect emissions (Scope 3) are generated by the company's activities that do not fall under energy indirect emissions and stem from sources owned or controlled by other entities.
2. Greenhouse Gas Inventory Standard: ISO 14064-1.
3. The intensity of greenhouse gas emissions is determined by the ratio of emissions (metric tons CO2e) to operating income (millions of NT dollars).



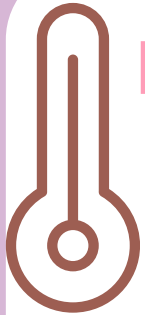
Energy usage

Kwong Fong's internal energy consumption for 2024 is projected to be 1,974.4861 gigajoules (GJ).

Kwong Fong is preparing to assess its product carbon footprint and will gather energy-saving measures and outcomes in the coming years. The company anticipates proposing the following energy-saving initiatives in the years ahead:

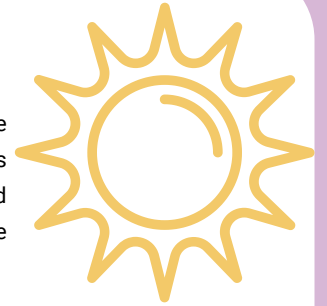
- Energy usage monitoring and management: Perform regular energy audits to evaluate the office's energy consumption and formulate appropriate enhancement strategies.
- Efficient lighting system: Substitute conventional office lamps with high-efficiency LED fixtures to minimize energy consumption.
- Select efficient office equipment: routinely maintain and inspect office devices to guarantee optimal performance and minimize unnecessary energy usage.
- Employee energy conservation awareness training: Conduct regular training sessions and promotional activities focused on energy conservation to enhance employees' awareness and proactive measures. Establish guidelines for energy-saving behaviors, such as turning off computers and lighting when leaving the office to minimize unnecessary energy consumption.
- Promote a sustainable office: advocate for a paperless environment to minimize paper consumption and waste. Implement electronic signatures and an electronic document management system to enhance office efficiency and conserve energy.
- Policy and Goal Setting: Define explicit energy conservation objectives and policies, integrating energy-saving initiatives into the company's management framework. Consistently assess and report on the efficacy of energy-saving measures, while striving for ongoing enhancements in energy management practices.





Climate-related Financial Disclosures (TCFD)

As global climate change garners increasing attention, the environmental risks confronting companies and investors have become more pronounced. Climate change exerts a significant influence on the natural environment and is progressively altering market dynamics, policies and regulations, and consumer behavior. This transformation, in turn, profoundly affects the financial health, operational strategies, and long-term value creation of companies. The World Economic Forum published a global risk report in 2025, indicating that "extreme climate events" will rank as the second highest risk worldwide over the next two years and the foremost risk over the next decade. Environmental risks constitute half of the long-term risks anticipated in the coming decade.



To more effectively identify and manage these risks, fully disclose its climate-related risks and opportunities to the company's stakeholders, and enhance transparency, this report will comprehensively present Kwong Fong's pertinent risks and opportunities in the realm of climate change, adhering to the TCFD's guiding principles and framework (governance, strategy, risk management, indicators, and goals). It will also provide a detailed analysis of the potential impact of these factors on the company's financial performance. This section will outline the company's strategic response measures, risk management processes, and indicator goals, while highlighting the sustainable development initiatives undertaken by Kwong Fong in addressing the challenges posed by climate change and its commitment to long-term value creation.

I. Governance

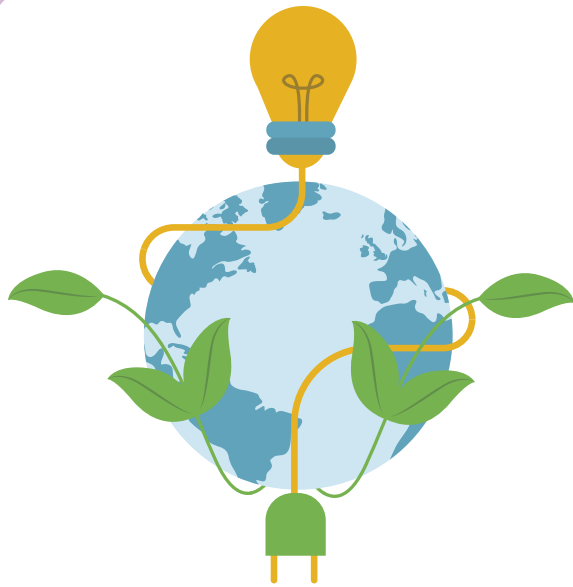
(I). Sustainable governance framework

In 2023, the company established a Sustainability Preparatory Group, followed by the formation of a Sustainability Promotion Group in 2024. This group will consist of senior executives from diverse departments and will be tasked with advancing environmental, economic, and social sustainability initiatives. It will convene irregularly each year to develop the company's sustainability strategies and objectives while engaging with stakeholders. The outcomes of these meetings will be presented to the chairman of the highest governance level for review and approval, with various sustainability tasks and objectives assigned to the relevant departments accordingly. The Chief Sustainability Officer will oversee the performance tracking of each department and will provide regular progress reports to the board of directors annually.

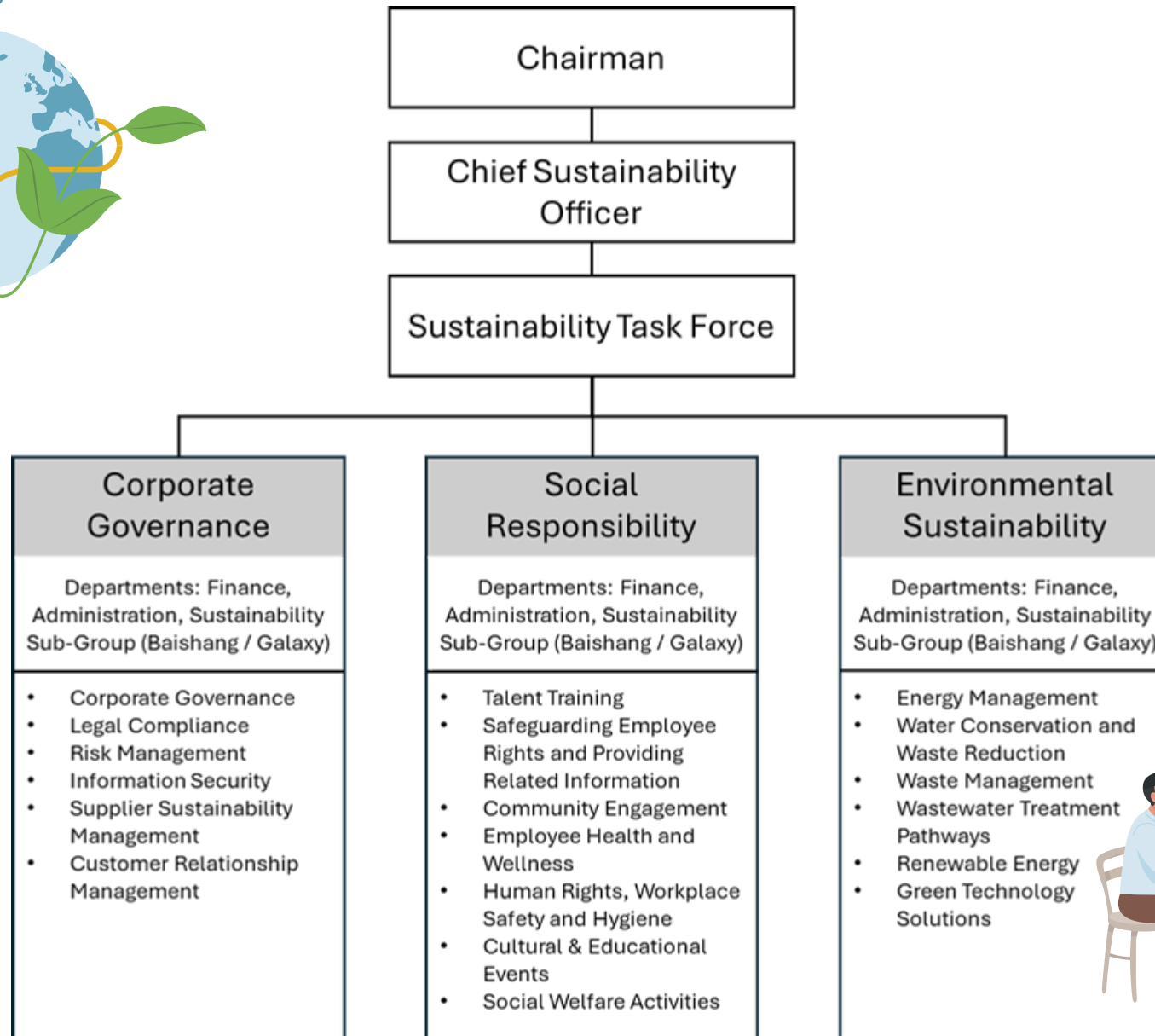
The operational framework of our company's "Sustainability Promotion Group" encompasses several fundamental steps: initially, the strategic planning phase, which involves establishing the company's sustainable development strategy, setting short-term, medium-term, and long-term objectives, and outlining future development trajectories; subsequently, the execution of plans, wherein each working group is tasked with implementing various initiatives related to environmental sustainability, corporate governance, employee well-being, and social engagement; next, performance evaluation, which entails monitoring the effectiveness of the ESG (environment, society, governance) action plans to ensure the attainment of established objectives, along with the annual compilation of performance reports to consolidate all sustainable development efforts; finally, the implementation of improvement actions, which includes effective communication with stakeholders, gathering their expectations regarding sustainable development, and devising plans for continuous enhancement.

During this process, the Sustainable Development Promotion Group will develop sustainable policies and objectives informed by stakeholder consultations and the significant impacts on the economy, environment, and society, subsequently submitting them to the Chairman for review. Upon approval, the Chairman will delegate corresponding management policies and objectives to each department for execution. Department heads are required to report their implementation progress regularly, while the Chief Executive Officer will present an annual report to the Board of Directors. The Company remains committed to advancing various low-carbon initiatives and supporting the national objective of achieving net zero carbon emissions by 2050. The Chairman and the Sustainable Development Promotion Group will review, guide, and assume responsibilities related to climate risk, annually approving climate risk limits, operational plans, and budgets necessary for climate initiatives, while also providing recommendations for adjustments in business management.





Sustainability Working Group Organizational Chart



(II). Operational Framework of the Sustainability Working Group

To implement corporate sustainable development, the board of directors has authorized the chairman to serve as the highest governance authority, responsible for leading the sustainable governance framework. The company has established a "Sustainability Promotion Group" and appointed the general manager as the chief executive officer. The chief executive officer will lead the promotion group and oversee the operations of three working groups: the "Corporate Governance Group," the "Social Welfare Group," and the "Environmental Sustainability Group." The primary responsibilities of these groups include managing project execution effectiveness and coordinating various departments within the company to collectively advance sustainable development, climate risk management, and governance culture. The chief executive officer is required to periodically report progress to the chairman and provide an annual report to the board of directors on the outcomes of climate risk management and sustainable initiatives.

The Sustainability Promotion Group will present key themes derived from stakeholder opinions and evaluations of economic, environmental, and social impacts. The group will engage with department heads to develop management guidelines, policies, and objectives, which will then be submitted to the chairman for review and approval.

