

HOYU[®]

2023 Sustainability Report

HO YU TEXTILE CO., LTD.



Governance

Social

Environment

About

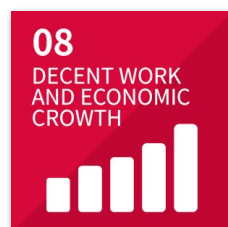
Governance

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Social

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SUSTAINABLE DEVELOPMENT GOALS



About The Report

Ho Yu Textile Co., Ltd. (hereinafter referred to as "Ho Yu," "Ho Yu Textile," or "the Company") has issued this report as its first Sustainability Report. The primary purpose of this publication is to disclose the Company's efforts, performance, and future strategies in the areas of Environmental, Social, and Governance (ESG) to the public and stakeholders. Ho Yu upholds a business philosophy of "dedication to producing the highest quality products, developing the most advanced technology, and providing the best service to customers." Through this report, we aim to inform stakeholders of our commitment to sustainable corporate development, social responsibility, and continuous improvement.

• Reporting Period:

The report is prepared and disclosed annually on a regular basis. This report covers the period for the year 2023 (from January 1, 2023, to December 31, 2023).

• Report Boundaries and Scope:

The scope of the data disclosed in this report is limited to Ho Yu Textile Co., Ltd. in Taiwan.

• Data Calculation Basis:

The financial data in this report is based on information verified by accountants and is calculated in New Taiwan Dollars. Other data is derived from internal statistics, as well as internal and external surveys. All statistical data is presented in metric units.

• Report Assurance:

To enhance the accuracy and reliability of this report, certain information has been additionally assured by Crowe (TW) CPAs based on ISAE 3000, "Assurance

Engagements Other than Audits or Reviews of Historical Financial Information," with a limited assurance report issued.

• Reference Guidelines:

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021. It also references the Task Force on Climate-related Financial Disclosures (TCFD) framework and uses the Sustainability Accounting Standards Board (SASB) sustainability metrics for disclosure. The GRI Standards content index and the SASB mapping table are provided in the appendix.

• Issuance Overview:

Publication Date: November 2024. The next version is expected to be published in 2025.

• Feedback:

If you have any feedback or comments regarding this report, we welcome you to contact us.

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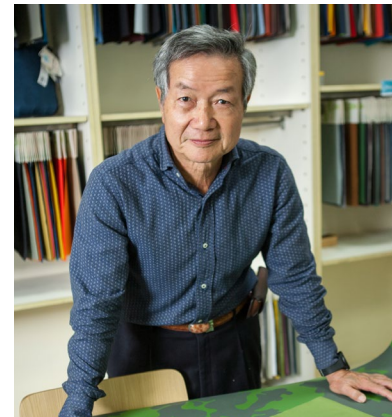
Message from the Chairman

In 1964, Ho Yu Textile began in the traditional textile area of Sanchong, Taipei, focusing on silk fabric manufacturing and the processing of linings. As demand for its products grew and the space at the Taipei factory became limited, Ho Yu expanded in 1977 to its current location in Guanyin District for its second factory. The weaving factory was relocated to this second site, and new equipment, such as sizing machines and weaving machines, was purchased to complete a seamless process of sizing, weaving, and finishing textiles. From then until now, Ho Yu has continuously adapted and learned in the ever-changing business environment.

"Challenging the impossible" is in the DNA of Ho Yu Textile. We prefer to develop high-difficulty products and research advanced technologies to avoid falling into the price competition of saturated markets. With state-of-the-art equipment and years of industry experience, Ho Yu Textile has significantly expanded its business scope, becoming more complex and versatile. Our range now includes materials for specialized outdoor products, medical rehabilitation, emergency applications, travel luggage, and high-performance industrial applications. Over the years, Ho Yu Textile has diligently earned various international quality certifications, and today, it has become one of the key global fabric suppliers, rooted in Taiwan with a global vision.

In the face of the extreme challenges posed by the global natural environment, we recognize that this is an urgent issue. In 2005, Ho Yu Textile created a new fabric series, CYCLEPET®, made from 100% recycled PET bottle fibers, which was supplied to major international companies, bringing the concept of sustainability into our daily lives. Furthermore, we continually pursue green innovation in production technology, emphasizing the integration of environmental protection and technology, with a focus on the "eco-recycling" concept of raw materials. Our ultimate goal is to become the most eco-friendly fabric supplier in the world, bringing sustainable solutions to our customers through technology and innovation.

As we reach the year 2024, it also marks the 60th anniversary of Ho Yu Textile. At this celebratory moment, we are honored to officially release our first Sustainability Report to the public. With the growing global awareness of environmental protection, this report showcases Ho Yu Textile's response to and implementation of corporate sustainability and ESG principles. We systematically disclose the changes in our production processes, including how we have improved resource productivity, reduced the use of raw materials and energy consumption, and minimized waste and related consumption. At the same time, we emphasize social welfare and the rights of employees regarding occupational safety and health. Energy conservation and carbon reduction have become basic understandings, while vertically integrated and technology-driven green production will be our core competitive advantage.



This Sustainability Report is not only a summary of our past achievements but also provides clear goals for our future improvement and efforts. Throughout this process, we sincerely invite the public to join us in working together towards the synergistic development of economic, social, and environmental benefits. We hope that with the support and collaboration of all, Ho Yu Textile can move toward an even brighter future in the next 60 years.

Ho Yu Textile Co., Ltd.
Chairman, Jwo Ching Ming

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1

About Ho Yu

1. Company Overview
2. Sustainable Governance
3. Stakeholder Identification and Engagement
4. Identification of Material Sustainability Topics



About

1.1 Company Overview

Ho Yu Textile was founded in 1964. Over the past 60 years, Ho Yu has been dedicated to producing the highest quality products, developing the most advanced technologies, and providing the best service to our customers. Ho Yu started as a wholesaler in the traditional textile area of Taipei, later expanding to dyeing, finishing, and weaving factories. Initially, the main products were ramie, acetate, and linings, followed by fabrics for women's fashion. With the growth of the business, our fabrics are now primarily used in functional apparel, travel luggage, and industrial applications. We continually innovate with new production technologies, making us a leader in the textile industry. Additionally, Ho Yu ensures that our products comply with the latest environmental regulations. With strong confidence, outstanding capabilities, and a prosperous vision, Ho Yu is stepping boldly into the next century.

Basic Information

Company Name	Ho Yu Textile Co., Ltd.
Established Date	October 27, 1964
Chairman	Jwo Ching Ming
General Manager	Jwo Ching Ming
Company Location	No. 161, Xinfu Road, Guanyin District, Taoyuan City, Taiwan
Paid-in Capital	NT\$339,819,000
Industry Category	Weaving industry




Company History

- 1964** ● The Taipei plant (now located at No. 89, Zhongxing North Street, Sanchong District) was completed, specializing in the production, processing, and sales of rayon silk fabrics and lining materials.
- 1977** ● An additional weaving plant was established at No. 63, Fuyuan Village, Guanyin Township, with new machinery, including sizing and weaving machines, to complete an integrated operation of sizing, weaving, and dyeing for fabrics.
- 1987** ● The original Taipei plant could not expand to add new dyeing and finishing equipment or wastewater treatment facilities. Therefore, land was purchased for expansion at No. 161, Xinfu Road, Guanyin Township (current company location).
The following year, dyeing and finishing equipment was completed, and additional twisting and ATY processing equipment was installed in the weaving plant.
- 1998** ● Officially passed the certification audit arranged by SGS United Kingdom Ltd. and obtained the ISO 9001 International Quality Management System certificate. Became the first supplier in Taiwan to produce nylon yarn up to 1680 denier, which became a sought-after fabric for luggage brands. The specifications initially labeled as "Nylon 1680 and 1682" based on denier count have now become standard terms in the industry.

The product range expanded and diversified into various fields: apparel, home decor, sports, leisure, airbags, luggage, and more.
- 2002** ● Officially passed the certification audit arranged by the International Organization for Standardization (ISO) and obtained the ISO 14001 International Environmental Management System certificate.
- 2005** ● With the concept of "natural, eco-friendly regeneration," the company developed eco-friendly material products and established its own brand of environmentally friendly fibers.
- 2007** ● Completed the application and registration of the CYCLEPET[®] trademark in Taiwan and, in the following year, completed the registration of CYCLEPET[®] trademarks in the United States and Japan.
Became the first Taiwanese supplier to promote recycled PET fabric made from plastic bottles at outdoor product exhibitions in Europe and the United States.
- 2008** ● Signed an environmental certification contract and, authorized by the Environmental Protection Administration (EPA) of the Executive Yuan, Ho Yu Textile's products—100% recycled PET woven fabric and 100% recycled PET knitted fabric—were granted the right to use the EPA's Green Mark for both products.
Became the third company in Taiwan to pass the bluesign[®] standard environmental process certification by the Swiss Bluesign Technologies AG.

Company History

- 
- 2013**

Passed the carbon footprint safety emission certification standards under the Ministry of Economic Affairs' Industrial Development Bureau's Manufacturing Industry Product Carbon Footprint Guidance and Promotion Program. This certification meets the strict environmental requirements of major international corporate buyers, implementing carbon reduction and producing low-carbon products.
 - 2014**

ISO 50001 Energy Management Certification standard, Ho Yu's energy management process effectively utilizes energy efficiency and reduces energy consumption.
 - 2015**

ISO 14064 certification for the organization to conduct greenhouse gas emissions inventory and planned emission reduction.
Established an Innovation Research and Development Center and set up a TPU lamination processing production line.
Purchased green electricity from Taiwan Power Company.
 - 2016**

Installed R.T.O. equipment to decomposes solvents and exhaust gases.
Passed the GRS (Global Recycled Standard) environmental recycling certification.
 - 2017**

Passed the EU bluesign® standard certification for the adhesive coating process.
Installed solar panels at the first factory site.
 - 2020**

Passed ISO 45001:2018 Occupational Health and Safety Management System certification.
The Innovation Research and Development Center developed the patented formula and process for the eco-friendly water-based adhesive XQUA®, which is completely solvent-free. XQUA® holds trademarks in Taiwan and the United States, and patents in Europe, the U.S., Taiwan, and China.
To serve designers focused on social and environmental sustainability, Ho Yu launched REYU'S, an online platform offering functional fabrics made from recycled materials.
 - 2023**

NEUCYCLE® won the Taiwan Circular Economy Award – Innovation Technology Award, further advancing circular textile technology.
NEUCYCLE® received the TOG Award – Annual Trendsetting Award.
Completed the verification for ISO 14064-1:2006 and met the reasonable assurance level.

Participation in Industry Associations

Ho Yu Textile actively participates in various associations related to dyeing and finishing, textiles, sustainability, and academic institutions. We engage in different industry associations and non-profit organizations with the aim of promoting the development of industry standards, fostering technical exchanges across fields, and expanding markets. In addition to the organizations listed below, Ho Yu is also a member of many other groups, such as the Taiwan Handbag Exporters Association, Taiwan Composite Materials Industry Association, and the Taiwan E-commerce Association, among others.

Chairman: Jwo Ching Ming

Taiwan Silk Printing and Dyeing Finishing Industry Association		President
Service Content	Led the association in actively advocating for services that benefit the dyeing and finishing industry, and recommended that relevant government departments revise regulations that are not applicable to industry players. Assisted manufacturers in participating in domestic and international exhibitions with subsidies and expanding product sales, as well as organizing various seminars and professional talent training sessions.	
Taiwan Silk Weaving Industry Association		Honorary President
Service Content	Led the association in organizing networking events, seminars, and results presentations for the long-fiber weaving industry, integrating industry opinions with government meetings.	
Taiwan Industrial Textiles Association		Honorary President
Service Content	Built a platform for industry-academia-research exchange to explore market and technological trends, leading industry investment upgrades. During the tenure as Chairman, led a delegation to the Frankfurt High-Tech Fair for exchanges with representatives from various countries' manufacturers, contributing to the development of Taiwan's industrial textiles industry.	

National Taiwan University of Science and Technology Alumni Association		Advisor
Service Content	Increased opportunities for information and technology exchanges among industry players from various fields.	
Textile Industry Development Committee, Taiwan Textile Research Institute		Committee Member
Service Content	Fostered technical exchanges between academia and industry.	
Engineering and Technology Education Advisory Committee, Department of Materials Science and Engineering, National Taiwan University of Science and Technology		Committee Member
Service Content	Facilitated information exchanges between schools and the industry.	

Vice General Manager: Charles Jwo

Taiwan Silk Weaving Industry Association

Supervisor

Service
Content

Supervised the board's affairs, financial reports, and assets, auditing the final accounts prepared by the board and providing feedback.

Taiwan Biodegradable and Sustainable Materials Industry Association (TBSM)

Director

Service
Content

Assisted in developing the industry blueprint for the biodegradable and sustainable materials sector, fostering information and technology exchanges between academia and industry.

Special Assistant: Shirley Cho

Chinese Taipei International Textile R&D Exchange Association
(Chuangdai Association)

Director

Service
Content

Supported cooperation and exchanges between the outdoor products industry, research institutions, schools, and member visits.

1.2 Sustainable Governance

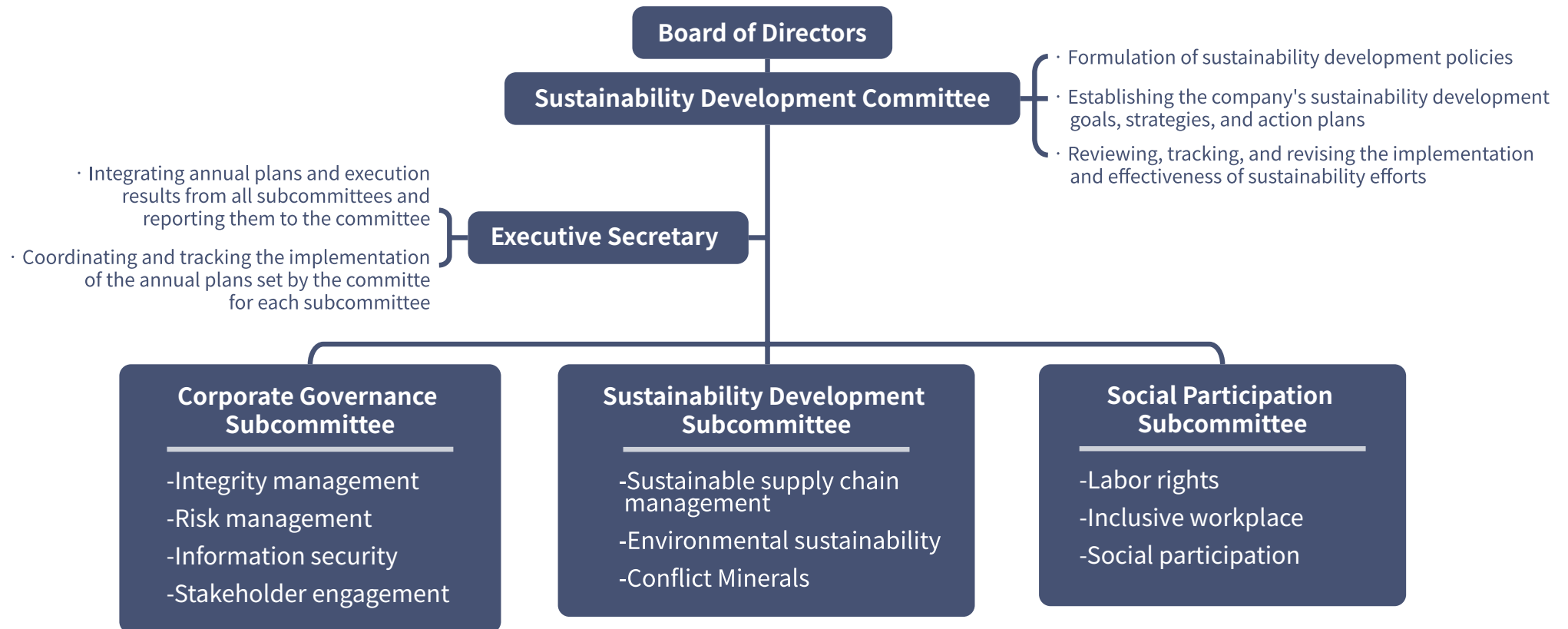
Sustainability Development Committee and Governance Structure

The company has not yet established a dedicated unit to promote sustainable development. Currently, each department promotes sustainability initiatives within its scope of responsibilities. The Board of Directors serves as the highest decision-making and supervisory body, responsible for reviewing and approving sustainability strategies, sustainability reporting, and other important issues related to environmental, social, and economic aspects. A task force, composed of key personnel from each unit, is responsible for implementing sustainability policies, systems, and related management guidelines. The task force reports regularly to the board on the progress of sustainability initiatives and major events, ensuring the company's sustainability execution and performance goals are met, as well as ensuring the company has adequate capabilities and resources to address potential economic, environmental, and social impacts.

To effectively promote and strengthen the governance and oversight of sustainable development progress and outcomes, the company plans to establish a "Sustainability Development Committee" in 2024. A member of the committee will be appointed as the Chief Sustainability Officer (CSO). The committee will be responsible for reviewing corporate governance, risk management, formulating the overall sustainability policy direction,

implementing the company's sustainability action plan, reviewing sustainability-related matters, social welfare, employee care, and other relevant topics. Three subcommittees will be established, each focusing on specific areas, with the subcommittee heads overseeing project execution and data organization. An executive secretary will be appointed to report the integrated progress of the subcommittees to the CSO, ensuring the promotion and implementation of sustainability-related work. The goal is to gradually incorporate sustainability concepts into the company's daily operations and ensure that the company can systematically and comprehensively address sustainability challenges in the future. The committee plans to meet at least once a year, and if necessary, meetings may be held more frequently. Internal team members will be invited to participate in meetings based on the agenda, and the committee will report its results to the Board of Directors on an annual basis.

Sustainable Development Framework and Mission



Sustainable Responsibility Management

The company understands that in the process of survival, growth, and sustainable operation, "profit" and "sustainability" are two sides of the same coin that cannot be separated. The company must pursue profitability to be accountable to shareholders and investors, and must also pursue sustainable development to be responsible for employees, society, and the environment upon which the company depends. Therefore, while pursuing profitability, we will actively implement sustainability as a core value of the company based on materiality principles. We are committed to aligning with international trends that balance environmental, social, and corporate governance (ESG), integrating these principles into the company's management strategy and operational activities, and making them the foundation for driving business growth and achieving sustainable development.

Communication of Key Significant Events

The company holds regular board meetings every year to review business performance, discuss important ESG strategy topics, and address key significant events. In the event of an urgent and significant incident, especially one that could have a major impact on the company's operations or stakeholders, the company will convene an extraordinary board meeting for discussion. In 2023, there were four key significant events communicated with the board: the resolution to prepare a sustainability report, the resolution to carry out a greenhouse gas inventory, the application for the Science Based Targets initiative (SBTi), and the government's "large-to-small" project subsidy execution.

Sustainability Report Preparation and Approval Process

1. Focused Discussion

The Executive Vice President convenes department heads and external expert consultants to discuss the structure of the report and confirm key topics.

2. Report Preparation

The Executive Vice President and external experts consolidate the information required for each topic disclosure, invite departments to provide relevant information, and integrate it into a draft report.

3. Report Review

The department heads responsible for material topics and external experts jointly review the draft report, provide feedback, and make revisions before finalizing the report.

4. External Assurance

A third-party external assurance provider is commissioned to perform assurance and provide an assurance report.

5. Finalization and Publication

Once the report is completed and approved by the board of directors, it is published.

1.3 Stakeholder Identification and Engagement

Ho Yu, through internal discussions with department heads, has identified seven categories of stakeholders, including employees, shareholders, consumers/customers, suppliers, government agencies, media, local communities, social organizations, and relevant governmental authorities. For each stakeholder group, clear communication channels have been established to address their needs. To ensure effective communication with stakeholders and understand their opinions and expectations regarding Ho Yu's sustainable operations, the company maintains communication channels with each stakeholder group as outlined in the table below:

Stakeholders	Key Issues of Concern	Communication Methods/Frequency
Employees	<ul style="list-style-type: none"> • Human Rights Protection • Happy Workplace • Legal Compliance and Integrity Management • Occupational Safety and Health 	<ul style="list-style-type: none"> • Factory Meetings / Weekly • Factory Doctor Health Consultation /Every 2 months • Internal Communication Inbox: General Manager's Mailbox: hoyuPM@hoyu.com.tw / Immediate • Migrant Worker Complaint Mailbox: hoyu.fmw@hoyu.com.tw / Immediate • Internal Complaint Phone: Extension 666 / Immediate • Complaint (Physical) Mailbox: Security Office & Employee Dormitory / Immediate • Factory Health Consultation / Monthly
Investors	<ul style="list-style-type: none"> • Corporate Governance Structure • Legal Compliance and Integrity Management • Innovation and Research & Development • Product Quality and Safety 	<ul style="list-style-type: none"> • Shareholders' Meeting / Regular • Company External Email: hoyu@hoyu.com.tw / Immediate
Consumers/Customers	<ul style="list-style-type: none"> • Innovation and Research & Development • Product Quality and Safety • Human Rights Protection 	<ul style="list-style-type: none"> • Customer Service Hotline / Immediate • Sales Visits / Irregular • Technical Business Exchanges / Irregular • Customer Meetings / Irregular • Trade Exhibitions / Irregular
Suppliers	<ul style="list-style-type: none"> • Supply Chain Management • Legal Compliance and Ethical Business Practices 	<ul style="list-style-type: none"> • Negotiation Meetings / Irregular • Supplier Exchange Visits / Irregular • Supplier Coaching / Irregular • Supplier Evaluation / Irregular

Stakeholders	Key Issues of Concern	Communication Methods/Frequency
Government Agencies	<ul style="list-style-type: none"> • Legal Compliance and Ethical Business Practices • Product Quality and Safety • Occupational Safety and Health 	<ul style="list-style-type: none"> • Official Documents / Irregular • Emails / Irregular
Media	<ul style="list-style-type: none"> • Product Quality and Safety • Innovation and Research & Development • Legal Compliance and Ethical Business Practices 	<ul style="list-style-type: none"> • Press Conferences / As Needed • Press Releases / Irregular • Interviews / As Requested
Local Communities and Social Organizations	<ul style="list-style-type: none"> • Human Rights Protection • Climate Change Response 	<ul style="list-style-type: none"> • Company Website / Irregular • Community Activities / As Needed

Remedying Negative Impacts Procedure

Our company identifies and assesses actual or potential negative impacts on the economy, environment, and people (including their human rights) through regular evaluations, communication with stakeholders, and grievance mechanisms. If the company identifies any actual or potential negative impacts, we will implement mitigation or remediation measures for actual negative impacts and take preventive actions to avoid potential negative impacts. In 2023, our company did not identify any actual negative impacts.

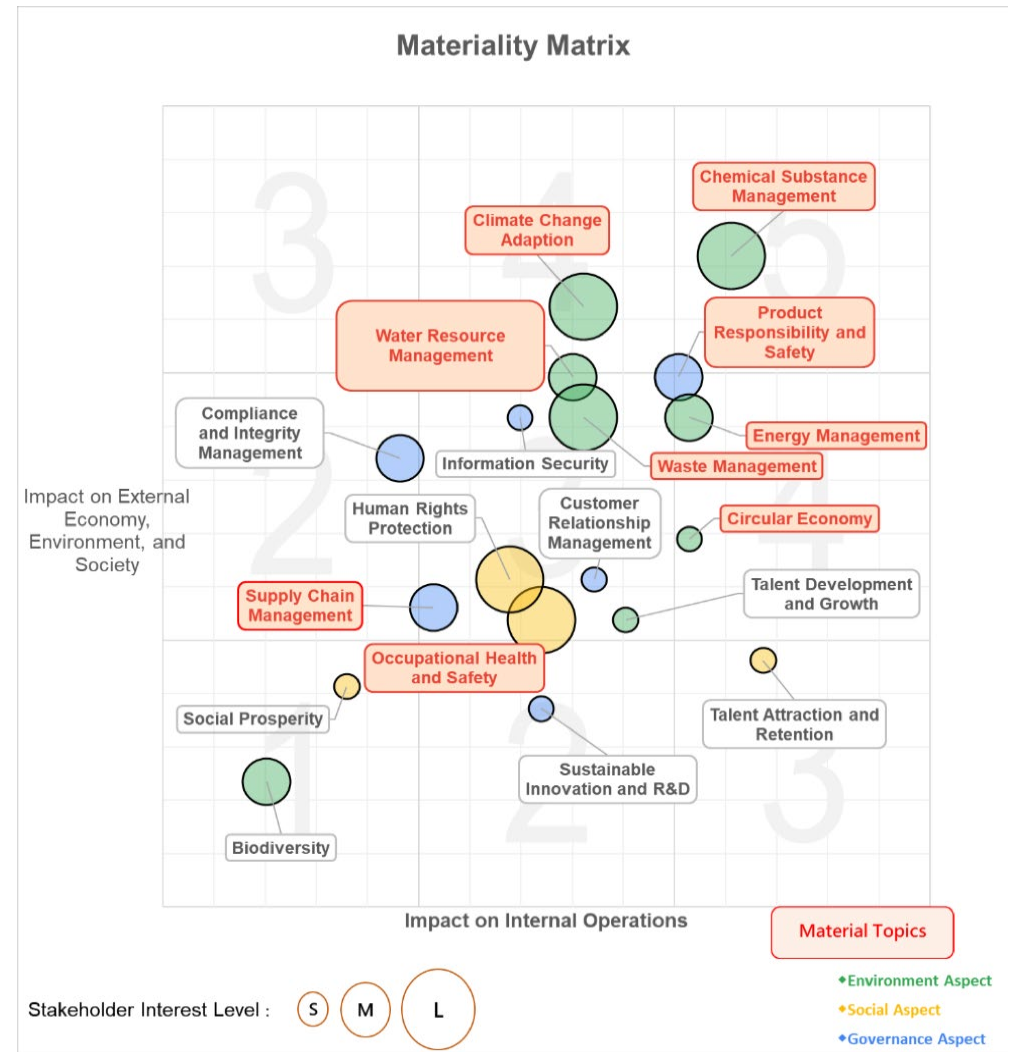
Contact Channels for Each Stakeholder

Stakeholders	Contact and Response Methods
Investors / Customers / Suppliers	<p>External Email : hoyu@hoyu.com.tw Tel: +886-3-4902506 Fax: +886-3-4902526</p>
Employees	<p>Internal Communication Inbox: hoyuPM@hoyu.com.tw Migrant Worker Complaint Mailbox: hoyu.fmw@hoyu.com.tw Internal Complaint Phone: Extension 666</p>