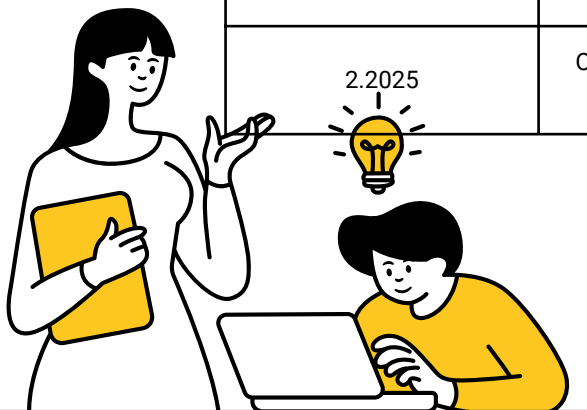
Board of Directors and Sustainability Advancement Committee on Climate Risk Management

Date	Issue
June 1, 2024.	Endorsed by the Board of Directors 1. Develop a "Sustainable Development Code of Practice" 2. Formation of a "Sustainable Development Promotion Group"
August 1, 2024.	Endorsed by the Board of Directors Revise the internal control system and establish procedures for the preparation and validation of the sustainability report. The Board of Directors evaluated the preparation of the 2023 Sustainability Report.
November 1, 2024.	Board Meeting Report "Risk management policy, scope, organizational structure, and operational status" 2. Engagement with stakeholders 3. Status of information security management implementation 4. Implementation and outcomes of sustainable development
March 1, 2025.	Board of Directors Meeting Report on Greenhouse Gas Inventory and Verification Schedule Planning



To promote and elevate the awareness of sustainability and climate risks among the Board of Directors and the Sustainability Promotion Team, pertinent members consistently engage in relevant courses and facilitate climate risk education and training.

Date	Course	Hours	Number of participants
4.2024	Education and training on the preparation of the sustainability report	3	15
6.2024	Group discussion on the information to be submitted by each unit in the preparation of the sustainability report	8	9
8.2024	Discussion on the first draft of the sustainability report	2	11
9.2024	New highlights and improvements of the 2024 sustainability report and warm-up planning	3	9
10.2024	2024 sustainability report and warm-up education and training	2	9
12.2024	Discussion on climate risk and opportunity identification and scenario analysis	3	9
2.2025	Optimization of the sustainability report (including TCFD) and warm-up education and training	2	11



(II). Strategy

(I).Climate Strategy:

In alignment with the climate-related financial disclosure recommendations set forth by the Task Force on Climate-related Financial Disclosure (TCFD), and in conjunction with pertinent policy specifications, our company will annually identify and evaluate climate risks and opportunities. We will analyze the implications of these risks and opportunities on the company's operations, strategies, products, and financial planning across various timeframes (short-term, medium-term, and long-term). This assessment will encompass multiple areas as recommended by TCFD, including: products and services, supply chain and value chain, adaptation and mitigation initiatives, research and development investment, business operations, operating costs and income, capital expenditures and allocation, acquisitions and asset divestitures, and capital acquisition, among others.

In terms of the time frame for assessing risk impact, we will categorize the effects into short-term (impact occurring within the next one to three years), medium-term (2026-2030), and long-term (2031-2050), aligned with the company's operational characteristics and industry standards, as well as the recommendations of the TCFD. Specifically, we will emphasize digital transformation, cloud services, and data center energy consumption, and develop appropriate adaptation strategies and mitigation measures in response to the challenges posed by climate change.

Based on the evaluation results, we will develop targeted climate strategies and objectives encompassing the following areas: R&D investment, product and service innovation, operational energy efficiency, green cloud infrastructure development, and carbon emission management. These strategies and objectives will undergo annual review and monitoring, with updates reflected in the Climate Key Indicator Report to facilitate timely adjustments in response to shifts in global environmental policies and market demands.

To effectively implement the climate strategy, we will integrate climate-related issues into our annual operations and strategic planning, allocating relevant budgets and resources accordingly. The Chairman will periodically report the annual climate strategy implementation plan and make adjustments based on the Chairman's guidance. Furthermore, the Chairman will oversee the company's progress in climate risk management and provide essential operational and management advice to ensure the successful execution of the climate strategy and the attainment of its objectives.

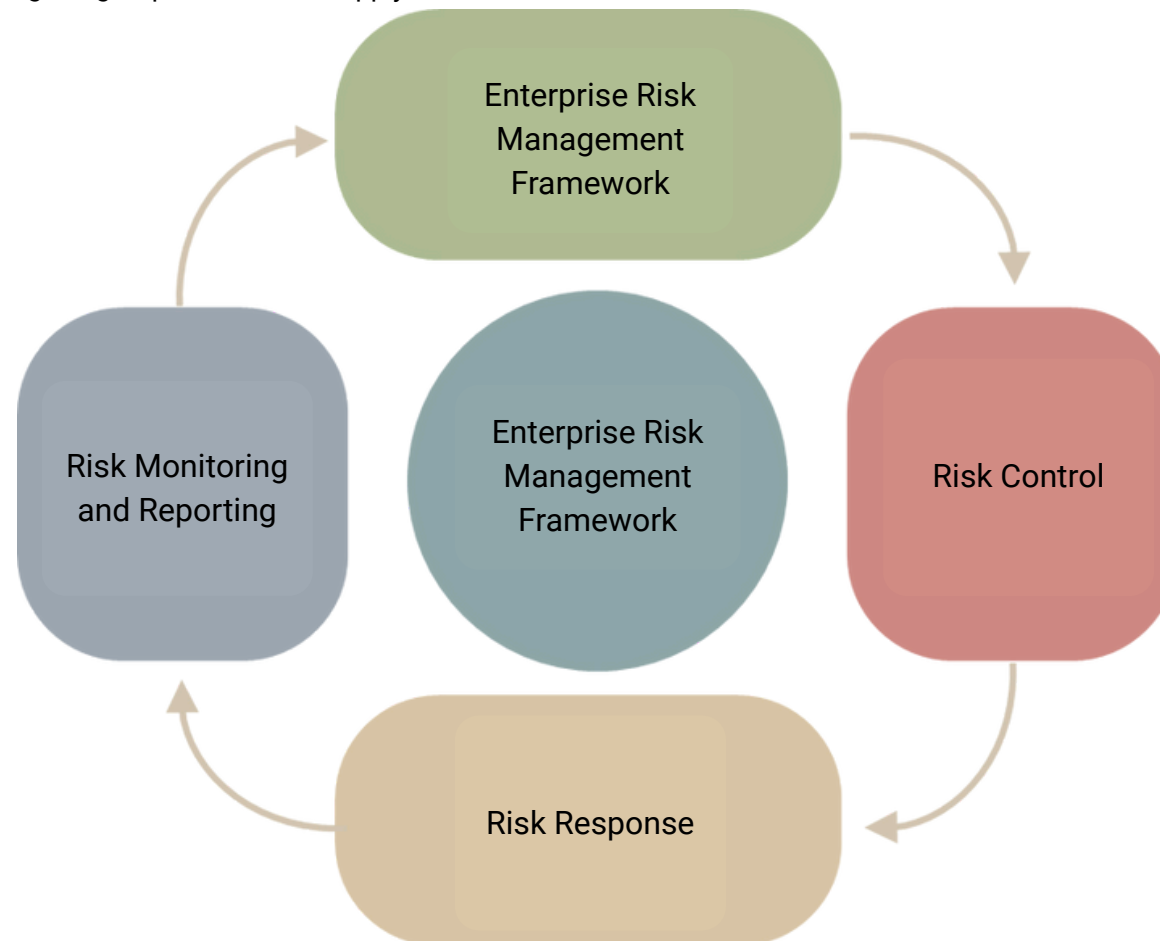


Narrative assessment of short-, medium-, and long-term climate risks and opportunities

Time Period	Climate risks and opportunities	Related description
Short-term	Transformation Risk Policies and Regulations	1. The global landscape is becoming progressively rigorous in regulating carbon emissions and energy consumption. In conjunction with evolving energy regulations and the implementation of carbon fees, data center operations are expected to demand substantial energy, potentially leading to heightened operating costs. 2. Short-term risks to the construction industry arise from climate policies and green building regulations, as new standards may elevate construction costs.
Short-term	Opportunity Offering	1. Delivering software and financial AI innovation platform services to facilitate paperless and low-carbon solutions for clients will enhance business opportunities. Furthermore, the advent of energy-efficient technologies and sustainable digital solutions, including 5G technology, energy optimization of cloud computing infrastructure, smart energy management systems, and green data centers, will contribute to improved energy efficiency and bolster competitiveness. 2. By utilizing sustainable building materials and energy-efficient design, companies can lower expenses and appeal to investors who prioritize sustainable development. Furthermore, the growing market demand for disaster prevention and resilience presents a significant opportunity for future development.
Medium-term	Transformation Risk Technology	1. With the transformation of the global energy landscape and the rising market demand for renewable energy, significant infrastructure investment and transformation may be necessary in the future, including the implementation of high-efficiency cooling technology in data centers to comply with more stringent environmental protection standards. Furthermore, the growing frequency of extreme weather events may impact the global supply chain and data transmission services. 2. Climate risk will manifest in the long-term uncertainty of project investment returns, particularly as extreme climate events heighten the risk of infrastructure damage. This will impact the budget and anticipated returns of construction projects, especially as certain low-carbon emission initiatives may face challenges due to elevated initial investment costs.
Medium-term	Transition Risk Market	1. As market demand for environmental protection and sustainable development rises, both consumers and businesses are increasingly seeking green digital solutions. A company that does not offer digital products or services aligned with environmental standards risks losing a significant number of potential clients. 2. If companies do not swiftly adapt and advocate for low-carbon and energy-efficient construction solutions, they risk losing market share and facing disadvantages in future competition.
Medium-term	Opportunity Offering	1. The digital technology sector will continue to broaden the implementation of environmental protection technologies utilizing AI, big data, and the Internet of Things, thereby creating opportunities to introduce innovative solutions for sustainable development. 2. As global demand for sustainable buildings increases, companies can design and construct green structures that adhere to low-carbon standards while fostering innovation in green building materials and technologies. This approach not only aligns with international agreement requirements but also attracts global market investment in green construction initiatives.
Medium-term	Transformation Risk Reputation	As environmental awareness increases, companies that do not proactively address climate change will encounter reputational risks. Society is becoming more attuned to corporate performance regarding climate issues. Should companies neglect to showcase their commitment to environmental responsibility, they may face adverse public sentiment, which could undermine the trust of investors, consumers, and partners.
Medium-term	Physical hazards Long-term consequences	1. Extreme climate change driven by rising temperatures, including typhoons, heavy rainfall, drought, and water scarcity, may result in power outages, water shortages, fires, or flooding, leading to damage to real estate, disruption of operations and systems, or harm to equipment. 2. Rising sea levels, extreme heat waves, and strong winds will heighten the risks associated with building design and construction, resulting in potential losses to corporate assets.

(II) Climate Risk Management Policy:

To achieve Kwong Fong's sustainable development objectives and protect the long-term value of the company and its stakeholders, Kwong Fong implements a strategy that balances risks and commercial rewards to identify and effectively manage the diverse climate-related risks and opportunities encountered during the execution of the company's business strategy. The board of directors empowers the chairman, along with the corporate governance and environmental sustainability teams within the sustainable development promotion department, to conduct a thorough review of Kwong Fong's enterprise risk management (ERM) framework and its risk profile. This review aims to ensure that the climate risks identified during operations are effectively controlled and maintained within an acceptable risk threshold, while also guaranteeing that all climate-related risks are comprehensively assessed and managed. These risks encompass, but are not limited to, net zero emissions targets, reputational risks, energy shortages or disruptions, the impact of extreme weather on data center operations, and cybersecurity threats, all of which may present potential challenges to Kwong Fong's operations and supply chain.



The Chairman of the Board will periodically report the assessment results of climate-related risks and opportunities to the Chairman each year, conduct climate scenario simulation analyses, and provide evaluations of financial impacts along with corresponding response measures. The Chairman will ensure that relevant risk control plans and response strategies are thoroughly reviewed and adjusted in accordance with these assessment results.

To ensure that environmental issues receive comprehensive attention and understanding from stakeholders, Kwong Fong has implemented a regular questionnaire survey method to gather opinions. The questionnaire is meticulously designed to conduct in-depth inquiries into various environmental concerns that may impact corporate operations and social responsibilities, including carbon emissions, resource utilization efficiency, waste disposal, energy consumption, and climate change risks. These questionnaires will be distributed to internal employees, external partners, social groups, regulatory agencies, and other stakeholders to solicit their perspectives on these issues, their perceived significance, and recommendations for future strategies.