1.4 Identification of Material Sustainability Topics

Material Sustainability Topics Identification Process

Our company identifies material sustainability topics through internal discussions and with the assistance of external experts, referencing the Global Reporting Initiative (GRI) Standards and key industry trends both domestically and internationally. We gather various sustainability issues and, through systematic analysis methods such as department interviews and surveys, conducted an impact assessment survey in 2023 with management. The survey evaluates the impact of each issue on the economy, environment, society, and the company's operations. Additionally, a survey on the significance of major topics was distributed to key stakeholders, with 266 valid responses collected. Based on this, we identified the sustainability issues that stakeholders care about and created a materiality matrix. In the matrix, the X-axis represents the "impact on company operations," the Y-axis represents the "impact on the economy, environment, and society," and the bubble size indicates the "degree of stakeholder concern." Based on the scores, topics were assessed for their materiality, distinguishing between major and general topics. After consolidation and analysis, and confirmation with senior management, we identified nine material topics for Ho Yu in 2023: chemical management, energy management, climate change response, water resource management, waste management, human rights protection, occupational safety and health, product responsibility and safety, and supply chain management. These topics were used as the reference basis for our report and will continue to be refined.



List of Material Topics

Dimensions	Material Topics	Material Topic Descriptions	Corresponding Section
Governance	Product Responsibility and Safety	The company is committed to developing safe, high-quality products that meet customer needs.	2.6 Product Responsibility and Safety
	Supply Chain Management	The company coordinates activities between suppliers, manufacturers, and retailers to optimize costs, shorten delivery times, and improve quality.	2.4 Supply Chain Management
Society	Human Rights Protection	The company formulates human rights protection and labor policies, along with implementing related measures.	3.3 Human Rights Protection
	Occupational Safety and Health	Protecting workers' lives, safety, and health, as well as providing a quality work environment, is the company's fundamental responsibility.	3.2 Occupational Safety and Health
Environment	Chemical Management	The company achieves environmentally friendly goals through the selection and management of chemicals.	4.5 Chemical Management
	Energy Management	It enhances energy conservation awareness and skills among all employees, promoting overall energy efficiency.	4.2 Energy Management
	Waste Management	The company monitors waste quantities to determine waste flow and explores the possibility of reducing waste year by year.	4.4 Waste Management
	Water Resource Management	It understands current water usage, identifies water consumption and pollution in each production process, and better formulates water usage policies.	4.3 Water Resource Management
	Climate Change Response	In response to regulations and international trends, the company reduces carbon emissions, promotes green technologies and products, and actively addresses climate change challenges.	4.1 Climate Change Response



Sustainable Governance

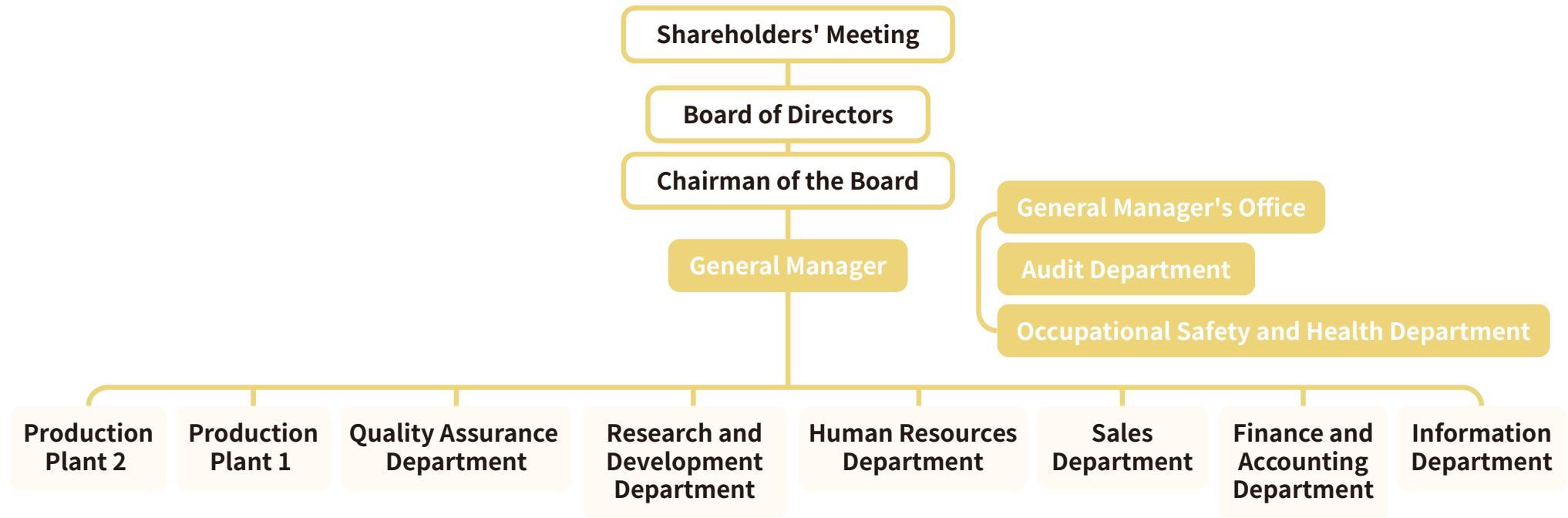
1. Corporate Governance Structure
2. Risk Management
3. Compliance and Integrity Management
4. Supply Chain Management
5. Information security
6. Product Responsibility and Safety
7. Innovation and R&D
8. Customer Relationship Management



Governance

2.1 Corporate Governance Structure

Ho Yu Textile Organizational Structure Chart



Responsibilities of Each Department

Departments	Main Responsibilities
General Manager's Office	<ol style="list-style-type: none"> 1. Formulating future development policies and new business development 2. Evaluating external investment regions and targets 3. Overseeing the operation and management of company business 4. Defining forward-looking research directions 5. Managing communication with investors and the media
Audit Department	Audit of Management System Operations
Occupational Safety and Health Department	Formulating, planning, supervising, and promoting factory safety and health management matters, and guiding relevant departments in their implementation.
R&D Department	<ol style="list-style-type: none"> 1. Designing and planning new product development. 2. Assisting production units in handling technical issues during the manufacturing process. 3. Responsible for preparing the R&D budget and managing personnel allocation. 4. Collaborating with the sales department to plan and negotiate new product development.
Production Plant 1 (Dyeing Plant)	Fabric Dyeing and Finishing, and Other Processing
Production Plant 2 (Weaving Plant)	Greige Fabric Weaving

Departments	Main Responsibilities
Quality Assurance Department	<ol style="list-style-type: none"> 1. Establishing a quality inspection system and procedures that meet quality assurance requirements. 2. Implementing various inspection standards (ISO 9000 / ISO 14001 / ISO 45001 / ISO 50001) and ensuring the establishment and enforcement of these systems.
Human Resources Department	<ol style="list-style-type: none"> 1. Workforce Planning 2. Staffing Management 3. Compensation Management 4. Performance Management 5. Employee Relations 6. Career Development and Planning
Sales Department	<ol style="list-style-type: none"> 1. Domestic and international product marketing and market development 2. Maintaining customer relationships 3. Handling customer complaints
Finance and Accounting Department	<ol style="list-style-type: none"> 1. Accounting and bookkeeping 2. Fund planning and allocation 3. Communication and coordination for important meetings, such as board of directors and shareholder meetings 4. Handling tax-related matters 5. Business analysis, budget preparation, and control
Information Technology Department	<ol style="list-style-type: none"> 1. Responsible for maintaining and building the company's computer information systems, and establishing security controls and mechanisms such as firewalls. 2. Managing the company's network communication systems and connecting platforms such as ERP, KM, and EIP.

Board Composition and Operations

The Ho Yu Textile Board of Directors is the highest governance body and decision-making center of the company. It is chaired by Chairman Chao Ching-Ming, who also serves as the CEO. This arrangement is aimed at improving operational efficiency and decision-making power while ensuring strategic alignment. With his extensive management experience and outstanding leadership abilities, Chao Ching-Ming is able to quickly integrate resources and adjust strategies, enabling the company to respond swiftly and adapt flexibly to market changes and competitive challenges, thus maintaining the company's competitive edge and stable development in the market.

In accordance with the Company Act, our company has a board of directors consisting of no fewer than three members, elected by the shareholders meeting from candidates with legal capacity. The chairman of the board is elected by a two-thirds majority of the attending directors and requires approval from more than half of the attending directors. As the company is not publicly listed, there are no independent directors, and we have not established an audit committee, compensation committee, or other functional committees. The current board consists of three directors and one supervisor. Among the board members, two are male and one is female, with female directors representing 33% of the board. The average age of the directors is 61 years (excluding the supervisor).

Board of Directors Members

Title	Name	Educational Background	Age	Gender	Position
Chairman of the Board	Jwo Ching Ming	National Taiwan University of Science and Technology, Institute of Fiber and Polymer Science	73	Male	General Manager
Director	Charles Jwo	St. John's University, New York, MBA	64	Male	Deputy General Manager
Director	Ru-Hsin Jwo	Manchester Metropolitan University	48	Female	Executive Assistant to the General Manager
Supervisor	James Jwo	Feng Chia University, Department of Architecture	69	Male	Deputy General Manager

Board Members' Professional Competence

Name	Business Experience	Marketing Ability	Industry Expertise	Legal Expertise	Accounting Expertise
Jwo Ching Ming	✓		✓	✓	
Charles Jwo	✓	✓	✓		✓
Ru-Hsin Jwo	✓	✓	✓	✓	
James Jwo	✓		✓		✓

Board Members' Continuing Education Status

Currently, ESG (Environmental, Social, and Governance) sustainability issues are receiving widespread attention, closely linked to major topics such as environmental protection, corporate sustainability, and corporate social responsibility. The company's board members continue to focus on sustainability issues and plan to participate in various sustainability-related continuing education activities in the future, such as lectures and workshops organized by government agencies and professional organizations, to continuously learn the latest knowledge and trends in sustainable development. In the future, the board will continue to center on sustainability principles, deeply participate in and support sustainability activities, ensure the company remains forward-looking in sustainable operations, and promote the practice of corporate social responsibility, striving to become a model of sustainable development in the industry.

In addition to sustainability-related issues, the company also encourages board members to actively participate in continuing education courses related to current trends, corporate governance, and risk management. This helps them continuously enhance their capabilities and improve the knowledge and risk response abilities of the company's highest governance body in various areas, thereby stabilizing the company's development and improving operational efficiency.

Board Members' Conflict of Interest

The company's board members' conflict of interest system follows the provisions of Article 206 of the Company Act. For board resolutions, unless otherwise stipulated by law, the presence of a majority of directors is required, and a majority of the attending directors must agree for the resolution to be passed. When a director has a personal interest in the matters being discussed at a meeting, they must disclose the key details of their interest at that board meeting.

The director's spouse, blood relatives within the second degree of kinship, or any company with a controlling or subordinate relationship with the director, are considered to have a personal interest in the matters discussed at the meeting if they have an interest in the issue at hand. No significant conflicts of interest occurred in 2023.

Functional Committees

Corporate Sustainability Development Committee

The Corporate Sustainability Development Committee is expected to be established in early 2024. It will be responsible for reviewing issues related to corporate governance (including integrity management), risk management, sustainability, social welfare, and employee care. The committee will establish task forces in three areas—governance, society, and sustainability—to carry out assigned matters. A member of the committee will be appointed as the Chief Sustainability Officer (CSO), and an executive secretary will be appointed to report the task force's execution results to the CSO, ensuring the effective promotion and implementation of sustainability-related work.

The Sustainability Development Committee will hold at least one meeting annually and may convene additional meetings as necessary. For each meeting, internal team members may be invited to participate based on the agenda. The committee will provide a regular annual report to the board of directors on its implementation results.

2.2 Risk Management

Due to various emerging risks arising from changes in the external environment, such as fluctuations in raw material prices, increased shipping and energy costs, exchange rate fluctuations, and information confidentiality, the company has initiated control measures by convening relevant departments to mitigate risks. The board of directors serves as the highest governance body for risk management, bearing overall responsibility for the company's risk governance. Currently, Ho Yu is managed by the General Manager and senior management, who are responsible for coordinating departments to implement risk identification, assessment, management, response, and supervision. This supports the management team in practicing the corporate risk management framework and ensures that the company's risks are effectively assessed and managed.

Risk Management Policies and Procedures

Ho Yu collaborates closely with all units, plants, and departments. The General Manager, senior management, and relevant units are responsible for company-level risk management affairs. These are discussed and instructed during management meetings, R&D meetings, and production and sales meetings, where each department is tasked with implementing risk identification and assessment. Senior management drives the supervision of controls and significant operational decisions. Through careful evaluation and planning by the responsible departments, risk control is ensured to be continuous and effective. Financial statements are audited by external accountants, who review both internal and external financial changes and implement appropriate response measures, which are reflected in the financial reports.

Risk Management Scope

The company's risk management scope includes strategic risks, operational risks, financial risks, information risks, compliance risks, integrity risks, and other emerging risks (such as climate change or infectious disease-related risks). It also covers risks not listed above but that could result in significant losses for the company, such as major external hazard events or risks triggered by losses from extreme events.

2.3 Compliance and Integrity Management

Regulatory Compliance Policy

Ho Yu Textile strives to operate in full compliance with relevant laws and regulations and is committed to actively contributing to maintaining industry order. To ensure that employees understand and adhere to relevant regulations, Ho Yu has established clear compliance policies and provides continuous training and education, ensuring that employees possess sufficient knowledge and skills to follow both company and industry standards, as well as legal regulations.

The company utilizes existing internal control management procedures to prevent potential risks related to fraud and misconduct, minimizing these risks. Additionally, an appointed accounting firm regularly audits financial accounts to ensure compliance with relevant execution standards.

Regarding changes in domestic and international policies and regulations, the company consults with advisors, lawyers, accountants, and relevant government bodies. When necessary, professional firms or experts are commissioned to assess and plan responsive measures, ensuring adherence to legal and regulatory objectives.

In 2023, there were two cases of administrative penalties from the Taoyuan City Government under the Occupational Safety and Health Act, with a total penalty amounting to \$120,000 New Taiwan Dollars.

1. A personnel entrapment incident occurred at the fabric winding machine behind the T3 shaping machine. Upon inspection, it was found that the machine was not equipped with safety protection facilities such as guards and protective barriers. After the incident, the company immediately implemented the following corrective measures:

- Completed safety and health training for all relevant staff on the fabric winding machine, ensuring that every operator is familiar with safety operating standards.
- Installed safety guards on the fabric winding machine to enhance its safety protection.
- Added protective barriers at the front end of the machine to further improve operational safety.
- Placed warning labels in four languages on the protective barriers to remind operators to pay attention to safety.

Through these measures, we are committed to enhancing the safety of the working environment, preventing the recurrence of similar incidents, and ensuring the safety and health of every employee.

2. During the audit process, it was discovered that the on-duty operator in the boiler area did not hold a valid certification. Upon further inquiry, it was found that the employee had already applied for the Boiler Technician Skills Certification, passed the written exam, and was awaiting the practical exam, which is why the certification had not been obtained at the time of the audit. The employee has now successfully obtained the Boiler Technician Certification. The company attaches great importance to this issue and has implemented the following corrective measures:

- Ensure that all boiler area operators hold valid certifications before starting their duties.
- Strengthen the management and regular review of relevant certifications to ensure that personnel qualifications meet the required standards.

- Provide more training resources and support to help employees obtain the necessary skill certifications more quickly.

These measures are aimed at enhancing the safety and compliance of the work area, ensuring that every operator possesses the necessary professional skills and valid qualifications, thereby further safeguarding the company's safe operations.

Integrity Management Policy

Ho Yu Textile has always been committed to integrity, adhering to government regulations, practicing corporate governance, and fulfilling corporate social responsibility. To this end, we have established strict internal guidelines, including the "Corporate Responsibility and Ethics Compliance Handbook," "Regulatory and Other Requirement Control Procedures," "Anti-Corruption, Anti-Bribery Policy and Commitment," "Subcontractor Management Procedures," and "Contract Review Procedures." We require all employees to strictly comply with these standards in areas such as business ethics, labor relations, environmental protection, and safety. In 2023, the company did not experience any corruption incidents.

New Employee Training

The new employee training program covers a wide range of topics, including company introduction, ISO procedures and policies, internal communication, corporate responsibility and ethical standards, human resources systems, and relevant business areas. Special emphasis is placed on the importance of regulatory compliance and ethical business practices to ensure that employees understand and adhere to relevant laws and regulations, maintaining high standards of business ethics and conduct. These courses are designed to help new employees quickly understand company operations, enhance their professional skills, adapt to the work environment, and promote teamwork and individual career development. In 2023, a total of 22 new employees from Taiwan participated in the onboarding training.

Complaint Procedure

Complaint Email: Hoyu.fmw@hoyu.com.tw

Complaint Phone: 03-490-2506 ext. 666

Physical Mailbox: Security Office & Employee Dormitory

2.4 Supply Chain Management

Impacts

1. Inventory Management Issues

Inventory Backlog: Inaccurate demand forecasting has led to product accumulation, occupying capital and storage space.

2. Cost Increases

Transportation Cost Increase: Lack of effective logistics management has resulted in inefficient transportation routes, increasing transportation costs.

Overtime and Emergency Order Costs: To compensate for gaps in the supply chain, overtime production or emergency orders are required, raising production and logistics costs.

3. Production Interruptions

- a. Material Shortages: Supplier delays or insufficient supply have caused production line shutdowns, affecting production schedules. °
- b. Quality Issues: Suppliers providing substandard materials or components have led to product quality problems, impacting production progress and market reputation.
- c. Decline in Customer Service Quality: Delivery Delays: Inability to deliver on time has resulted in customer dissatisfaction, affecting the company's reputation and customer loyalty.
- d. Lack of Transparency: Failure to provide accurate order status and delivery time information to customers has reduced customer trust.

4. Financial Impact

- a. Cash Flow Issues: Poor inventory management and production interruptions have caused cash flow difficulties, affecting business operations.
- b. Decline in Profitability: Increased costs and reduced sales directly impact the company's profitability.
- c. Decline in Competitiveness: Loss of Market Share: Inability to meet market demand on time has led customers to switch to competitors, resulting in a loss of market share.
- d. Innovation Constraints: Resources and focus on resolving supply chain issues have hindered product and service innovation.
- e. Insufficient Risk Management: Lack of contingency plans to address unexpected events, such as natural disasters or political instability, has led to supply chain disruptions.
- f. Compliance Risks: Lack of compliance management with suppliers may lead to legal and regulatory risks.



Policy Commitment

1. Quality Commitment

High-Quality Standards: We establish and maintain strict quality control standards to ensure that all suppliers and partners comply with these requirements.

Continuous Improvement: We regularly audit and improve our quality management systems to ensure that the quality of our products and services is continuously enhanced.

2. Ethics and Compliance

Compliance with Laws and Regulations: Ensure that all stages of the supply chain comply with relevant laws and regulations, including labor laws, environmental laws, and trade laws.

Ethical Conduct: Promote and adhere to high standards of business ethics and social responsibility, prohibiting corruption, bribery, and unfair competition.

3. Environmental Responsibility

Sustainability: Promote sustainable development within the supply chain, reducing carbon emissions, carbon footprint, and resource waste.

Environmental Measures: Implement environmental measures such as reducing emissions, using renewable energy, and utilizing recyclable materials.

Supplier Management:

Supplier Evaluation and Selection: Establish strict supplier evaluation criteria to ensure the selection of reliable suppliers who align with the company's values.

Long-term Partnerships: Build and maintain long-term cooperative relationships with suppliers, fostering mutual growth.

4. Risk Management

Risk Assessment: Conduct regular supply chain risk assessments to identify potential risks and develop response strategies.

Emergency Plans: Develop detailed emergency plans to ensure the ability to quickly restore operations in the event of unexpected incidents or crises.

5. Innovation and Technology Application

Technology Upgrades: Actively adopt advanced technologies, such as the Internet of Things (IoT), big data, and blockchain, to enhance supply chain management efficiency and transparency.

Innovation Support: Support and drive supply chain innovation to improve overall competitiveness.

6. Transparency and Information Sharing

Information Transparency: Ensure transparency across all stages of the supply chain, sharing supply chain data and information in a timely manner.

Communication and Coordination: Promote effective communication and collaboration among all parties in the supply chain, establishing strong cooperative working relationships.

7. Customer Satisfaction

On-time Delivery: Ensure that products and services are delivered on time, meeting customer needs and expectations.

Customer Feedback Mechanism: Establish a comprehensive customer feedback system to promptly address and resolve customer issues and suggestions.

Action Taken

1. Demand Forecasting and Planning

Demand Analysis: Use historical data and market trends to forecast demand, creating production and procurement plans.

Sales and Operations Planning (SOP): Coordinate sales, production, and finance departments for integrated planning to ensure supply-demand balance.

2. Supplier Management

Supplier Selection and Evaluation: Choose and assess suppliers based on quality, cost, delivery time, and compliance standards.

Establish Long-term Relationships: Build strategic partnerships with key suppliers to ensure stable supply sources.

3. Inventory Management

Inventory Optimization: Develop inventory strategies, dynamically adjusting stock levels based on demand fluctuations to avoid overstock and shortages.

Inventory Turnover: Increase inventory turnover rates to reduce stock costs and improve capital efficiency.

4. Production Planning and Control

Production Scheduling: Develop reasonable production schedules based on demand plans and resource availability, ensuring production efficiency and on-time delivery.

Quality Control: Implement stringent quality controls throughout the production process to meet standards and minimize rework and scrap.

5. Logistics and Distribution Management

Logistics Optimization: Design efficient logistics networks and transportation routes to reduce costs and improve delivery efficiency

6. Risk Management and Emergency Plans

Risk Identification and Evaluation: Identify and regularly assess potential risks in the supply chain.

Emergency Plans: Develop and drill emergency plans to ensure swift response and recovery in the event of disruptions.

7. Technology and Data Analytics

Technology Upgrade: Implement advanced supply chain management software and technologies, such as ERP, MES, and WMS, to improve management efficiency.

Data Analytics: Leverage big data analytics and artificial intelligence to optimize demand forecasting, supply chain management, and decision-making.

8. Sustainability and Social Responsibility

Environmental Measures: Implement energy-saving and eco-friendly measures to reduce the environmental impact of the supply chain.

Social Responsibility: Ensure labor rights and compliance with social responsibility standards in the supply chain to enhance corporate social image.

9. Continuous Improvement and Innovation

Continuous Improvement: Establish mechanisms for continuous process improvements, optimizing supply chain operations for greater efficiency.

Innovation-Driven: Encourage innovation to advance technological and model improvements in the supply chain, strengthening competitiveness.

Objectives

Short-term Goals:

Establish supplier capability data to select appropriate suppliers that can consistently meet the company's product requirements. Ensure that products are delivered on time, in the right quantity, and with the required quality.

Mid- to Long-term Goals:

Eliminate suppliers located too far away, focusing on local sourcing to shorten delivery times and reduce transportation-related carbon emissions. Require suppliers to provide product carbon emission data, and for those with high carbon emissions, assist them in transitioning to low-carbon processes to produce low-carbon products.

Evaluation Mechanism

The assessment will be conducted using the supplier evaluation form from the quality assurance department. This will verify whether each supplier meets the required standards for quality, quantity, and on-time delivery.