The gathered questionnaire results will be meticulously analyzed by the members of the Sustainability Promotion Team. The team will assess the positive and negative implications of each issue on the company's future development and environmental impact, taking into account the level of attention devoted to each matter and the likelihood of its occurrence. These evaluations will serve as a foundation for risk management and strategic adjustments.

Upon the completion of information collation and evaluation, the Sustainability Promotion Team will analyze the results and identify the issues that exert the most significant influence on the company and its environmental obligations. These issues will subsequently be deliberated within the team, leading to the formulation of targeted response strategies and action plans. The Sustainability Director will provide regular annual reports to the Board of Directors to guarantee that all strategies and action plans are afforded sufficient support and resources.

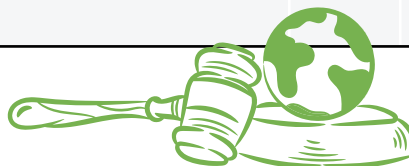
The table below presents our company's risk assessment identification framework:

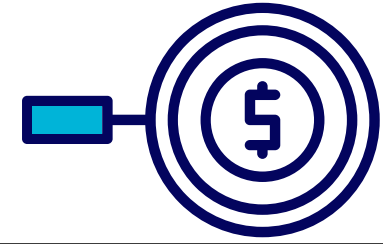
Kwong Fong's Risk Management Policy is meticulously crafted to identify and evaluate the diverse risks that the company may encounter in its operations, encompassing physical risks, transition risks, and market and technology risks. These risks are categorized into short-term, medium-term, and long-term classifications, and are quantified according to their potential impact on the company's financial standing and operational efficacy. The climate-related management timeframe is delineated as short-term within three years, medium-term spanning three to six years, and long-term extending beyond six years. Each risk is assessed based on the underlying drivers of the risk factor, a company-specific description, the severity of the risk factor, and the potential financial repercussions.



Risk type			Risk-related drivers	Financial impact drivers	Company-specific description	Time frame	Risk Factors 1	Risk Factors 2	Risk Factors 3	Total score	Is it a major risk?	Description of management method
1	Entity	Immediate	Drought (Own operations)	Operating costs	Global warming results in elevated temperatures, increased water and electricity expenses, and a heightened risk of power outages.	Short-term	3	3	3	9		Build an uninterruptible power supply system
2			Drought (supply chain)	Operating costs	Global warming causes rising temperatures, increasing water/electricity costs, and increasing the risk of power outages	Short-term	3	3	3	9		Establish an uninterruptible power supply system and decentralize the supply chain.
3			Flood	Operating costs	Affecting workforce management and planning (e.g., health/safety/absenteeism)	Short-term	3	3	3	9		Build an uninterruptible power supply system
4			Flood (supply chain)	Operating costs	Global warming causes rising temperatures, increasing electricity costs, and increasing the risk of power outages	Short-term	3	3	3	9		Establish an uninterruptible power supply system to enhance the diversity of the supply chain.
5			Typhoon	Operating costs	Affecting workforce management and planning (e.g., health/safety/absenteeism)	Short-term	5	3	1	9		Build an uninterruptible power supply system
6	Entity	Long-term	Rising temperatures	Operating costs	Increased electricity consumption and higher operating costs	Long-term	5	7	7	19	V	An uninterruptible power supply system has been established, and it is subject to ongoing upgrades and updates.

Risk type			Risk-related drivers	Financial impact drivers	Company-specific description	Time Frame	Risk Factors 1	Risk Factors 2	Risk Factors 3	Total score	Is it a major risk?	Description of management method
7	Transformation risks	Policies and regulations	Total greenhouse gas control and carbon tax, carbon fee	Operating costs	Greenhouse gas inventory and confirmation fees increase operating costs	Long-term	7	7	7	21	V	Conduct greenhouse gas inventory, continuously understand the momentum of emissions, continuously track carbon tax trends, save energy and reduce carbon emissions
8			Net zero emissions	Operating costs		Long-term	3	3	7	13		Introduce energy-saving and carbon-reducing equipment and energy-saving corporate culture
9			Environmental impact assessment commitment	Operating costs	Rising expenses associated with land development for the construction industry and environmental impact assessments.	Long-term	1	1	1	3		Suspend related direct development, mainly invest in shares of construction companies
10			Uncertainty in the development of new energy-saving and carbon-reduction technologies	Operating costs	Continued research and development of energy-saving and carbon-reduction technologies, increased operating costs	Long-term	3	3	3	9		Continuously optimize customer data access to achieve energy-saving and carbon-reducing technology
11			Renewable energy regulations and procurement	Operating costs	The amount of money spent on purchasing renewable energy has increased due to regulations. The shortage of renewable energy has led to a continuous rise in prices	Long-term	7	7	7	21	V	Promote energy-saving solutions to increase energy efficiency to reduce energy usage
12			Regulations requiring electricity savings of 1%	Operating costs	The industry has no heavy pollution and energy-consuming equipment, and the increase in operating costs is small	Long-term	3	3	3	9		Promote energy-saving solutions to increase energy efficiency to reduce energy usage





Risk type		Risk-related drivers	Financial impact drivers	Company-specific description		Time Frame	Risk Factors 1	Risk Factors 2	Risk Factors 3	Total score	Is it a major risk?	Description of management method
13	Transformation risks	Good will	Shifting consumer preferences;	Revenue	Decreased product demand and reduced revenue	Short- to Mid-term	3	3	3	9		Arrange sustainability-related courses for colleagues to increase the exposure of the group's sustainable products and solutions
14		Good will	Bad reputation	Revenue Operating Expenses	Adverse effects on product sales; increased employee recruitment expenses; elevated borrowing costs; diminished brand equity	Mid- to Long-term	7	7	7	21	V	Actively participate in sustainability-related evaluations to create a sustainable corporate image and cooperate with merchants with high supply chain evaluations to jointly market sustainable values
15		Market	Changes in Customer Behavior	Operating expenses Revenue	Reduction in revenue from non-low-carbon products, increase in R&D costs for products and services required by customers	Mid- to Long-term	3	3	3	9		Arrange sustainability-related courses for colleagues to increase the exposure of the group's sustainable products and solutions
16		Technology	Investment in new technology	Operating expenses Revenue	Increase in R&D investment costs	Mid- to Long-term	3	3	3	9		Comprehensively review the relevance of the company's core technologies and related products and services, and invest in new technologies in response to climate change issues

Risk type			Risk-related drivers	Financial Impact Determinants	Company-specific description	Time Frame	Risk Factors 1	Risk Factors 2	Risk Factors 3	Total score	Is it a major risk?	Description of management method
17	opportunity	Products and Services	Diversify operations	Revenue	Increase turnover	Mid- to Long-term	7	7	7	21	v	Tailor-made for customers, develop low-carbon products and services / improve customer product energy efficiency
18	opportunity	Resilience	Improve the ability to resist natural disasters	Revenue	Increase turnover	Mid- to Long-term	7	7	7	21	v	Carefully selected excellent suppliers, cloud control to prevent products from being affected by natural disasters



(III). Risk Management

1. Risk Evaluation Method

1. Risk classification and assessment parameters: Risks are categorized as short-term (within 3 years), medium-term (3-6 years), and long-term (exceeding 6 years). Each risk is evaluated according to its potential impact on the company's operations.

The duration of the impact and the potential losses are assessed.

2. Risk assessment indicators:

Time horizon: short-term, medium-term, long-term.

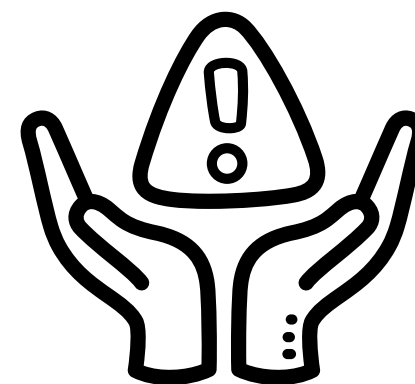
- Risk Factor 1: Impact/Severity, 1-10 points (1 represents the lowest impact, while 10 denotes the highest impact)
- Risk Factor 2: Likelihood of occurrence, 1-10 points (1 point indicates the lowest likelihood, while 10 points signifies the highest likelihood)
- Risk Factor 3: Vulnerability, 1-10 points (1 indicates the lowest likelihood, while 10 signifies the highest likelihood)

3. Risk factors encompass:

- Physical risks: Natural disasters, including droughts, typhoons, and floods, may impact Kwong Fong's labor management and supply chain operations, potentially leading to operational disruptions. The financial implications of each physical risk are contingent upon its frequency and severity. For instance, floods or typhoons may influence short-term operating expenses.
- Transformation risks encompass alterations in policies and regulations, as well as the implications of carbon taxes and fees. For instance, controls on greenhouse gas emissions will affect Kwong Fong's operating expenses. Ultimately, these policies will compel Kwong Fong to evolve and enhance its energy-saving and carbon-reduction technologies.
- Market risks and opportunities: The assessment of risks encompasses shifts in consumer preferences towards low-carbon products and potential negative impacts on corporate image, as these elements can directly influence the company's revenue.

4. Risk Management Strategies

- The Company has implemented management mechanisms to address pertinent risks, including the establishment of an uninterruptible power supply system to mitigate energy interruption risks, as well as the promotion of green energy applications and energy-saving, carbon-reduction technologies to decrease carbon emissions and energy expenses.
- In response to long-term transformation risks, Kwong Fong consistently conducts greenhouse gas inventories to assess emission trends and implement corresponding carbon reduction measures. The company will also actively engage in the carbon trading market and evaluate the implications of renewable energy regulations and procurement to mitigate cost pressures arising from future increases in carbon pricing. Additionally, it continues to introduce energy-saving and carbon-reduction initiatives and equipment while fostering a corporate culture of energy conservation to decrease energy consumption.
- In light of the substantial financial investment required for construction, the company is contemplating a temporary postponement of direct development activities related to construction. Instead, it aims to concentrate on investing in shares of construction firms that prioritize sustainable and environmentally friendly building initiatives.
- Organize sustainability-focused courses for colleagues to enhance awareness of the Group's sustainability products and solutions.
- We meticulously choose outstanding suppliers, collaborate with manufacturers in supply chain assessment, execute sustainable supply chain management, enhance supply chain resilience, and collectively promote sustainable value.
- We create low-carbon products and services customized to meet our clients' needs while assisting them in enhancing product energy efficiency.





Likelihood of Occurrence	High	-	-	Global warming elevates electricity operating expenses. Comprehensive greenhouse gas management and the implementation of carbon taxes and fees. Regulations and procurement related to renewable energy contribute to rising energy costs. Consequences of a negative brand reputation. Introduction of new services aimed at carbon reduction and sustainability. Mitigating the effects of natural disasters that lead to operational disruptions.
	Medium	-	Typhoons: Impact on workforce management and planning	-
	Low	Drought: Rising temperatures elevate water and electricity expenses, as well as the likelihood of power outages. Floods: Effects on workforce management and strategic planning. Commitments and evaluations related to environmental impact assessments escalate operational costs. Ambiguity in the advancement of innovative energy-efficient and carbon-reducing technologies. Evolving demand and preferences for sustainable products and services. Public sector incentives and partnerships.	-	-
		Low	Medium	High
Level of Impact				



2. Analysis of climate-related scenarios

In the realm of climate-related scenario analysis, the Company performed a climate risk scenario assessment for Kwong Fong, utilizing the scenario parameters published by the Network for Green Financial Systems (NGFS). This included an orderly transition (Net Zero 2050), a disorderly transition (Delayed 2°C), and runaway global warming (NDCs). The analysis evaluated the potential rise in operating costs or expenses attributable to carbon fees across various scenarios, examined the financial implications of electricity consumption, and projected carbon tax liabilities and operating costs from 2025 to 2050.



Orderly Transition (Net Zero 2050)

In the orderly transition scenario, the world attains the net zero emission target by 2050 and successfully manages greenhouse gas emissions through policies, technological innovation, and global collaboration. In this scenario, nations progressively adopt carbon pricing mechanisms (such as carbon taxes and carbon quota trading) and enhance investments in renewable energy and low-carbon technologies.

(1) Carbon Fee Impact Analysis

Carbon Tax: Assuming that global carbon pricing gradually escalates to approximately US\$100 per ton of CO₂ by 2030 and ultimately reaches US\$200-250 per ton of CO₂ by 2050, Kwong Fong's carbon emissions will be directly influenced, particularly in carbon-intensive sectors such as data center operations, manufacturing, and logistics, which will incur additional carbon tax liabilities.

Operating costs and operating expenditures:

- **Data center operating expenses:** Data centers must invest further in renewable energy and energy efficiency technologies (such as advanced cooling systems and low-carbon energy utilization) to mitigate the impact of carbon taxes. This will necessitate increased initial capital expenditures; however, as carbon taxes rise, long-term energy conservation and carbon reduction will significantly lower energy costs.
- **Impact of Carbon Fees on the Construction Industry:** Throughout the construction process, Kwong Fong is required to acquire carbon quotas or remit carbon taxes, while also integrating low-carbon building materials and sustainable designs to mitigate carbon emissions. This may lead to increased construction costs; however, green buildings are anticipated to enhance market competitiveness.

(2) Expected impact:

Initially, the rise in carbon fees will elevate Kwong Fong's operating costs, particularly in sectors with high carbon emissions, such as data centers and energy-intensive manufacturing facilities.

Long-term: By enhancing energy efficiency, utilizing renewable energy sources, and advancing green technology, Kwong Fong can diminish carbon emissions and mitigate the supplementary expenses associated with carbon fees, ultimately leading to reduced energy operating costs.

2. Disordered Transition (Delayed 2°C)

In the chaotic transition scenario, the world does not succeed in implementing effective climate action in the short term, resulting in a continued rise in carbon emissions until governments and businesses commence large-scale carbon reduction policies between 2025 and 2030, ultimately achieving the global objective of limiting temperature increase to 2°C.

(1) Analysis of the impact of carbon fees: Carbon tax and policy promotion: In this scenario, the implementation of carbon fees is initially delayed and may be modest at the outset, but is expected to increase significantly in the coming years. The carbon tax could reach US\$40 per ton of CO₂ by 2025, escalate to US\$150 by 2030, and ultimately surpass US\$300 per ton of CO₂ by 2050.

Operating costs and operating expenditures:

- Data center and manufacturing: Owing to the delay in carbon fees, Kwong Fong may encounter substantial carbon tax liabilities post-2030, with the repercussions on data centers, manufacturing, logistics, and other sectors becoming increasingly evident. To mitigate these expenses, Kwong Fong must enhance investments in energy efficiency initiatives and streamline business operations.
- Construction industry: As standards for carbon emissions in construction continue to rise, Kwong Fong must expedite the adoption of green building materials and low-carbon construction technologies moving forward. While the increase in carbon fees may result in short-term cost escalations, it will ultimately facilitate the industry's transition towards low-carbon practices in the long term.

(2) Expected impact:

Short term (2025-2030): The carbon tax burden remains manageable; however, with policy promotion and a substantial rise in the carbon tax, Kwong Fong's carbon fee expenditures are projected to increase significantly post-2030.

Long-term (2030-2050): As carbon fees rise substantially, Kwong Fong must enhance its investment in low-carbon technologies and proactively advance the transformation of its business towards a more sustainable trajectory.

3. Uncontrolled global warming (NDCs)

In the event of unchecked global warming, should governments and businesses neglect to implement effective carbon reduction measures, the rise in global temperatures will surpass 2°C, potentially exceeding 3°C. This escalation will exacerbate global climate change, presenting significant challenges to the environment, economy, and society.

(1) Analysis of the Impact of Carbon Fees: Carbon Taxes and Regulations: In this scenario, carbon prices are anticipated to increase significantly, particularly as countries and regions enhance their regulation of carbon emissions. Consequently, carbon taxes may escalate rapidly. Projections indicate that by 2030, carbon taxes could surpass US\$100 per ton of CO₂, and by 2050, they may exceed US\$500 per ton of CO₂.

Operating costs and operating expenditures:

- Data Center: A significant rise in carbon fees will profoundly affect Kwong Fong Data Center, particularly given its substantial energy requirements for operation. Kwong Fong may need to provide support. They will be required to pay significantly elevated carbon taxes and enhance energy efficiency while increasing the utilization of clean energy in high-carbon emission sectors, such as data storage and processing.
- Construction: As global warming escalates and extreme weather events occur with increasing frequency, their impact on construction projects may intensify, leading to higher construction costs. The expenses associated with carbon allowances necessary for construction are set to rise considerably, necessitating that Kwong Fong allocate additional resources to its construction projects in order to mitigate its carbon footprint.

(2) Expected impact:

Short term (2025-2030): Carbon tax expenses are projected to rise substantially. Kwong Fong must brace for the swift escalation in carbon tax costs and enhance the integration of green energy solutions.

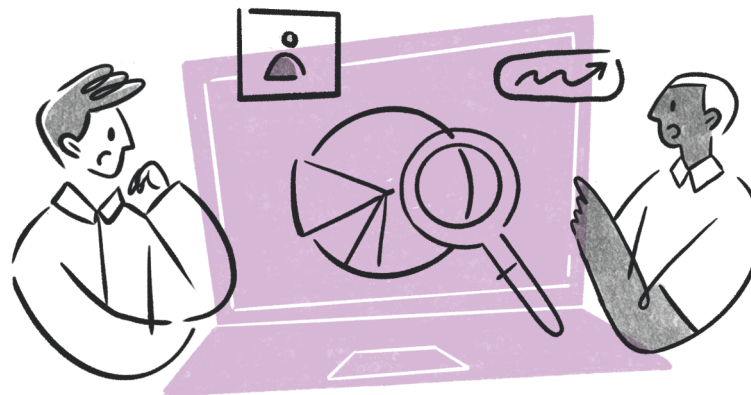
Long term (2030-2050): As the carbon tax escalates to US\$500 per ton of CO₂, Kwong Fong will encounter persistent pressure from elevated carbon costs, which will substantially raise operating expenses and compel the company to expedite the adoption of low-carbon technologies and sustainable transformations across its operations.

Summary

Orderly Transition Scenario (Net Zero 2050): Kwong Fong must expedite its investment in green technologies and transform its operations to decrease carbon emissions in the coming years. In this scenario, the long-term carbon fee burden is comparatively minimal, which will assist Kwong Fong in maintaining stable operating costs.

Disorderly Transition Scenario (Delayed 2°C): In this scenario, the significant increase in carbon taxes will impose heightened short-term financial pressure on Kwong Fong, particularly following 2030. Kwong Fong must initiate planning for the implications of carbon fees at the earliest opportunity and address the rise in carbon fees through technological innovation and energy-efficient transformation.

Uncontrolled Global Warming Scenario (NDCs): In this scenario, carbon taxes may impose significant operational cost pressures on Kwong Fong, particularly affecting data centers and construction enterprises. Kwong Fong must expedite its transition to a low-carbon business model and strategically prepare for the anticipated rise in future carbon costs.



Kwong Fong should proactively implement a low-carbon transformation strategy, enhance technology, optimize energy management, and minimize carbon emissions to mitigate the adverse effects of future carbon fees on its operations.

Based on the scenario parameters provided by NGFS, the following estimates the financial impact on Kwong Fong's carbon emissions growth under a high emission scenario (carbon pricing of US\$268.13 per ton), a medium emission scenario (carbon pricing of US\$231.86 per ton), and a low emission scenario (carbon pricing of US\$2.63 per ton).

(1) Assumptions and projected conditions:

Assuming that Kwong Fong's carbon emissions will grow at a rate of 3% annually over the next five years, calculate the total projected carbon emissions.

Assume that the carbon emissions in 2025 will amount to 10,000 tons of CO₂ (this is merely illustrative data; the actual figures may be modified based on the company's circumstances).

(2) Carbon emissions projections for the next five years: With an average annual growth rate of 3%, Kwong Fong's carbon emissions are expected to reach:

2025: 10,000 metric tons of CO₂

2030: $10,000 \text{ tons} \times (1 + 0.03)^5 \approx 11,592 \text{ tons of CO}_2$

(3) Projected financial implications of carbon pricing:

Low-emission scenario (carbon pricing: US\$2.63 per ton):

Carbon emissions in 2030: 11,592 tons CO₂. Carbon pricing impact: $11,592 \text{ tons} \times \$2.63 \approx \text{US\$}30,510$. Medium emission scenario (carbon pricing: US\$231.86/ton):

Carbon emissions in 2030: 11,592 tons CO₂. Carbon pricing impact: $11,592 \text{ tons} \times \$231.86 \approx \text{US\$}2,687,560$. High emission scenario (carbon pricing: US\$268.13/ton):

Carbon emissions in 2030: 11,592 tons CO₂ Carbon pricing impact: $11,592 \text{ tons} \times \$268.13 \approx \text{US\$}3,114,100$

(4) Conclusion:

In the low-emissions scenario, the carbon fee burden is comparatively modest, projected to reach \$30,510 by 2030.

Under the medium emissions scenario, the carbon fee burden is projected to rise substantially, reaching an estimated \$2,687,560 by 2030.

In the high emissions scenario, the carbon fee burden is projected to be the most substantial, estimated at \$3,114,100 by 2030. Consequently, as carbon pricing escalates, Kwong Fong's future carbon emission costs will rise substantially, exerting a considerable influence on the company's financial standing.

(III) Risk Management Oversight Mechanism:

The Chairman oversees risk management at the highest level of governance and has formed a sustainable development promotion team tasked with periodically identifying climate-related risks and opportunities while continuously evaluating the potential impacts of climate change. Based on the assessment outcomes, the sustainable development promotion team will devise appropriate response strategies, establish specific objectives, and formulate action plans to ensure the company effectively addresses the challenges posed by climate change.

The Sustainable Development Promotion Group encompasses an Environmental Sustainability Group tasked with the planning and execution of climate change and environmental initiatives, as well as the reporting of their outcomes. The results of this organization's efforts will be periodically communicated to the Sustainable Development Promotion Group and the Chief Sustainability Officer to ensure the effective implementation of climate-related risk management strategies. The Chief Sustainability Officer will periodically update the Chairman on the progress, promotion, and associated outcomes of sustainable development projects, and will provide regular annual reports to the Board of Directors to ensure comprehensive understanding and support for the sustainable development strategy.



IV. Metrics and Objectives

As global awareness of environmental protection intensifies and the potential impacts of extreme climate on operations become increasingly evident, Kwong Fong is dedicated to advancing sustainable development. We actively address the challenges posed by climate change while ensuring operational stability. We have implemented policies and declarations concerning occupational safety and health, as well as environmental and energy management. Our commitment to environmental protection encompasses initiatives such as energy conservation, carbon reduction, and green procurement, all aimed at achieving sustainable development. Annually, we conduct environmental assessments and refine our policies and objectives based on actual conditions to ensure meaningful progress in climate risk management and environmental stewardship.

Sustainable resources, energy conservation, and carbon reduction objectives:



1. Targets for the reduction of carbon emissions

Target setting: The objective is to attain a 10% decrease in carbon emissions by 2030.

Specific measures: Kwong Fong will enhance energy management, optimize energy efficiency, and prioritize the utilization of renewable energy to supplant traditional fossil fuels.



2. Green procurement and green supply chain management **Target setting:** By 2030, 12% of procured materials will originate from sustainable sources, utilizing green products that adhere to environmental standards. By 2030, the company's net sales of environmentally friendly sustainable products and services will represent 10%.

Specific measures: Kwong Fong will proactively advance green procurement policies, prioritizing suppliers and materials that comply with environmental protection standards, and will mandate supply chain partners to enhance the proportion of their eco-friendly products.