2023 Performance Results:

1. In our procurement performance evaluation, we achieved the target of 98% local supplier procurement ratio.
2. The evaluation results for 13 key suppliers showed that 11 were rated as A-grade excellent suppliers, demonstrating the high quality and reliability of our primary partners. Additionally, 2 suppliers were rated as B-grade, indicating areas for quality improvement, while no suppliers were rated as C-grade or considered substandard.

Stakeholder Engagement Situation

Please refer to the "1.3 Stakeholder Identification and Engagement" section for the details.

Supply Chain Overview

Ho Yu Textile is a company that focuses on the production of functional and industrial fabrics, specializing in weaving, dyeing, and processing. Its main products include fabric for bags and industrial textiles, offering various processing services such as coating, lamination, and film coating.

The upstream suppliers mainly consist of manufacturers or wholesalers of yarn, dyes, auxiliaries, and adhesives, while the downstream partners collaborate with coating factories, lamination factories, and printing factories.

Ho Yu Textile values the stability and sustainability of its supply chain, with 90% of its suppliers coming from Taiwan to reduce transportation costs and carbon emissions, while enhancing the responsiveness of the supply chain. The company conducts annual supplier evaluations based on product quality, delivery, pricing, service, and human rights to ensure long-term stable partnerships. Currently, 90% of suppliers have maintained a partnership with the company for over 10 years. Additionally, Ho Yu selects suppliers with environmental certifications, such as bluesign®, GRS, Oeko-Tex, and RoHS, to promote the use of eco-friendly materials.

In product development, Ho Yu Textile continuously develops new products based on market demand and holds multiple intellectual property rights. In 2005, the company pioneered the use of recycled PET bottle yarn as raw material to produce rPET fabric and established the CYCLEPET brand. In 2020, Ho Yu introduced the solvent-free water-based adhesive XQUA®, further enhancing the diversity of eco-friendly materials. In 2022, the company developed the NEUCYCLE® series, offering sustainable, recyclable material options.

Ho Yu Textile's products have a wide range of applications, covering outdoor, business travel, medical, maritime, military, and rescue sectors. The company

provides targeted fabric solutions based on different application needs. For example, outdoor products require waterproof and abrasion-resistant features, so the fabrics provided to outdoor brands are designed with these properties. Ho Yu's clients include globally renowned brands such as TUMI, ARCTERYX, GREGORY, Vaude, Patagonia, Longchamp, and Survitec.

As a company with a 60-year history, Ho Yu Textile has established extensive and solid partnerships with both B2B and B2C customers through its excellent product quality and broad service range. These partnerships span various industries and regions, including apparel, backpacks, leisure goods, as well as medical and military supplies.

Supply Chain Management Policy

We have established the "Subcontractor Management Procedure" and the "Contractor Environmental, Health, and Safety Management Procedure," which clearly define the evaluation criteria for subcontractors and contractors. These criteria include the requirement for certifications such as ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, ISO 5001 Energy Management System, and Corporate Social Responsibility certifications, ensuring that the operational procedures and quality of these suppliers meet our standards. Additionally, our processing principles refer to international environmental regulations such as RoHS (Restriction of Hazardous Substances), REACH (Regulation on Registration, Evaluation, Authorization, and Restriction of Chemicals), CPSIA

(Consumer Product Safety Improvement Act), and Bluesign. Suppliers certified under the GRS (Global Recycled Standard) are also required to present their GRS certification. This approach ensures the enhancement of supplier quality, maintaining the company's material and production standards.

New Supplier Selection

To maintain long-term cooperative relationships with suppliers and ensure supply stability and reliability, Ho Yu Textile has established supplier selection criteria that include quality, cost, delivery time, technical capability, and compliance. This includes adherence to relevant laws, environmental, labor, and trade regulations, as well as business ethics. Potential suppliers are screened according to these standards to ensure they meet basic requirements.

In accordance with Ho Yu's internal "Corporate Responsibility and Ethical Standards Manual," the supplier and contractor management and monitoring guidelines are followed. This ensures that all suppliers and contractors comply with corporate responsibility regulations, while also emphasizing the safety and welfare of their employees. Additionally, all new suppliers must meet the company's environmental and social supplier assessment standards. Ho Yu had no new suppliers in 2023.

New Supplier Selection Process

Initial Screening: Collect information about potential suppliers and conduct an initial screening based on basic standards.



Detailed Evaluation: Visit the supplier's site to assess their quality control system, production capacity, and technical expertise.



Trial Order Testing: Place a trial order to evaluate the supplier's actual delivery capability and product quality. Assess the supplier based on the results of the trial order.



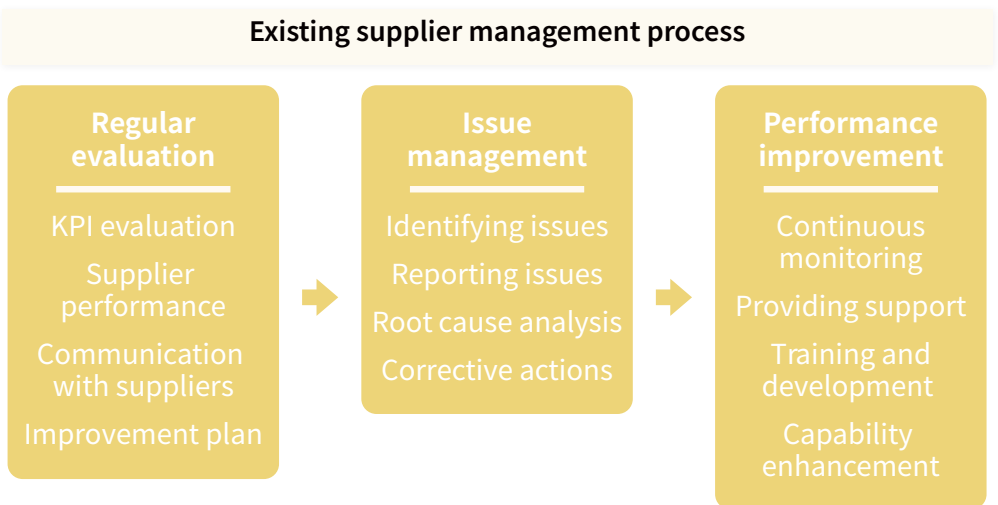
Formal Collaboration: Sign a cooperation agreement with suppliers who meet the standards, define the details of the collaboration, and establish a regular evaluation and communication mechanism.

Supplier Performance Evaluation

According to the "Subcontractor Management Procedure Manual," our company conducts a biannual evaluation of existing suppliers in areas such as quality, delivery time, service, packaging, and cooperation. The evaluation results are categorized into three levels based on scores:

Level	A	B	C
Score	85 and above	61 - 84	60 and below
Result	Excellent	Needs Improvement	Non-compliant

In 2023, Ho Yu Textile conducted evaluations for 13 suppliers. Among them, 11 suppliers were rated A (excellent), 2 were rated B (quality improvement), and none were rated C (non-compliant). Based on the evaluation results, we will communicate with the suppliers and develop improvement plans. For suppliers with lower scores, we will assist them in analyzing the issues and conducting root cause investigations. We will continuously monitor their improvement and help them enhance their capabilities. To ensure the quality and reputation of our supply chain, suppliers with a C rating will no longer be considered for cooperation.



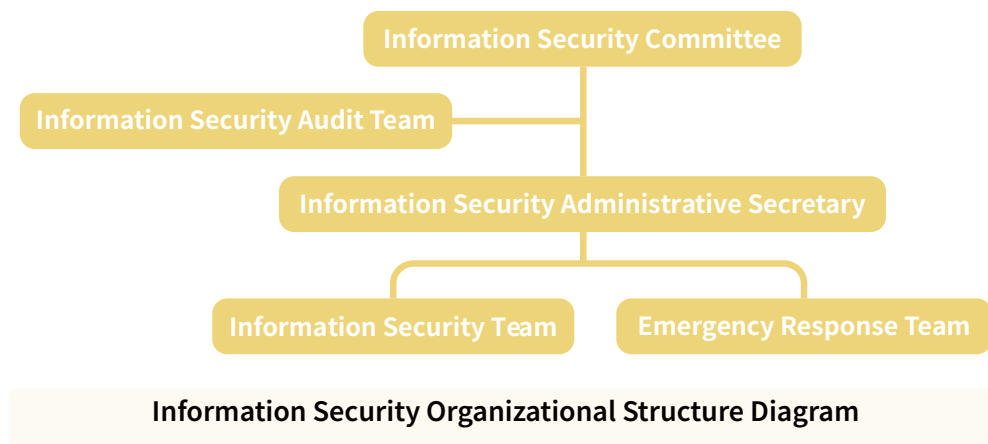
The proportion of the procurement budget spent on local suppliers at key business locations (percentage of products and services procured locally)

Appendix 1	Key business locations		2023	2022	2021
Taiwan (NTD)	Yes	Local supplier procurement amount	289,229,709.30	309,190,225.90	384,102,375.80
		Total procurement amount	292,245,712.87	311,327,810.93	386,207,305.52
		Local procurement ratio	98.97%	99.31%	99.45%

2.5 Information Security

Information Security Management Framework

To ensure the security of Ho Yu's information assets, an appropriate management framework should be established to promote internal information security management matters, audit information security policies, assign security responsibilities, and coordinate the implementation of various information security measures at Ho Yu. The company has established an Information Security Committee, chaired by the General Manager, with the first-level managers of each department and the section chiefs as committee members, responsible for making decisions on matters related to the information security management system.



Information Security Management Policy

The information security organization of the company should actively strengthen information security and confidential information protection mechanisms to maintain the competitiveness of Ho Yu Textile. The company follows international information security standards and frameworks, clearly defining information security policies, procedures, and regulations, continuously enhancing management systems and technologies, and implementing comprehensive risk management to achieve the information security management goals of Ho Yu Textile. In the future, the company will plan to establish "Information and Communication Security Management Regulations," requiring all employees to comply with the regulations to strengthen the company's information security management.

Currently, Ho Yu Textile has not yet obtained ISO 27001 Information Security Management System certification. We will continue to follow the management framework and requirements of ISO 27001 to improve and enhance our company's information security management mechanisms, striving to protect the information assets of the company and our customers. In the future, we plan to receive guidance for the ISO 27001 Information Security Management System in 2025 and obtain certification, further strengthening the company's information security management and providing proof of compliance with international standards to demonstrate our commitment and capability in information security.

Information Security Management Mechanism

To strengthen the company's information security management, we will establish a new data center in 2024, ensuring more rigorous and effective information security control. In the future, we will also plan social engineering drills and continuously update security devices and systems, including upgrading firewall hardware, reviewing and updating antivirus software for full deployment, planning an ERP system backup mechanism, implementing vulnerability scanning to enhance protection, and establishing off-site backup mechanisms.

Confidentiality and Integrity Control Measures	
1. Access Management and Personnel Control	Personnel Account Management and Auditing, Information System Access Control, Third-Party Remote Connection Management, Document Access Control Management, all aim to enhance information security and reduce the risk of data leakage.
2. Information Security Protection	Internal Protection: A network segment located behind a firewall to provide protection. Antivirus software and spam filtering are implemented to enhance defense capabilities. External Protection: Firewalls are established to filter unreliable data packets, prevent network intrusions, and provide auditing and control over network resource access.
3. Rapid Security Recovery	Regular and effective backups are performed, and abnormal event recovery plans are in place to ensure disaster recovery in case of data or equipment damage. The ERP system uses HA (High Availability) mechanisms, with regular system recovery drills to ensure its effectiveness.
4. Server Virtualization	All server hosts are virtualized for centralized management. Fault-tolerant mechanisms are established for systems and storage devices to ensure system operation security and accuracy.

Confidentiality and Integrity Control Measures	
5. File Backup and Retention	File backups and data burning are executed on all servers and databases to enhance file storage security.

Information Security Training

Ho Yu Textile has not yet conducted information security training for employees. In the future, we plan to regularly provide information security training for all employees and conduct periodic awareness campaigns to help employees understand the importance of information protection and enhance their awareness of information security. The planned training content will include: information security policies, information security regulations, and information security operational procedures.

Information Security Incidents

When an information security incident occurs, if the information equipment malfunctions or data is lost and cannot be restored to normal within a short period, manual procedures will be adopted to continue operations. The data from manual processes will be properly stored and used as a basis for data restoration once the equipment is repaired.

The information security unit will record the incident upon detection or notification of the incident, categorize the event, and report it to the Information Security Committee. The Information Security Team and Emergency Response Team must resolve the security incident within the target processing time. After the incident

is resolved, a root cause analysis will be conducted, and corrective actions will be taken to prevent recurrence. Regular records of information security incident responses will be compiled and audited by the Information Security Audit Team. No major information security incidents occurred in the company in 2023.