3. Enhance energy efficiency. **Target setting:** Decrease electricity consumption per unit of revenue by 1% each year.

Specific measures: Enhance energy efficiency by optimizing production facilities and operational processes, advocating for equipment upgrades and the implementation of automated control systems, and reinforcing regular maintenance and monitoring of equipment to ensure optimal operational conditions.

4. Water resource management and reduction of water footprint **Target setting:** Decrease water consumption per unit of revenue by 1% annually and minimize the overall volume of water utilized.



Specific measures: Kwong Fong will enhance the management of water resources and the implementation of a recycling system to attain water conservation objectives.

5. Minimize waste and enhance resource recovery rate **Target setting:** Decrease annual waste volume by 1% each year. Attain a 10% reuse and recycling rate for hazardous waste by 2030.



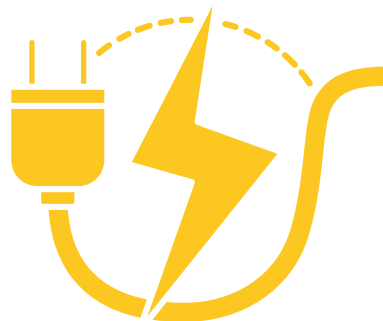
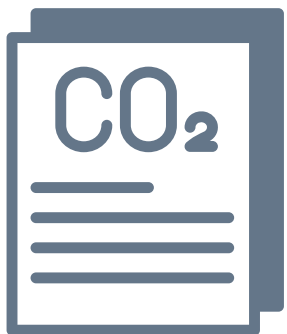
Specific measures: Kwong Fong will enhance the waste classification and recycling process.

6. Environmental education and awareness initiatives for employees and the community **Goal setting:** Deliver annual training on environmental protection and energy conservation to employees.



Specific measures: Kwong Fong will periodically conduct internal environmental education and training to elevate employees' awareness of environmental protection in their daily tasks and to encourage participation in sustainable initiatives.





	2024 Target	2025 Target	2027 Target	2030 Target
Carbon reduction management	Implement warming measures and develop strategies for energy conservation and carbon reduction.	Reduce carbon emissions by 1%, renewable energy by 1%, green procurement by 8%, and net sales of eco-friendly sustainable products and services by 5%.	Reduce carbon emissions by 1%, enhance renewable energy by 1%, elevate green procurement by 10%, and boost net sales of environmentally friendly and sustainable products and services by 8%.	Reduce carbon emissions by 10%. Renewable energy constitutes 10%. Green procurement represents 12%. Net sales of environmentally friendly sustainable products and services comprise 10%.
Energy management	Implement warm-up activities and establish energy conservation strategies.	Electricity consumption per unit of revenue decreased by 1% annually	Electricity consumption per unit of revenue decreased by 1% annually	Electricity consumption per unit of revenue decreased by 1% annually
Water resources management	Conduct a warm-up and develop a water conservation strategy.	Water consumption per unit of revenue decreased by 1% annually	Water consumption per unit of revenue decreased by 1% annually	Water consumption per unit of revenue decreased by 1% annually
Environmental management		Waste volume per unit of revenue decreased by 1% annually.	Waste volume per unit of revenue decreased by 1% annually.	Waste volume per unit of revenue decreased by 1% annually.

- 4-1 Human Resources Framework**
- 4-2 Employee Advantages**
- 4-3 Talent Development**
- 4-4 Labor-Management Communication**
- 4-5 Occupational Safety**



CHAPTER 04 Employee Well-Being

Human Resources Framework

Over the past two years, Kwong Fong Company and its subsidiaries have experienced consistent growth in their workforce, increasing from 119 employees in 2023 to 131 in 2024, reflecting a growth rate of 10%. Notably, the number of sales and management personnel rose from 42 to 50, while the program development and design team expanded from 77 to 82. This trend underscores the company's commitment to enhancing its research and development as well as professional service capabilities to support its business expansion.

The overall average age of employees experienced a slight increase, rising from 40.09 to 40.16 years, while the average years of service remained consistent at 6.43 and 6.34 years, respectively. This suggests that the company maintains a stable talent structure and fosters a favorable environment for talent retention.

In 2024, the distribution of educational backgrounds revealed that there were 16 individuals with master's degrees and 1 new doctoral student, signifying the company's ongoing commitment to attracting high-level professional talent. Additionally, 111 individuals held college degrees, representing the majority, while no hires possessed a high school diploma or lower. The overall structure of educational backgrounds is notably specialized.



Employee Data of Kwong Fong and Its Subsidiaries for the Most Recent Two Years

Item		2023	2024
Number of Employees	Sales & Administrative Staff	42	50
	Program Development & Design	77	81
	Total	119	131
	Average Age	40.09	40.16
	Average Years of Service	6.43	6.34
Education Level	Doctorate	0	1
	Master's	17	16
	Bachelor's / College	97	111
	High School	5	3
	Below High School	0	0

Annual recruitment of new and returning employees

Kwong Fong (parent company) welcomed one new employee in 2024, while a total of one employee resigned during the year.

Number and Percentage of New Employees (Not Applicable)				
Gender	Female		Male	
Age	Number of people	Percentage	Number of people	Percentage
<30 years old (person)	0	0%	0	0%
30-50 years old (person)	0	0%	0	0%
>50 years old and above (person)	0	0%	1	100%
Total (person)	0	0%	1	100%
Ratio of new employees (%)	5	0%	13	8%
Number of employees in the company: 18				



Number and Percentage of Employees Who Left				
Gender	Female		Male	
Age	Number of people	Percentage	Number of people	Percentage
<30 years old (person)	0	0%	0	0%
30-50 years old (person)	0	0%	0	0%
>50 years old and above (person)	1	100%	0	0%
Total (person)	1	0%	0	0%
Resignation rate (%)	5	20%	13	0%
Number of employees in the company: 18				



The total number of employees who resigned from MDBS in 2024 was 9, representing 10.3% of the overall workforce.

Number and Percentage of New Employees (Not Applicable)				
Gender	Female		Male	
Age	Number of people	Percentage	Number of people	Percentage
<30 years old (person)	4	40%	3	50%
30-50 years old (person)	6	60%	3	50%
>50 years old and above (person)	0	0%	0	0%
Total (person)	10	100%	6	100%
Ratio of new employees (%)	41	24%	46	13%
Number of employees in the company: 87				



Number and Percentage of Employees Who Left				
Gender	Female		Male	
Age	Number of people	Percentage	Number of people	Percentage
<30 years old (person)	1	17%	1	33%
30-50 years old (person)	5	83%	2	67%
>50 years old and above (person)	0	0%	0	0%
Total (person)	6	100%	3	100%
Resignation rate (%)	41	15%	46	7%
Number of employees in the company: 87				

The total number of employees who departed from Galaxy in 2024 was 6, representing 33% of the overall employee count.

Number and Percentage of New Employees (Not Applicable)				
Gender	Female		Male	
Age	Number of people	Percentage	Number of people	Percentage
<30 years old (person)	2	67%	4	80%
30-50 years old (person)	1	33%	1	20%
>50 years old and above (person)	0	0%	0	0%
Total (person)	3	100%	5	100%
Ratio of new employees (%)	7	43%	11	45%
Number of employees in the company: 18				



Number and Percentage of Employees Who Left				
Gender	Female		Male	
Age	Number of people	Percentage	Number of people	Percentage
<30 years old (person)	1	33%	2	67%
30-50 years old (person)	2	67%	1	33%
>50 years old and above (person)	0	0%	0	0%
Total (person)	3	100%	3	100%
Resignation rate (%)	7	43%	11	27%
Number of employees in the company: 18				

The total number of employees who resigned from Digital Investment Advisory in 2024 was 1, representing 12.5% of the overall employee count.

Number and Percentage of New Employees (Not Applicable)				
Gender	Female		Male	
Age	Number of people	Percentage	Number of people	Percentage
<30 years old (person)	1	33%	0	0%
30-50 years old (person)	2	67%	2	67%
>50 years old and above (person)	0	0%	1	33%
Total (person)	3	100%	3	100%
Ratio of new employees (%)	3	100%	5	60%
Number of employees in the company 8 people				



Number and Percentage of Employees Who Left				
Gender	Female		Male	
Age	Number of people	Percentage	Number of people	Percentage
<30 years old (person)	1	33%	0	0%
30-50 years old (person)	0	0%	0	0%
>50 years old and above (person)	0	0%	0	0%
Total (person)	1	33%	0	0%
Resignation rate (%)	3	33%	5	0%
Number of employees in the company 8 people				

Compensation structure

Kwong Fong is solely registered in Taipei City. To foster a welcoming workplace environment and attract as well as retain exceptional talent, the company has implemented a comprehensive performance management and compensation system that aligns organizational and individual performance objectives. This system includes regular reviews, feedback, and assessments, with employee salaries determined by their experience and personal performance, irrespective of gender, race, religion, political affiliation, or marital status. The ratio of the statutory minimum basic salary to the basic salary of grassroots employees in Kwong Fong Group in 2024 is as follows: the salary ratio of men and women:

Kwong Fong Group 2024 Statutory Minimum Basic Wage and Ratio of Basic Salary for Entry-Level Employees		
Project	Male	Female
Full-time employees	1.54	1.3
Part-time employees	-	-

Overview of Full-Time Non-Managerial Employee Salaries at Kwong Fong Group			Unit: Thousand Yuan	
Project	Year 2021	Year 2022	Year 2023	Year 2024
Number of non-supervisory full-time employees	8	71	74	75
Average salary of non-supervisory full-time employees	766	814	831	867
Median salary of non-supervisory full-time employees	781	754	780	770

Employee Compensation

Kwong Fong establishes salaries according to employees' job titles, work experience, and professional competencies, without any differentiation based on gender, race, religion, political affiliation, or marital status.

The following presents the basic salary in conjunction with the remuneration ratio for male and female employees of Kwong Fong Group:

Table: Ratio of Male to Female Employees (Basic Salary and Total Compensation) at Kwong Fong Group

Project	Male	Female
Non-supervisory staff	1	0.65
Non-supervisory staff	1	0.75
Hourly employees	-	-



Median income

The annual total compensation ratio is presented in the table below. Notably, the "median annual total compensation increase percentage for all employees (excluding the highest total compensation)" stands at -0.95%. This decline is attributed to the departure of highly compensated executives over the past one to two years, coupled with the relatively lower salaries of their successors, resulting in negative growth.



Employee Count for the Year 2024								Unit: Person
	Male				Female			
Employment contract type	Kwong Fong	MDBS Digital Technol	Galaxy (including Digital)	Total	Kwong Fong	MDBS Digital Technol	Galaxy (including Digital)	Total
Governing unit	2	1	-	3	-	-	1	1
Senior executives	2	4	1	7	1	2	1	4
Mid-level executives	-	3	-	3	-	4	-	4
Full-time employees	2	33	7	42	3	26	4	33
Part-time employees	-	-	-	0	-	-	-	0
Total	6	41	8	55	4	32	6	42

※ Excludes people who joined or left during the year

Indicator name	2022	2023	2024
a. Annual highest total compensation amount (unit: yuan)	3,508,400	3,508,400	3,508,400
b. Annual median total compensation of all employees (excluding the highest total compensation)	823,600	815,750	829,750
Annual total compensation ratio (a/b)	425.98%	430.08%	422.83%
c. Annual total compensation increase percentage of the highest paid individual		0.00%	0.00%
d. Annual median total compensation increase percentage of all employees (excluding the highest total compensation)		-0.95%	1.72%
Annual total compensation change ratio (c/d)		0.00%	0.00%

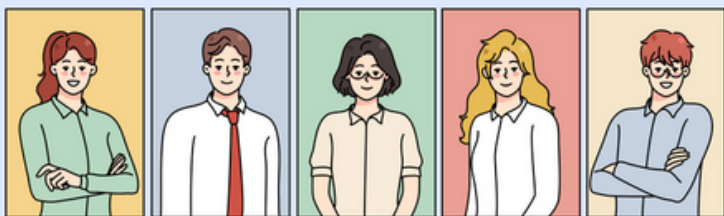
※ Excludes people who joined or left during the year

Policies on workplace diversity and gender equality and their implementation

Gender equity and diversity

The company is dedicated to ensuring that employees experience a dignified and secure working environment. We prioritize employment diversity, equitable compensation, and promotion opportunities, while safeguarding against discrimination, harassment, or unequal treatment based on race, gender, religious beliefs, age, political orientation, or any other conditions protected by relevant laws and regulations. We appreciate the diversity of our workforce and have consistently upheld their labor rights and human rights.