Privacy Protection Policy

Ho Yu Textile complies with the "Personal Data Protection Act" and relevant regulations of the Republic of China (Taiwan) regarding the collection, processing, and use of customer data. Additionally, "Strict adherence to customer and supplier contracts and confidentiality agreements" is our commitment to both customers and suppliers. For the information provided by customers and suppliers, including technical data and various software and hardware, as well as potential customer and supplier patent or intellectual property data, confidentiality agreements are signed in advance to ensure the security of confidential business information. The collection of customer data is primarily for improving service quality and enhancing customer service (including providing relevant product information). We guarantee that, without the customer's consent, customer data will not be disclosed to third parties unrelated to the service or transaction, nor used for purposes other than those mentioned. If any employee violates relevant policies and regulations, necessary disciplinary actions will be taken in accordance with the code of conduct, and legal measures will be considered depending on the situation. In 2023, our company did not have any incidents or complaints related to the violation of customer privacy or the loss of customer data.

Methods of Collecting Personal Data and Retention

"Strict adherence to customer and supplier contracts and confidentiality agreements" is our commitment to customers and suppliers. For the information provided by customers and suppliers, including technical data, various software and hardware, as well as potential customer and supplier patent or intellectual property data, confidentiality agreements are signed in advance to ensure the security of business customer confidential information.

We implement a rigorous control mechanism, including signing contracts with key suppliers, to ensure that both internal and external personnel and vendors uphold high ethical standards in conducting relevant business activities.

In accordance with laws and contractual regulations, we regularly review the necessity of retaining personal data. If the retention period has expired or the purpose for retention no longer exists, we will proactively determine or delete the data upon request of the concerned party. The deletion process will be carried out in a manner that makes the data irrecoverable and unidentifiable.

Regulations on the Processing and Use of Personal Data

Ho Yu Textile regulates that personal data and privacy information can only be processed and used within the scope defined by the purpose for which the data was collected and with the user's consent. Except where consent has been obtained from the data subject or as required by law, personal data and privacy information should not be processed or used by third-party organizations or individuals.

2.6 Product Responsibility and Safety

Impacts

Poor product quality management can lead to high product defect rates, increased customer complaints, damage to brand reputation, and a decline in customer trust in the company's products. As a result, the company may lose its competitive edge in the market, which can negatively impact its operations and financial situation.

Policy Commitment

"Quality first, continuous improvement" is our company's unwavering belief. We are committed to providing excellent product quality and continuously optimizing production processes and quality management systems to achieve higher quality standards, ensuring that every product meets or even exceeds customer expectations.

Action Taken

The company's annual quality objectives are reviewed, updated, and issued each year during the management review meeting, and statistical analysis is conducted.

Objectives

• Short-term objectives:

1. Maintain the validity of the ISO 9001 certification for the factory's quality management system.
2. Ensure all products comply with relevant regulations and industry standards.
3. Achieve a customer satisfaction score of 85.

• Mid-to-long-term objectives:

1. Continuously maintain ISO 9001 certification.
2. Strictly adhere to international and domestic laws and industry standards, as well as regulations on prohibited and restricted substances in products.
3. Ensure products and processes follow the principles of "environmental friendliness" and "personal safety."
4. Maintain a customer satisfaction score of 85.

Evaluation Mechanism

The Quality Assurance department uses statistical data to confirm the achievement of quality objectives and customer satisfaction, and ensures the validity of the factory's quality management system certification.

The Quality Inspection section tracks the progress of continuous improvement and perfection.

Performance Results

- The ISO 9001 Quality Management System certification was obtained in 2022, and the certificate is valid until 2025.
- The overall average customer satisfaction score reached 84.

Stakeholder Consultation

In 2023, the company participated in multiple overseas textile exhibitions to promote its products to domestic and international customers.

Quality Management Policy

Quality Management

"Quality first, continuous improvement" is the unwavering belief of Ho Yu Textile. The company is committed to providing excellent and superior product quality. The input and output of processes related to the quality management system, the sequence and interrelation of processes, acceptance criteria and methods, and the responsible personnel for each process are all considered in relation to risks and opportunities, along with the required changes and improvements, as outlined in the relevant management procedures. Quality-related units are required to strictly follow the procedures and comply with the ISO 9001 quality management system framework to ensure that the company's products meet standards and customer requirements.

Quality Management System Certification

The company ensures that the development and production of all products comply with international quality management system standards. We obtained the ISO 9001 quality management system certification in 2022. The factory's quality management operations follow the structure and requirements of the ISO system. In the future, we will continue to implement the ISO system and obtain certification to maintain product quality throughout our production processes.

Certificate TW98/12764 / 證書 TW98/12764

The management system of / 下達組織

HOYU TEXTILE CO., LTD.

和友紡織股份有限公司

No.161, Sinda Rd., Fuyuan Village, Quanyin District, Taoyuan City 328005, Taiwan

328005 桃園市觀音區新港路161號

has been assessed and certified as meeting the requirements of

的管理系統已經過審核，並被證明符合下達要求

ISO 9001:2015

For the following activities / 所涵蓋的活動範圍

1. Dyeing, finishing of woven and knitting fabrics.

織布與針織織物的染色、整型

2. Printing of woven and knitting fabrics.

織布與針織織物的印花處理

3. Coating, extrusion, lamination of woven and knitting fabrics.

織布與針織織物的上膠、淋膠、壓合

4. Manufacture, sales and distribution of multispectral camouflage net and coating.

多頻譜偽裝網及塗層材料的製造、銷售和供應

5. Design and weaving of woven fabrics.

織物的設計和編織

This certificate is valid from 25 May 2022 until 07 May 2025 and remains valid subject to satisfactory

surveillance audits.

Issue 10. Certified since 07 May 1998.

Certified activities performed by additional sites listed on subsequent pages.

此證書的有效期限自 2022 年 05 月 25 日 至 2025 年 05 月 07 日 且其有效性應繫於持續符合的

定期稽核

版次: 10. 開始註冊日期: 1998 年 05 月 07 日

其它場址/合法實體之驗證活動列於後續頁上列出

Last certificate expiry date 07 May 2022

Recentification audit date 13 May 2022

前證書到期日 2022 年 05 月 07 日

重新驗證稽核日期 2022 年 05 月 13 日

Authorised by / 簽署



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**ISO 9001 Quality Management
System Certificate**



SGS

Quality Management KPI Indicators

To maintain the high-quality products of Ho Yu Textile, the company establishes specific KPI indicators and objectives to ensure high levels of quality and reliability throughout the production process. Different units are assigned different KPI indicators, including goals related to material procurement, equipment parts, quality anomalies, and operational processes.

KPI Indicator Achievement Status

In 2023, out of 15 units in Plant 1, 13 units achieved the quality objectives, while the Organizing Department and Quality Control Department did not meet the targets. Corrective action forms QP113-01 and QP113-02 have been issued.

Degree of Achievement of Quality Objectives: Plant 1																		
Factory	NO	Department	Performance Indicator	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Goals for 2023	Goals for 2024	Achieved
Plant 1 (Dyeing Plant)	3	Organizing Department	Quality Abnormal Rate Below	13.37%	3.14%	1.76%	1.25%	1.22%	2.89%	0.75%	2.40%	0.67%	0.70%	1.28%	3.04%	1.70%	2.70%	NO
	4-1	Quality Control Department	Quality Abnormal Return Rate Below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.15%	0.00%	YES
	4-2		Customer Complaint Cases Below	3	5	8	7	19	6	7	5	4	8	7	0	20 Cases	79	NO
	5	Coating Department	Adhesive Production Defect Rate Below	0.48%	0.49%	2.06%	1.08%	0.74%	0.61%	0.36%	0.81%	0.29%	0.69%	0.49%	4.58%	1.80%	1.06%	YES
	6	Laminating Department	Lamination Production Defect Rate Below	0.07%	0.57%	0.13%	0.42%	0.29%	4.58%	1.17%	11.34%	0.75%	0.45%	0.07%	1.08%	10.00%	1.74%	YES
	7	Warehouse Department	Zero Error Rate in Raw Material Storage Distribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	YES
	8-1	Printing Department	Digital Printing Finished Product Overall Target Abnormal Rate Below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.60%	0.00%	0.00%	0.34%	0.08%	0.00%	5.00%	0.09%	YES
	8-2		Digital Printing Finished Product Overall Target Customer Complaint Cases Below	0	0	0	0	1	0	0	0	0	0	0	0	4 Cases	0	YES
	9	Technical Department	Color Matching Rate Improvement Above	80.49%	73.08%	68.18%	85.00%	69.77%	71.15%	88.24%	92.98%	88.37%	89.29%	79.25%	83.08%	67.00%	80.74 %	YES
	10	Research and Development Department	New Product Development Quantity Above	1	1	3	1	3	2	1	6	4	4	4	1	22 Cases	31	YES
	11	Fabric Development Department	New Product Development Quantity Above	4	6	13	10	19	22	12	26	27	23	23	26	200 Cases	211	YES
	12	Finished Product Department	Finished Product Defect Rate Below	0.50%	0.90%	0.30%	0.20%	0.20%	0.10%	0.20%	0.20%	0.10%	0.10%	0.30%	0.10%	1.00%	0.27%	YES
	13	Production Planning Department	High-Temperature Dyeing Product Delivery On-Time Rate Above	60.0%	88.9%	75.0%	71.4%	100.0%	100.0%	100.0%	94.4%	90.9%	93.3%	100.0%	100.0%	40.00%	89.50%	YES
	14	Human Resources Department	Training Course Completion Rate Above	100%	100%	100%	82%	75%	89%	67%	67%	86%	50%	100%	75%	70.00%	82.48%	YES
	15	Sales Department	Customer Satisfaction Overall Average Score Above	84	84	84	84	84	84	84	84	84	84	84	84	75	84	YES

In 2023, out of 7 units in Plant 2, 6 units achieved the quality objectives, while the Production Control Department did not meet the targets. Corrective action forms QP113-03 and QP113-04 have been issued.

Degree of Achievement of Quality Objectives: Plant 2																		
Factory	NO	Department	Performance Indicator	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Goals for 2023	Goals for 2024	Achieved
Plant 2 (Weaving Plant)	16	Sizing Department	Head End Defect Rate Below	1.01%	1.23%	0.63%	0.62%	1.08%	1.18%	0.73%	1.07%	1.45%	0.00%	1.38%	1.52%	1.10%	0.99%	YES
	17	Weaving Department 1	Fabric Type Finished Product Inspection Raw Fabric Defect Rate Below	0.06%	0.11%	0.23%	0.03%	0.24%	0.09%	0.28%	0.02%	0.04%	0.18%	0.28%	0.13%	0.50%	0.14%	YES
	18	Weaving Department 2	Industrial Fabric Start-up Defect Rate Below	0.05%	0.29%	0.09%	0.09%	0.45%	0.20%	0.13%	0.32%	0.14%	1.17%	1.73%	0.49%	3.00%	0.43%	YES
	19	Spinning Department	Warping Abnormality Below	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	2.00%	0.00%	YES
	20	Production Planning	Delivery Achievement Rate Above	100.0%	100.0%	98.1%	95.3%	94.4%	97.3%	97.7%	90.6%	97.9%	92.9%	96.5%	100.0%	97.5%	96.7%	NO
	21-1	General Affairs Department	Transportation Damage Rate Below	0	0	0	0	0	0	0	0	0	0	0	0	1 Roll	0	YES
	21-2		Material Issuance Error Rate Below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	YES
	22	Quality Control Department	Industrial Fabric Foreign Fiber Weaving Defect Rate Below	0.17%	0.21%	0.00%	0.59%	0.00%	0.04%	0.00%	0.00%	0.03%	0.24%	0.00%	0.00%	5.00%	0.11%	YES

Product Certification Status

In 2023, no incidents of non-compliance with laws, regulations, or voluntary codes concerning the health and safety of products and services were reported.



Ho Yu Textile became the first Taiwanese supplier to promote recycled PET fabric at outdoor product exhibitions in Europe and the US. In 2016, the company passed the GRS certification and received the Global Recycled Standard certificate. The use and quality of our recycled materials are traceable, with the recycled content ranging from 20% to 100%. Our primary goal is to design with 100% recycled content, applied to outdoor sportswear and luggage materials.



Since 2007, Ho Yu Textile has been a member of the bluesign system partner program, continuously improving our manufacturing processes, chemical management, product safety, and environmental impact. In 2008, the company received the bluesign® standard product environmental process certification from bluesign technologies ag in Switzerland. Later, we also passed the EU bluesign® standard certification for the lamination process. Currently, 80% of our products are bluesign certified.