The company has established a "Salary and Remuneration Committee" to offer employees highly competitive salaries while implementing a transparent and equitable salary policy that reflects corporate performance. For grassroots specialists of the same rank, the salaries of newly recruited personnel are uniform. For individuals with relevant professional and work experience, compensation is determined based on the recruit's academic qualifications, expertise, and certifications, ensuring no disparities based on gender or ethnicity.



The table below presents the Company's Diversity Indicators for 2024:

Female Diversity Indicator	2024 Number of women	Total Number of People in 2024	2024 Percentage
Female Employees	56	131	42.75%
Female Supervisors	11	131	8.40%
Employee Nationality Indicator	Number of nationalities in 2024	Total Number of People in 2024	2024占比
Taiwanese	127	131	96.95%
Foreign	4	131	3.05%
Other Diversity Indicator	Number of people per project in 2024	Total Number of People in 2024	2024占比
People with Disabilities	1	131	0.76%
Under 30	30	131	22.90%
31 -50	69	131	52.67%
Over 50	31	131	23.67%

Social welfare system

Better than labor standards laws

Kwong Fong embraces a "people-oriented" philosophy, offering a wide range of comprehensive employee benefits that encompass both statutory and additional provisions. This approach prioritizes the well-being of colleagues, fosters physical and mental health, and enhances cohesion and a sense of belonging within the organization.

Legal benefits:

(1) Labor insurance, health insurance, and pension systems are safeguarded in accordance with labor legislation.

(2) Leave system: Offer personal leave, sick leave, maternity leave, prenatal check-up leave, paternity leave, menstrual leave, family care leave, marriage leave, bereavement leave, work-related injury leave, unpaid parental leave, and special leave.

We are committed to providing our employees with support at every stage of their lives, enhancing their leisure time through team activities and recreational facilities, thereby fostering harmony and positive interactions between labor and management.



Category	Project
Salary and insurance	Fixed salary
Extra bonus	- Year-end bonus: The bonus is evaluated based on the year-end bonus distribution methodology. The distribution criteria include years of service, unused special leave days, and attendance. Additionally, bonuses are awarded for exceptional performance. - Performance bonus: The bonus is evaluated based on the performance bonus distribution methodology. The distribution standard involves calculating the distributable profit and loss and categorizing it into distribution intervals for employees.
Welfare system	- The company offers timely educational and training programs for employees, categorized into pre-employment training for newcomers and on-the-job professional development for existing staff. Additionally, it enhances professional knowledge and skills training for employees with varying attributes as needed. - Corporate gifts (Dragon Boat Festival, Mid-Autumn Festival, weddings, childbirth) - Supplementary benefit (funeral benefit)
Leave system	Marriage leave, maternity leave, bereavement leave, paternity leave, sick leave, and special leave. Employee travel leave (engaging in company-sponsored travel activities)
Activity subsidy	Company family day, Mid-Autumn Festival barbecue, domestic/foreign employee travel, Christmas activities, year-end party activities
Other	Health check-up every two years

Parental leave

The company adheres strictly to the applicable laws and regulations concerning the implementation of parental leave for employees. Employees are entitled to request reinstatement upon the conclusion of their parental leave period. In 2024, the number of individuals eligible to apply for parental leave is 1, comprising 0 males and 1 female.

Project	Male	Female	Total
A. Number of people eligible to apply for parental leave in 2024	0	1	1
B. Number of people who actually applied for parental leave in 2024	0	1	1
C. Number of people expected to be reinstated after parental leave in 2024	0	0	1
D. Number of people who actually were reinstated after parental leave in 2024	0	0	1
Reinstatement rate (D/C)			100%
E. Number of people who resumed work after childcare leave in 2024	0	0	0
F. Number of people who resumed work after childcare leave in 2024 and continued to work for one year	0	0	0
Retention rate (F/E)			0%

A: Total number of individuals who applied for paternity and maternity leave between January 1, 2024, and December 31, 2024

B: Total number of individuals who applied for parental leave between January 1, 2024, and December 31, 2024

C: Total number of individuals whose parental leave concludes between January 1, 2024, and December 31, 2024

D: Total number of individuals whose parental leave concludes between January 1, 2024, and December 31, 2024, and who have returned to work during this timeframe

E: Total number of individuals who have returned to work from parental leave between January 1, 2023, and December 31, 2023



Talent Advancement

To cultivate outstanding talent, enhance employees' professional capabilities in their jobs, and strengthen work efficiency and quality, the company periodically arranges for employees in various departments to participate in education and training. The total training hours are 555.5 hours, with an average of 4.24 hours per person.

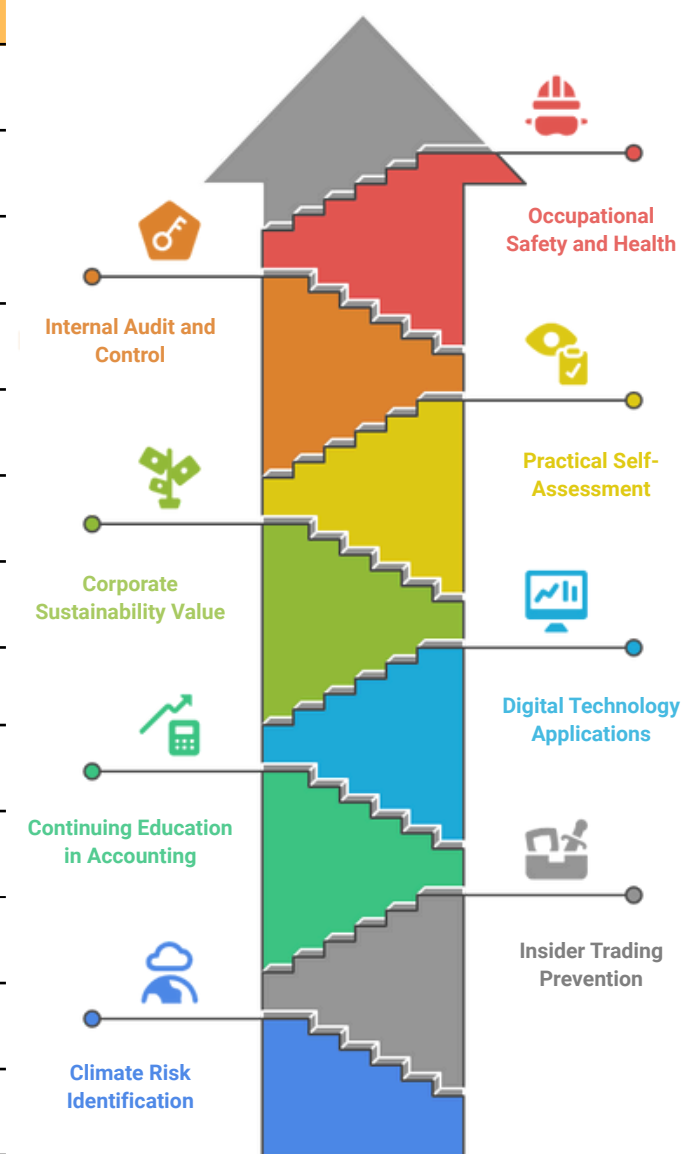
Plan for Functional Enhancement and Support

(II) External education and training: 304 hours



Course Name	Organizer	Cumulative training hours	Number of Trainees
2014 Annual Insider Trading Prevention Campaign	Securities and Futures Institute (SFI)	3	1
LINE Official Account Secrets: Marketing Techniques Revealed	China Productivity Center (CPC)	6	1
Work Teams and Team Collaboration	Chinese Society for Transdisciplinary Innovation	6	1
Practical Internal Audit and Control Practices on Personal Data Protection Laws	The Institute of Internal Auditors–Chinese Taiwan (IIA–Chinese Taiwan)	6	1
Practical Self-Assessment	The Institute of Internal Auditors–Chinese Taiwan (IIA–Chinese Taiwan)	6	1
Pre-employment Training for Investment Advisors	Securities and Futures Institute (SFI)	48	4
Recent Year's Amendments to Investment Trust and Investment Advisory Regulations	Securities Investment Trust & Consulting Association of the R.O.C.	2	1
Brand Social Media Promotion Planning and Holiday Marketing Power	China Productivity Center (CPC)	6	1
Telephone/Text Customer Service Response and Customer Complaint Handling	China Productivity Center (CPC)	6	1
Value Concepts and Cost Awareness	Jia Shuo Enterprise Co., Ltd.	6	1

Course Name	Organizer	Cumulative training hours	Number of Trainees
Information Security Governance Guidelines for Listed and OTC Companies E-Course	Taiwan Academy of Banking and Finance	4.5	3
Class A Occupational Safety and Health Officer Safety and Health Training	Chinese Society of Occupational Safety and Health Management	42	1
How to Use Digital Technology to Explore and Improve Business Processes and Fraud Detection—An Audit Practice Discussion	The Institute of Internal Auditors—Chinese Taiwan	6	1
Pre-Employment Training for Internal Auditors of Securities Investment Consulting Personnel	Securities and Futures Institute	48	4
Anti-Money Laundering and Counter-Terrorism Financing Personnel Qualification Training Course	Securities and Futures Institute	12	1
Anti-Money Laundering and Counter-Terrorism Financing Personnel Qualification Training Course	Securities and Futures Institute	24	1
Climate Risk Identification Workshop and Net Zero Carbon Promotion Seminar	Chinese Corporate Governance Association	9	1
Problem Identification and Analysis Solutions	Chinese Society for Talent Development	6	1
Enhancing Corporate Sustainable Value and Improving Risk Management Systems	The Institute of Internal Auditors—Chinese Taiwan	6	1
New Media AI Social Marketing – Using AI to Make Social Content Stand Out	China Productivity Center	6	1
Continuing Professional Education for Accounting Supervisors –Professional Development Course	Accounting Research and Development Foundation	12	1
Information Security Incident Explanation and Prevention Measures E-Course	Taiwan Academy of Banking and Finance	7.5	3
Information Security Awareness/Core Knowledge and Responsibilities E-Course	Taiwan Academy of Banking and Finance	6	3
Digital Marketing Strategy and Application	China Productivity Center	6	1
Brand Management in the Digital Era	Institute for Information Industry	14	1



(II) Internal education and training (integrity management regulations, accounting system and internal control system): 251.5 hours

Course Name	Organizer	Cumulative training hours	Number of Trainees
Securities Management Statement and Investment Control Mechanism Promotion	Governing Unit	6	6
Insider Trading Prevention Management and Internal Major Information Processing Procedures	Governing Unit	7	7
Amendment to Article 43-1 of the Securities and Exchange Act: New Rules for Bulk Acquisition of Shares Reporting	Governing Unit	7	7
Amendment to Corporate Governance Regulations and Related Practices	Governing Unit	8	8
Fraud Prevention Frontline: AI Intelligent Financial Analysis Promotion	Governing Unit	7	7
FCN—Introduction to Derivative Financial Products	Investment Department	7	7
Gender Equality in Employment Act Promotion	Governing Unit	8	8
Personal Data File Security Maintenance and Management Regulations Promotion	Information Department	4.5	9
Employee Information Security Awareness Training	Information Department	40	20
Information Security Meeting	Information Department	80	40
Information Security Incident Case Sharing	Information Department	40	20
Case Review and Departmental Training	Software R&D Department	7	7
Modular Design for App Development	Software R&D Department	9	9
Case Review and Departmental Training	Software R&D Department	9	6
Application of LLM and ChatGPT: A Brief Discussion	Software R&D Department	12	8



Performance Evaluation

To effectively enhance performance management, Kwong Fong has implemented a year-end bonus and performance bonus system, collaborating with assessment criteria and evaluation methods to enable supervisors to conduct fair and objective evaluations based on personnel categories and work conditions. Simultaneously, through these assessments, employees are encouraged to align with the company's objectives regarding business execution, behavioral performance, and outcomes, thereby improving overall performance and supporting the company's operational direction.

Kwong Fong Company has consistently upheld the principles of fairness, justice, and transparency in conducting performance evaluations for all employees, irrespective of nationality or gender, applicable to all regular staff members. As of December 31, 2024, Kwong Fong Taiwan employed 18 individuals, of whom 10 participated in performance evaluations, with those receiving regular assessments constituting 100% of the total workforce.

Statistics of assessment participants				
Job title	Male	Male percentage	Female	Female percentage
Director level (inclusive) and above (people)	3	75	1	25
Deputy manager/manager level supervisor (people)	0	0	2	100
Direct employees (people)	0	0	0	0
Indirect employees (people)	3	75	1	25



Labor-Management Dialogue

Kwong Fong upholds the rights of employees to freely associate and form labor unions in accordance with the law, having established various communication channels at each operational site. There were no strikes or work stoppages during 2024.

According to Article 11 of the Labor Standards Act, should a company terminate employment or undergo a significant change, it is required to provide advance notice commensurate with the employee's years of service:

- More than three months but less than one year: ten days in advance.
- One year to three years: 20 days prior
- More than three years: 30 days in advance

Currently, Kwong Fong has evolved into a holding company and has yet to establish a labor union or welfare committee. However, it continues to uphold positive labor-management relations while consistently reviewing and optimizing its communication mechanisms.



Holistic safeguarding of labor human rights

Kwong Fong mandates that all suppliers adhere to rights protection pertaining to sustainable development, which includes ensuring workers' freedom of association and their rights to collective bargaining. For suppliers identified as having potential risks, we will maintain oversight and encourage the implementation of corrective measures.



Human Rights Policy

Kwong Fong is committed to upholding and adhering to international labor and human rights standards, ensuring that employees are treated equitably regardless of race, religion, skin color, nationality, gender, or any other protected status. In 2024, the company reported no incidents of discrimination.

Prohibition of child labor

As an industry leader, Kwong Fong is dedicated to fostering a safe working environment for its employees, upholding human rights, and prioritizing integrity and sustainability at the core of its operations. We categorically prohibit the employment of individuals below the legal minimum age, and all recruitment processes are conducted in strict compliance with the regulations set forth by the relevant authorities. Additionally, the company's various policies will be revised in alignment with updates to pertinent labor laws to ensure the protection of employees' legal rights and interests.

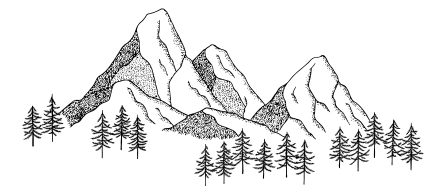
■ No involuntary labor

Our company conducts annual international labor risk assessments, which inform our ongoing optimization of human rights protection measures and our commitment to fostering an equitable and safe working environment. In the 2024 annual evaluation, our operational site at 28F, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City was classified as "low risk."



■ Safeguarding the rights of indigenous peoples

Kwong Fong Company places significant emphasis on the conservation of mountain forests and the safety of local communities, demonstrating a commitment to the welfare of indigenous peoples and local residents. We offer a range of tailored services focused on indigenous rights, addressing aspects from enhancing quality of life to environmental protection. Concurrently, we uphold a real-time communication mechanism with residents to ensure prompt responses to their needs. In 2024, the company recorded no incidents of infringement on indigenous rights.



■ Labor-Management Relations

The company has developed and executed employee management systems in compliance with the Labor Standards Act and relevant regulations, continuously updating internal policies to safeguard the rights and interests of employees. Over the years, labor-capital relations have remained stable, with supervisors addressing employees' inquiries seriously and providing timely assistance, thereby fostering a positive working environment.

(I) Existing significant labor-management agreements and their execution:

1. Employee welfare initiatives: annual self-development activities/dinners, bonuses, profit-sharing dividends, and year-end bonuses.
 2. Continuing education and training system: a non-traditional education and training framework, alongside ongoing training in compliance with the regulations set forth by relevant authorities.
 3. Retirement system: In accordance with the pertinent provisions of the Labor Standards Act, employees opting to participate in the retirement pension system under the Labor Pension Act will have 6% of their monthly salary allocated to their personal retirement fund account at the Labor Insurance Bureau.
 4. Additional significant labor agreements: None.
- (II) Losses resulting from labor-capital disputes in recent years, along with current and projected estimates, as well as response measures: None.
- (III) Violations of the Labor Standards Act in 2024: None.



Policy directives

Our company operates within the information software service sector. Our employees are situated in commercial buildings, resulting in a relatively low occupational safety risk. While we have not yet implemented a comprehensive occupational safety and health management system, we intend to do so in the future. The management department staff has acquired the Class A occupational safety business supervisor certificate and consistently delivers occupational safety education and training for new employees in compliance with legal requirements. Furthermore, the company exceeds regulatory requirements by conducting health assessments biennially to promote employee well-being and ensure a safe working environment. Prior to engaging with external vendors, the company evaluates their reputation and examines any involvement in environmental pollution, occupational health and safety issues, or labor human rights disputes to guarantee that partners align with the company's sustainability and compliance standards.

Health Advancement

To safeguard the physical and mental well-being and overall quality of life of employees, the company offers the following occupational health assessments: Employees may opt for a fully subsidized health examination every two years or a specially priced health examination plan available for unlimited use throughout the year. Additionally, we recognize the effects of work-related stress on employees and are dedicated to fostering a diverse and supportive workplace environment. We integrate benefits, training, and stress relief initiatives to assist colleagues in achieving a balance between their professional responsibilities and their physical and mental health.

This not only fosters employee potential but also promotes cohesion and bolsters the overall competitiveness of the organization.



Health promotion initiatives and event photographs



Company Family Day Paintball Barbecue Celebration

Engage in outdoor activities with friends during the weekdays.



Christmas Catering Event

Catering a dinner to commemorate Christmas



Mid-Autumn Festival Banquet at Hi-Lai Harbour

Mid-Autumn Festival to honor employees



Tokyo International Travel

Tokyo International Employee Travel



Cosplay at the year-end celebration

At the conclusion of the year, we hosted a year-end dinner and a lucky draw to acknowledge our diligent partners.

Measures to safeguard the workplace environment and ensure the personal safety of employees:

Type	Project	Description	Application frequency
Employee insurance system	Labor insurance	The insurance is handled in accordance with the Labor Insurance Act, and is divided into maternity, injury, disability, disability, old age and death benefits.	-
	National health insurance	The insurance is handled in accordance with the National Health Insurance Act. When the insured and his family encounter maternity, illness, and injury accidents, they can obtain medical services.	-
	Employer accident liability insurance	If an employee dies, becomes disabled or is injured due to an accident while performing his duties during the insurance period, and the company is required to compensate according to the law (excluding the Labor Standards Act), and the insurance company is responsible for compensation to the company.	Renew insurance once a year
	Directors, supervisors and key personnel liability insurance	Protect directors, supervisors and key personnel from personal liability and the risk of financial losses caused by negligence or fault in performing their duties.	Renew insurance once a year
Building a safe workplace environment	Personal safety and facility equipment maintenance	To enhance employees' safety awareness, the company collaborated with the building to conduct fire and disaster prevention drills aimed at strengthening the capacity to prevent and respond to emergencies. In 2024, the building organized a fire drill, which saw full participation from all employees. The building's restrooms feature emergency buttons, and automated external defibrillators (AEDs) are strategically placed in public areas to enhance personal safety. Additionally, a 24-hour security and monitoring system is in place, complemented by night patrols and oversight of personnel access. The company's entry and exit points are outfitted with access control and surveillance systems to ensure workplace safety, as well as to implement electrical safety and smoke control measures.	Fire and disaster prevention drill once a year
	Build a green and healthy workplace	The company's water dispenser filters are routinely replaced to maintain the hygiene and health of employees in the workplace. Smoking is prohibited in the office in compliance with legal regulations, energy conservation and carbon reduction initiatives are reinforced, and awareness of environmental health is elevated. We remain committed to fostering a healthy workplace environment through non-toxic decor and regular disinfection. In 2024, we conducted disinfection procedures four times.	Replace water dispenser filters four times annually and disinfect the environment four times annually.

■ Work-related injuries and illnesses

The company recorded no occupational injury incidents in 2024. To mitigate potential risks, the following measures will be instituted moving forward:

1. Establish a safety management system: develop and execute health and safety policies while delineating the responsibilities of departments and employees.
2. Risk assessment and management: Consistently identify hazards and their potential consequences, and develop control measures for high-risk projects.
3. Education and training: Offer occupational safety and health courses to improve safety awareness, ensure proper use of office equipment, and prevent occupational diseases.
4. Work-life balance: Promote the importance of sufficient rest for employees to mitigate the effects of fatigue and stress on their health.
5. Emergency plans and drills: Formulate comprehensive emergency plans for incidents such as fires and earthquakes, and conduct regular drills.
6. Communication mechanism: Conduct safety meetings to communicate policies and gather employee feedback to enhance participation.
7. Data monitoring and enhancement: Implement an accident reporting and analysis system to ascertain root causes and perpetually refine preventive measures.

In the event of an occupational accident, the incident will be promptly documented and investigated to ascertain the cause and implement enhancements in the environment, equipment management, and personal protective measures to avert the recurrence of similar incidents.

In 2024, the Company reported no instances of occupational injury or disability. Consequently, the occupational injury rate, work-related loss day rate, and comprehensive injury index were deemed inapplicable, and there were no issues related to occupational diseases.



■ Pension system

In accordance with the Labor Standards Act and Labor Pension Regulations, the company maintains the previous pension system for employees who joined prior to June 30, 2005 (inclusive). Should these employees opt to transition to the new pension system, the new system will be activated concurrently. Under the new pension system, the employer allocates 6% of the employee's monthly salary to the individual account each month. Additionally, employees may elect to contribute an extra percentage ranging from 0% to 6% based on their personal preferences, which will also be deposited into the account. Currently, all employees of the company participate in the "new system" pension, and there are no employees eligible for the old pension system.