Product Information and Service Labeling

In 2023, no violations occurred regarding product service information and labeling regulations, or marketing and communication-related regulations.

The product label description is as follows:

Labeling Information	Explanation
Product Ingredients and Supplier	Since all raw materials and chemicals used in the factory have passed Bluesign safety certification and comply with the brand's Restricted Substances List (RSL) regulations, the product ingredients and suppliers are not separately listed on the label.
Product Name Labeling	The product name will be labeled, and an FDS (Fabric Data Sheet) will be provided to the customer, detailing the ingredient content.
Product Safety for Use	All chemicals required for production are Bluesign certified and meet the customer's RSL requirements.
Post-Use Impact and Disposal	As our company manufactures intermediate materials, not final products, this part is not implemented.
GRS Production Control	All recycled materials must comply with the GRS procedure. These materials are differentiated by color on production work orders and internal labels to avoid confusion.

The following is the product label style for our factory:



Vendor	Ho Yu Textile Co., Ltd.	Part 1 Placement	Face
Supplier Article Number	42412+A002	Content	100% Thermoplastic Polyurethane
Development Number	D10495	Part 2 Placement	Back
Development Type	Fabric	Part 2 Content	100% Nylon
Season	Fall 2025	Part 3 Placement	
Business Category	Bags	Part 3 Content	
Spec is For		Care Instructions	Nonwashable 1
Spec is Final	True	Cuttable Width (inches)	57
Lot Number	NA	Weight	348
		Weight UOM	g

Overseas Exhibition

• PERFORMANCEDAYS 2023, 3/15-16



The European Functional Textile Exhibition is held once every spring and autumn. Ho Yu Textile has participated since the early stages of the exhibition, witnessing its growth and progress. At each event, we meet with European

customers and connect with many emerging designers, making it an ideal platform for Ho Yu's online platform, RE:YUs products.

• FUNCTIONAL FABRIC FAIR Portland 2023, 4/4-4/5



Performance Days, a European exhibition that has expanded to the Americas, serves as the main event for Ho Yu Textile to connect with customers in the Americas. Each exhibition allows us to engage with more new brands and clients, steadily expanding our customer base.

• PERFORMANCEDAYS 2023, 10/4-10/5



At the spring exhibition, each session features experts and judges who evaluate new products submitted by exhibitors from various countries. The Performance Forum is the core and most eye-catching display area of the event. It serves

as the starting point for international brand designers, product buyers, and media representatives to begin searching for new products. Ho Yu Textile also launches its new products at this time.

• Outdoor by ISPO 2023, 6/4-6/6



The internationally renowned German exhibition, European Outdoor, relocated to Munich in 2019 after more than 20 years. The event is now organized as OutDoor by ISPO in collaboration with the original host, EOG

(European Outdoor Group), and the world-leading ISPO organizer, Messe München, expanding in both scale and product range. The event aims to maintain its global leadership in outdoor activity gear and evolve into a comprehensive, year-round professional trading platform.

Ho Yu Textile participated in the inaugural OutDoor by ISPO exhibition as the first Taiwanese supplier of bag and fabric materials. The event attracted numerous new brands to visit our booth for discussions and collaboration.

• ISPO 2023/11/28-11/30



ISPO is the world's largest sports goods exhibition, covering a wide range of sports brands, including outdoor sports, snow sports, sports fashion, fitness, and team sports. The event attracts thousands of exhibitors from

around the world every year, with textile-related companies being a significant focus. ISPO evaluates seasonal trends and selects the best products from over a thousand submissions across various categories, awarding titles such as Best Product, Top 10, and Selection. Ho Yu Textile's new product series, including CYCLEPET®, XQUA®, and NEUCYCLE®, has won awards at these exhibitions.

2.7 Innovation and R&D

Ho Yu Textile meticulously sorts and stores edge trimmings, waste fabric, and leftover TPU materials by color and type. Depending on the product's intended use and color requirements, suitable waste materials are selected for recycling and reuse. This process ensures efficient resource utilization and maximizes environmental benefits. We also collaborate with brands to recycle their post-consumer products. After shredding, the materials are remade into new products for resale. This not only reduces the environmental impact of waste but also creates value through a circular economy, promoting sustainable development.

Nylon Ocean Waste Recycling

1. Ho Yu Textile collaborates with the Italian company Aquafil to purchase its recycled yarn, Econyl, made from recovered fishing nets. The yarn is composed of 50% in-house recycling, 25% fishing net recycling, and 25% carpet recycling. We use Econyl yarn to produce fabric for backpacks and women's handbags, particularly for Longchamp's women's bag collection, which has made significant purchases of fabric made from this eco-friendly yarn, demonstrating our commitment to sustainable development.

2. Ho Yu Textile collaborates with Taiwan's Formosa Plastics Group to purchase Seawaste, a 100% recycled yarn made from discarded fishing nets from deep-sea fishing vessels. This eco-friendly yarn has been successfully promoted to major brand customers, leading to the development of related products.

Poly Waste Yarn and Fabric Recycling

Due to overproduction by many fabric mills, there is a significant backlog of polyester (Poly) fabrics in inventory. If not actively addressed, these fabrics may eventually be turned into fuel rods and burned, contributing to air pollution. To tackle this environmental challenge, Ho Yu Textile collaborates with companies to recycle excess fabric and waste yarn into new polyester yarn. This yarn is then woven into fabric for reuse, offering a sustainable solution to the issue of fabric waste.

1. By using 20% fabric recycling and 80% recycled PET bottle yarn, high-quality regenerated polyester yarn is produced. This innovation not only effectively reduces waste from excess fabric inventory but also promotes the recycling and reuse of plastic bottles.

2. Utilizing 100% waste yarn and waste fabric, this yarn is made from discarded materials, transforming them into renewable resources. The yarn is then woven into new fabric, achieving efficient resource recycling and reuse.



Photo of waste edge yarn recycling



Ho Yu Textile's in-house waste fabric recycling and reuse

1. The company processes in-house white or dyed fabric through fiber opening treatment to create nonwoven fabric. After applying adhesive or coating, these nonwoven fabrics can be used to make bag materials. Additionally, unprocessed nonwoven fabric can be used as soundproofing or insulation material in construction and decoration, further expanding its range of applications.
2. After processing in-house fabric with adhesive, coating, and other treatments, the fabric is crushed and mixed with resin or TPU to create soft or hard boards. The hard boards can be used to make table tops, wall panels, countertops, and other materials, while the soft boards can be heat-pressed to produce bag materials, achieving diversified reuse of resources.

Future Sustainability Innovation and R&D Directions/Project Contents

1. Neucycle Program: Recycled TPU waste scraps or TPU fabric edge trimmings are crushed and reintroduced into the manufacturing process to produce reusable TPU recycled laminated or coated fabrics, achieving circular resource reuse.
2. Building Decoration Panels: C-grade fabric, after being coated, is crushed and combined with hardening resin to create panels suitable for building and decoration use, effectively increasing the value and utility of waste materials.
3. Double-Sided Waterproof Bag Fabric: C-grade dyed fabric is fiberized and made into nonwoven fabric, then processed with a coating to create double-sided waterproof fabric for bags, expanding the product's application range.
4. 100% Solvent-Free Water-Based Adhesive Application: The use of 100% solvent-free water-based adhesive technology ensures that no harmful volatile organic compounds (VOCs) are generated during the production process, making it more environmentally friendly and healthier.
5. Water-Based PE Color Adhesive: Promoting the use of water-based PE color adhesive to reduce environmental pollution caused by traditional solvent-based adhesives, achieving a greener production process.

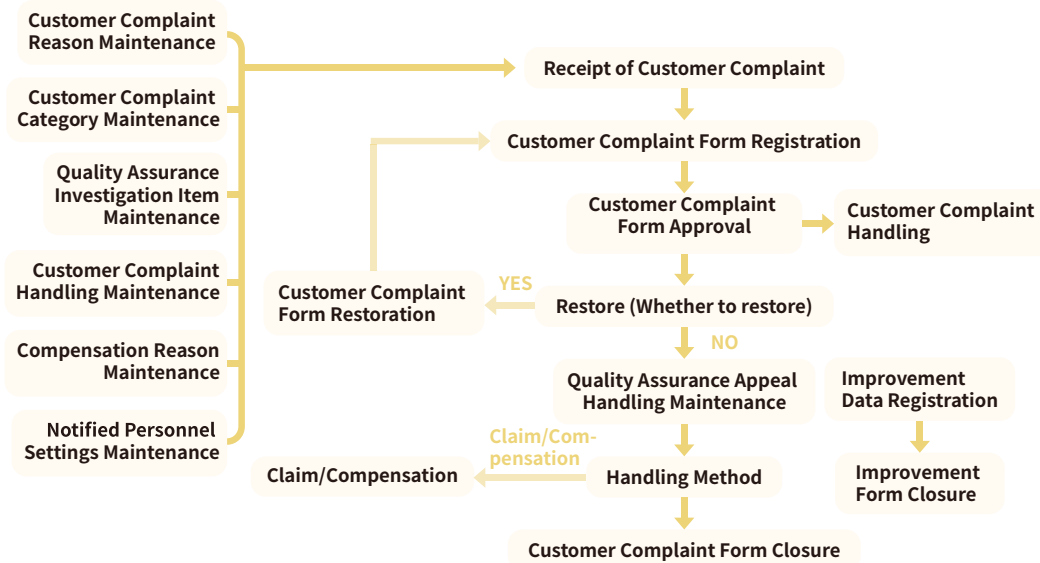
2.8 Customer Relationship Management

Customer Service Strategy

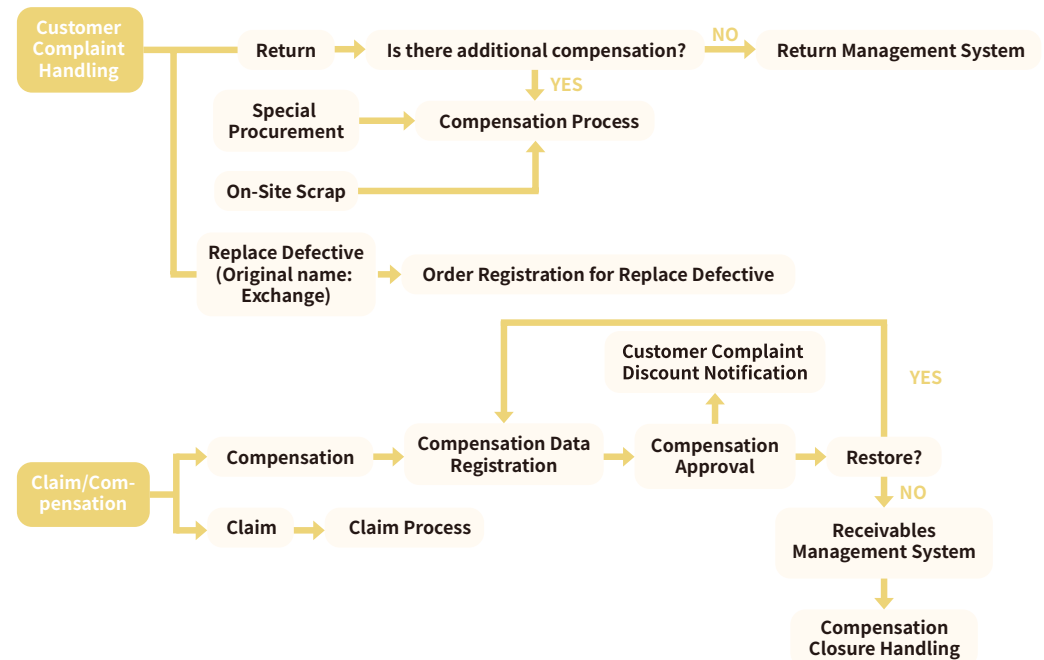
Our company is committed to establishing a comprehensive customer service system and strategy, while enhancing internal training to improve employees' service awareness and professional skills. This ensures that customers have the best experience when purchasing products or services. We have established a complete customer complaint handling mechanism, promptly collecting, analyzing, and resolving customer complaints, actively responding to customer needs, and minimizing negative impacts on the business.

Customer Complaint Handling Process

The related operations are carried out in accordance with the company's established complaint and satisfaction management procedures. The customer complaint process flowchart is as follows:



Customer Management System Flowchart



Customer Management System Flowchart

2023 Annual Customer Satisfaction Survey Process and Results

In order to maintain a close partnership with our customers, our company has always placed great importance on customer feedback and opinions. The sales department conducts an annual customer satisfaction survey through questionnaires. The survey covers areas such as quality, delivery time, service, efficiency, and development capabilities. Based on the results of the satisfaction survey, we gain insights into customer needs and continuously improve our products and services through customer feedback to ensure customer satisfaction.