5-1 GRI Indicator Comparison Table
5-2 SASB Indicator Comparison Table
5-3 TCFD Comparison Table



Appendix

GRI Indicator Comparison Table

Indicator designation	Page number	Remark
2-1 Organizational Details	7	
2-2 Entities Included in Organizational Sustainability Reporting	1	
2-3 Reporting Period, Frequency, and Contact Person	1	
2-4 Information Update	1	
2-5 External verification/validation	1	
2-6 Activities, value chains, and various business relationships	7-16	
2-7 Employees	105-108	
2-8 Independent contractors	105-108	
2-9 Governance Framework and Composition	35	
2-10 Nomination and Selection of the Supreme Governance Body	35	
2-11 Chairperson of the supreme governing body	35	
2-12 The function of the supreme governance body in supervising shock management.	18	
2-13 Individual responsible for impact management	18	
2-14 The function of the highest governance body in sustainability reporting	18	
2-15 Conflict of Interest	35	
2-16 Convey essential events	35	
2-17 Collective Intelligence of the Supreme Governance Unit	35	
2-18 Assessment of the highest governance unit's performance	35	
2-19 Compensation Policy	35	
2-20 Compensation Determination Procedure	35	
2-21 Annual total remuneration ratio	35	
2-22 Statement of Sustainable Development Strategy	3	
2-23 Policy Commitment	19	
2-24 Integration of policy commitments	19	

GRI Indicator Comparison Table

Indicator Name	Page Number	Remarks
2-25 Procedures for Remediating Negative Impacts	19	
2-26 Mechanisms for Seeking Advice and Raising Concerns	25	
2-27 Legal and Regulatory Compliance	68	
2-28 Membership Qualification of Public Associations	52	
2-29 Stakeholder Engagement Policy	26	
2-30 Collective Agreements	118	
3-1 Process for Determining Major Topics	29-30	
3-2 List of Major Topics	31	
3-3 Major Topic Management	32	
201-1 Direct Economic Value Generated and Distributed by the Organization	63	
201-2 Financial Impacts and Other Risks and Opportunities Related to Climate Change	-	
201-3 Definition of Benefit Plan Obligations and Other Retirement Plans	124	
201-4 Financial Aid Received from Government	63	
202-1 Ratio of Standard Entry-Level Wage by Gender to Local Minimum Wage	104	
202-2 Proportion of Senior Management Hired from Local Residents	104	
203-1 Investment in Infrastructure and Development of Supporting Services and Their Impact	-	No disclosure
203-2 Significant Indirect Economic Impacts	-	No disclosure
204-1 Proportion of Purchasing Expenses from Local Suppliers	73	
205-1 Operational Sites Assessed for Corruption Risks	68	
205-2 Communication and Training on Anti-Corruption Policies and Procedures	68	
205-3 Confirmed Corruption Incidents and Actions Taken	68	
206-1 Legal Actions for Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices	68	
207-1 Tax Policy	63	
207-2 Tax Governance, Control, and Risk Management	63	

GRI Indicator Comparison Table

Indicator Name	Page Number	Remarks
207-3 Communication and Management of Tax-Related Stakeholder Issues	63	
207-4 Country-by-Country Report	63	
301-1 Weight or Volume of Materials Used	-	Not applicable
301-2 Use of Recycled Input Materials	-	Not applicable
301-3 Reclaimed Products and Their Packaging	-	Not applicable
302-1 Energy Consumption Within the Organization	80	
302-2 Energy Consumption Outside the Organization	-	
302-3 Energy Intensity	-	
302-4 Reduction of Energy Consumption	-	
302-5 Reduction of Energy Requirements for Products and Services	-	
303-1 Interactions with Water as a Shared Resource	-	Not applicable
303-2 Management of Water Discharge-Related Impacts	-	Not applicable
303-3 Water Withdrawal	-	Not applicable
303-4 Water Discharge	-	Not applicable
303-5 Water Consumption	-	Not applicable
304-1 Operational Sites Owned, Leased, or Managed, Located in or Near Protected Areas or Areas of High Biodiversity Value	-	The Company's operating locations are not adjacent to environmental protection areas or areas with high biodiversity value.
304-2 Significant Impacts of Activities, Products, and Services on Biodiversity	-	The Company's operating locations are not adjacent to environmental protection areas or areas with high biodiversity value.
304-3 Habitats Protected or Restored	-	The Company's operating locations are not adjacent to environmental protection areas or areas with high biodiversity value.
304-4 IUCN Red List and National Conservation List Species with Habitats in Areas Affected by Operations	-	The Company's operating locations are not adjacent to environmental protection areas or areas with high biodiversity value.

GRI Indicator Comparison Table

Indicator Name	Page Number	Remarks
305-1 Direct (Scope 1) Greenhouse Gas (GHG) Emissions	79	
305-2 Energy Indirect (Scope 2) GHG Emissions	79	
305-3 Other Indirect (Scope 3) Greenhouse Gas (GHG) Emissions	79	
305-4 GHG Emissions Intensity	-	Not applicable
305-5 Reduction of GHG Emissions	-	Not applicable
305-6 Emissions of Ozone-Depleting Substances (ODS)	-	
305-7 Emissions of Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions	-	Not applicable
306-1 Waste Generation and Significant Waste-Related Impacts	-	Not applicable
306-2 Management of Significant Waste-Related Impacts	-	Not applicable
306-3 Waste Generated	-	Not applicable
306-4 Waste Diverted from Disposal	-	
306-5 Waste Directed to Disposal	-	
308-1 New Suppliers That Were Screened Using Environmental Criteria	73	
308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken	73	
401-1 New Employee Hires and Employee Turnover	104	
401-2 Benefits Provided to Full-Time Employees (Excluding Temporary or Part-Time Employees)	113	There is no formal occupational
401-3 Parental Leave	118	hazard identification and risk
402-1 Minimum Notice Periods Regarding Operational Changes	-	assessment process.
403-1 Occupational Health and Safety Management System	-	
403-2 Hazard Identification, Risk Assessment, and Incident Investigation		
	121	
403-3 Occupational Health Services		

GRI Indicator Comparison Table

Indicator Name	Page Number	Remarks
403-4 Worker participation, consultation, and communication on occupational health and safety	-	We do not yet have an occupational safety committee.
403-5 Worker training on occupational health and safety	121	
403-6 Worker health promotion	121	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	121	
403-8 Workers covered by occupational health and safety management system	-	We do not have an occupational safety and health management system in place.
403-9 Occupational injuries	124	
403-10 Occupational diseases	124	
404-1 Average hours of training per year per employee	114	
404-2 Programs for upgrading employee skills and transition assistance	114	
404-3 Percentage of employees receiving regular performance and career development reviews	114	
405-1 Diversity of governance bodies and employees	35,104	
405-2 Ratio of basic salary and remuneration of women to men	109	
406-1 Incidents of discrimination and corrective actions taken	118	
407-1 Operations and suppliers at significant risk for incidents of freedom of association and collective bargaining violations	118	
408-1 Operations and suppliers at significant risk for incidents of child labor	118	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	118	
410-1 Security personnel trained on human rights policies or procedures	-	Our company's security is handled by the property management and management committee.
411-1 Incidents involving violations of indigenous rights	118	
413-1 Operations with local community engagement, impact assessments, and development programs	-	No disclosure
413-2 Operations with significant actual or potential negative impacts on local communities		No disclosure

GRI Indicator Comparison Table

Indicator Name	Page Number	Remarks
414-1 New suppliers that were screened using social criteria	73	No disclosure
414-2 Negative social impacts in the supply chain and actions taken	73	No disclosure
415-1 Political contributions	68	
416-1 Assessment of the health and safety impacts of product and service categories	69	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	69	
417-1 Requirements for product and service information and labeling	69	
417-2 Incidents of non-compliance concerning product and service information and labeling	69	
417-3 Incidents of non-compliance concerning marketing communications	69	
418-1 Substantiated complaints concerning breaches of customer privacy and loss of customer data	71	
GRI index table	126	
Sustainability strategy blueprint	19	
Sustainability performance highlights	4	

SASB Indicator Comparison Chart

SASB Sector: Software and Information Technology Services

Theme	Indicator code	Indicator name	Responsible unit	Page number
The Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1	(1) Total energy consumption (2) Percentage from the grid (3) Percentage from renewable energy	Management Department, Subsidiary Accounting Department, Subsidiary Management Department	80
	TC-SI-130a.2	(1) Total water withdrawal (2) Total water consumption and percentage in high or very high water stress areas	Management Department	Not applicable
	TC-SI-130a.3	Describe how environmental considerations are integrated into data center strategic planning	Audit Department	None
Information Privacy and Free Expression	TC-SI-220a.1	Description of policies and practices related to behavioral advertising and user privacy	Audit Department, Subsidiary Management Office, Parent-Subsidiary Information Office	There has been no such incident this year.
	TC-SI-220a.2	Number of users whose information was used for secondary purposes		There has been no such incident this year.
	TC-SI-220a.3	Financial losses resulting from legal proceedings related to user privacy		There has been no such incident this year.
	TC-SI-220a.4	(1) Number of law enforcement requests for user information (2) Number of users whose user information was requested (3) Percentage of incidents where user information was disclosed		There has been no such incident this year.
	TC-SI-220a.5	List of countries where core products or services were monitored, blocked, or filtered at government request	Subsidiary Management Office, Parent-Subsidiary Information Office	There has been no such incident this year.
Information Security	TC-SI-230a.1	(1) Number of data breaches (2) Percentage of personally identifiable information (PII) compromised (3) Number of users affected	Subsidiary Management Office, Parent-Subsidiary Information Office	There has been no such incident this year.
	TC-SI-230a.2	Describe methods for identifying and addressing data security risks, including the use of third-party cybersecurity standards		56-62
Recruiting and Managing a Diverse and Skilled Global Workforce	TC-SI-330a.1	(1) Foreign nationality (2) Percentage of overseas employees	Management Department, Subsidiary Management Office	111
	TC-SI-330a.2	Percentage of employee engagement		104
	TC-SI-330a.3	(1) Management (2) Technical staff (3) Other employees by gender and ethnic group		104
Intellectual Property Protection and Competitive Conduct	TC-SI-520a.1	Financial losses caused by legal suspensions related to anti-competitive behavior	Audit Department	There has been no such incident this year.
Managing Systemic Risks from Technological Disruption	TC-SI-550a.1	(1) Number of service interruptions (2) Number of service interruptions (3) Percentage of user service interruptions	Parent and Subsidiary Information Department	There has been no such incident this year.
	TC-SI-550a.2	Describe business continuity risks associated with operational disruptions		24

TCFD Comparative Analysis Table

Information Disclosure	Description	Corresponding chapter	Page number
Governance (the disclosure of the organization's governance and climate-related risks and opportunities)	Describe the board's oversight of climate-related risks and opportunities.	Chapter 3	81
	Describe management's role in assessing and managing climate-related risks and opportunities.	Chapter 3	
Strategy (the disclosure of actual and potential climate-related impacts on the organization's operations, strategy, and financial planning)	Identify the short-, medium-, and long-term climate-related risks and opportunities recognized by the organization.	Chapter 3	85
	Identify climate-related risks and opportunities that may substantially influence the organization's operations, strategic direction, and financial planning.	Chapter 3	
	Describe the organization's strategic resilience, considering various climate change scenarios, including those of 2°C or above.	Chapter 3	
Risk management (the process by which the organization identifies, evaluates, and addresses climate-related risks)	Describe the organization's methodology for identifying and evaluating climate-related risks.	Chapter 3	93
	Describe the organization's procedures for addressing climate-related risks.	Chapter 3	
	Describe the organization's methodologies for identifying, evaluating, and mitigating climate-related risks, as well as their integration into the comprehensive Risk Management Policy.	Chapter 3	
Indicators and Targets (For material information, disclose the indicators and targets employed to evaluate and manage climate-related issues)	Disclose the metrics employed by the organization to evaluate climate-related risks and opportunities, in alignment with its strategy and risk management processes.	Chapter 3	101
	Disclose Scope 1, Scope 2, and Scope 3 (where applicable) greenhouse gas emissions and their associated risks.	Chapter 3	
	Describe the objectives employed by the organization to address climate-related risks and opportunities, as well as its performance in relation to those objectives.	Chapter 3	

Comparison table of climate-related data for listed and OTC companies

The risks and opportunities presented by climate change to the company, along with the corresponding response measures implemented by the organization.

Project	Implementation status (page number)
1. Describe the board and management's oversight and governance of climate-related risks and opportunities.	81
2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finances (short-term, medium-term and long-term).	86
3. Describe the financial impact of extreme climate events and transformation actions.	89-92
4. Describe how the climate risk identification, assessment and management process is integrated into the overall risk management system.	89-92
5. When employing scenario analysis to evaluate resilience against climate change risks, it is essential to elucidate the scenarios, parameters, assumptions, analytical factors, and primary financial impacts utilized.	96
6. If a transformation plan exists to address climate-related risks, please outline the plan's content along with the indicators and targets employed to identify and manage both physical and transformation risks.	94
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.	None
8. If climate-related targets are established, it is essential to clarify the activities involved, the scope of greenhouse gas emissions, the planning period, and the annual progress made. Additionally, if carbon offsets or renewable energy certificates (RECs) are utilized to meet these targets, the origin and quantity of the carbon reduction credits or the number of renewable energy certificates (RECs) employed should be detailed.	99, 101
9. Greenhouse gas inventory and confirmation of status and reduction targets, strategies and specific action plans.	102



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