In 2023, we received a total of 10 feedback responses, with an overall satisfaction score of 4.3 out of 5. The survey results indicate that customers are generally satisfied with our company in various areas, reflecting our ability to meet customer needs in terms of quality, service, and efficiency. We will continue to strive for improvement to ensure that we can consistently enhance customer satisfaction in the future.

Customer Communication Channels

At Ho Yu Textile, we prioritize customers and have established a comprehensive customer service system and strategy. Each customer is assigned a specific sales representative and sales assistant for contact and communication (both sales and assistant staff have dedicated extensions and mailboxes). This ensures a seamless service experience, from order placement to product shipment, so customers don't need to worry about different contact points or being unable to inquire about order or product status.

For new customers interested in learning more about Ho Yu Textile, we provide the following contact channels:

1. Dedicated email: hoyu@hoyu.com.tw
2. Customer service hotline: +886-3-4902506
3. Customer service fax line: +886-3-4902526

Item/Score (Maximum 5 points)	Total Score of 10 Companies	Average Score
1. Are you satisfied with the delivery schedule of our company?	38	3.8
2. Are you satisfied with the delivery quality of our company?	45	4.5
3. Are you satisfied with the service attitude of our company's personnel?	46	4.6
4. Are you satisfied with the after-sales service of our company?	47	4.7
5. What is your overall evaluation of our company?	42	4.2



3

Happy Workplace and Social Prosperity

1. Happy Workplace
2. Occupational Safety and Health
3. Human Rights Protection
4. Social Prosperity



Social

3.1 Happy Workplace

Human Resource Distribution

In 2023, Ho Yu Textile had a total of 344 full-time employees, including approximately 100 migrant workers from the Philippines, Indonesia, Vietnam, and Thailand. The workforce consisted of 46 managerial staff and 298 general employees, with no informal, temporary, dispatched, or overseas employees. About 58% of the employees were aged between 30 and 50.

	Category	Male	Female	Total
Position	Senior Executives	19 (73%)	7 (27%)	26 (7.6%)
	Middle Managers	12 (60%)	8 (40%)	20 (5.8%)
	General Employees	129 (43.2%)	169 (56.7%)	298 (86.6%)
	Total	160 (46.5%)	184 (53.4%)	344 (100%)
Employment Types	Permanent Employees ^{Note 1}	159 (46.4%)	184 (53.6%)	343 (100%)
	Temporary Employees ^{Note 2}	1 (100%)	0	1 (100%)
	Total	160 (46.5%)	184 (53.4%)	344 (100%)
Age	Under 30 Years Old	8 (27.6%)	21 (72.4%)	29 (8.4%)
	30-50 Years Old (Inclusive)	100 (50%)	100 (50%)	200 (58.1%)
	Over 50 Years Old	52 (45.2%)	63 (54.8%)	115 (33.4%)
	Total	160 (46.5%)	184 (53.4%)	344 (100%)
Diverse Composition	Other Relevant Diversity Indicators (e.g., Minority or Vulnerable Groups)			
	Indigenous Identity	1 (20%)	4 (80%)	5 (55.6%)
	Persons with Disabilities	3 (75%)	1 (25%)	4 (44.4%)
	Total	4 (44.4%)	5(55.6%)	9 (100%)

Note: 1. Permanent Employees: Full-time or part-time employees with an indefinite (i.e., unlimited) contract.

2. Temporary Employees: Employees with a fixed-term contract. The contract expires after the specified time or upon completion of a specific task or event with a defined evaluation schedule (e.g., project completion or return of the employee previously replaced).

Non-Employee Workers

Non-employee workers at Ho Yu Textile include security guards and catering staff at the two factories, who are contracted under fixed-term service agreements.

Job Types	Contract Type	Number of People
Security Work	Fixed-Term Service Agreement	6
Catering Staff	Fixed-Term Service Agreement	4

Overview of New Hires and Employee Turnover

In 2023, Ho Yu Textile welcomed a total of 52 new employees, while 56 employees left the company. The healthy turnover rate demonstrates Ho Yu's strong adaptability in talent recruitment and management. This level of turnover helps bring in fresh ideas and skills, enhancing the organization's innovation and competitiveness.

Upon joining, new employees will undergo an onboarding training program to help them adapt and understand the operational processes and company policies. If an employee submits a resignation request, the company will arrange an exit interview with their supervisor to understand the employee's true feelings and feedback, and attempt to address any issues. If appropriate, the company may consider transferring the employee to a different position within the department to find a more suitable role, retain talent, and improve employee satisfaction and motivation. This approach helps reduce turnover and maintain internal stability and efficient operations.

Category	Number of New Hires		Number of Employee Departures	
	Male	Female	Male	Female
Under 30 Years Old	2	14	5	12
30-50 Years Old (Inclusive)	16	16	8	21
Over 50 Years Old	1	3	5	5
Total	19	33	18	38

Executive Remuneration

The remuneration for senior executives at the company includes salary, bonuses, and employee benefits, which are based on the position held, responsibilities, and contributions to the company's performance, as well as the company's operational results. There are no other significant special benefit policies. The retirement benefits system is the same as for other employees, in accordance with legal regulations, and applies to both the old and new pension systems based on eligibility.

Employee Remuneration Policy

The company provides remuneration and benefits that comply with legal requirements, ensuring they are never lower than the statutory minimum wage. Starting salaries are based on factors such as professional skills, the position held, and job responsibilities. The company adopts a pay equity policy, ensuring equal pay for equal work, regardless of region, race, ethnicity, background, social class, lineage, religion, disability, gender, sexual orientation, pregnancy, marital status, or age. The total remuneration package, which includes salary, benefits, bonuses, and compensation, is considered when designing the reward system. Sales employees receive related performance-based rewards, while the salary adjustments for general employees are proposed annually by the HR department, considering external environmental changes, the company's operational status, and individual performance.

An annual employee performance evaluation is conducted, and based on individual job performance and development potential, employees may be considered for promotion, salary adjustments, or awarded bonuses.

2023 Total Remuneration Ratio

The ratio of the annual total remuneration of the highest-paid individual in the organization to the median annual total remuneration of the other employees in the organization (excluding the highest-paid individual).

FY	Annual Total Remuneration of the Highest-Paid Individual in the Organization	Median Annual Total Remuneration of All Employees (excluding the highest-paid individual)
2023	Not suitable for disclosing personal information	536,277 NTD
2022	Not suitable for disclosing personal information	526,805 NTD

The ratio of the percentage increase in the annual total remuneration of the highest-paid individual in the organization to the median percentage increase in the average annual total remuneration of the other employees (excluding the highest-paid individual).

Percentage Increase in the Annual Total Remuneration of the Highest-Paid Individual in the Organization	Percentage Increase in the Median Annual Total Remuneration of All Employees (excluding the highest-paid individual)
Not suitable for disclosing personal information	17.98%

• 2023 Pay/Remuneration Ratio of Female to Male

Category	Average Base Salary		Average Remuneration	
	Female	Male	Female	Male
Senior Executives	1	1.03	1	1.03
Managers	1	0.92	1	0.91
General Employees	1	0.78	1	0.76

Note:

1. Base Salary: The minimum fixed amount paid to an employee for performing their duties (excluding any additional remuneration such as overtime pay or bonuses).

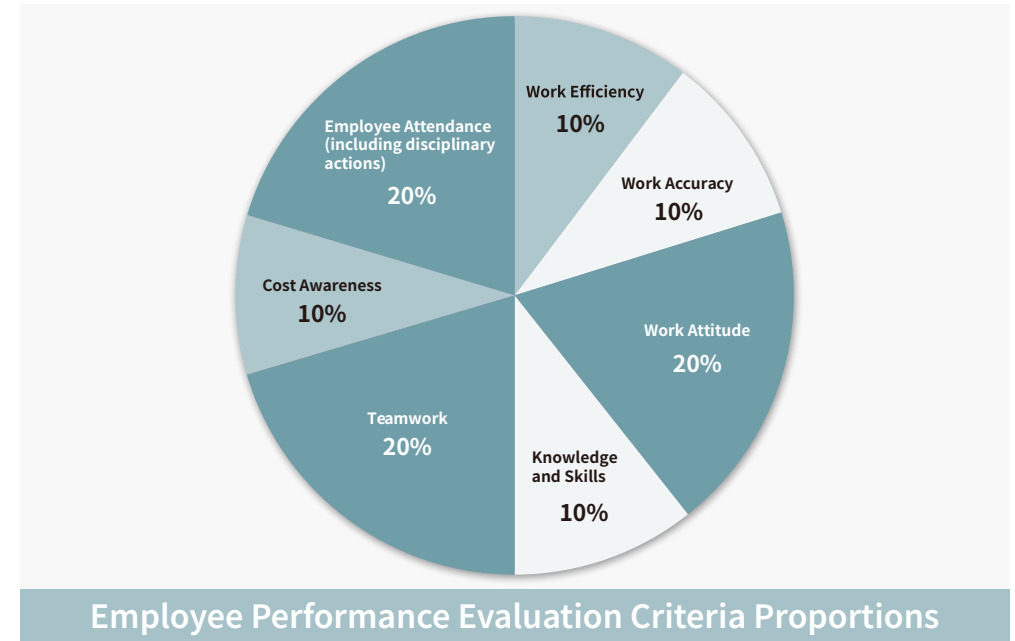
2. Remuneration: Base salary plus any additional amounts paid to the worker. Additional amounts may include seniority allowances, bonuses (including cash and equity, such as stock and shares), benefits, overtime pay, time off, and any other allowances (e.g., transportation allowance, living allowance, and childcare subsidies).

3. The average base salary/remuneration ratio for general employees is lower because most migrant workers are paid based on base salary.

Performance Evaluation

To help employees improve their work abilities and performance, identify growth opportunities, and unleash their potential, the company has established a clear performance evaluation process. Every year in January, all employees, excluding the CEO and vice presidents, undergo a performance evaluation. The assessment covers six areas: work efficiency, work accuracy, work attitude, knowledge and skills, teamwork, and cost awareness. Employees' annual performance is evaluated and categorized into five levels: Excellent, A, B, C, and D. Through self-assessment and supervisor evaluations, strengths and areas for improvement are identified. Based on the evaluation results, appropriate rewards or improvement plans are implemented to support employees' career growth and development.

In 2023, the coverage rate of the annual performance evaluation for employees was 94%.



Number of Employees Receiving Regular Performance and Career Development Reviews

	Male	Female	Total	
			Number of Employees	Percentage
Senior Executives	8	5	13	50%
Managers	12	8	20	100%
General Employees	124	168	292	98%
Total Number of Employees Receiving Regular Performance and Career Development Reviews	144	181	325	94%

Note: The 100% coverage for general employees is not achieved because some employees joined after the performance evaluation period and therefore did not undergo the regular performance review.

Employee Benefits

Insurance

Labor insurance, health insurance, occupational accident insurance.

Employee Benefits

Festival bonuses, marriage/birth/funeral subsidies, health check-ups, health seminars, department meals, employee travel, quarterly meal subsidies, department team-building activity subsidies, hiking events, year-end parties, spring banquets, external training, and transportation subsidies.

Other Special Benefits

Recognition for outstanding employees, company cafeteria, free meals and accommodation for Taiwanese employees (migrant workers receive free meals, with a nominal fee for accommodation), free parking spaces for cars and motorcycles.

Retirement System

The company follows the "Labor Pension Act" and "Labor Standards Act" along with other relevant retirement regulations to ensure employees' retirement benefits. All full-time employees are 100% enrolled in the retirement plan. The company contributes 6% of the retirement fund, and employees can voluntarily contribute an additional 6%. In addition to securing retirement benefits, we also offer reemployment opportunities for retired employees.

Parental Leave

Recognizing the importance of employees' families, we offer a range of family-friendly measures, including pregnancy, maternity, and parental leave, a dedicated nursing room, and fertility subsidies. Employees who are pregnant or on parental leave are entitled to prenatal leave, maternity leave, paternity leave, and parental leave, ensuring they can balance work and family life. Through these initiatives, we are committed to creating a family-friendly work environment that supports employees' success both at work and at home.

Category	Male	Female
Total Number of Employees Who Took Parental Leave in 2023	1	5
Total Number of Employees Who Actually Used Parental Leave in 2023	0	5
Total Number of Employees Who Were Scheduled to Return to Work After Parental Leave in 2023	0	5
Total Number of Employees Who Actually Returned to Work After Parental Leave in 2023	0	3
Total Number of Employees Who Returned to Work After Parental Leave in 2022	0	2
Total Number of Employees Who Stayed Employed for One Year After Returning to Work in 2022	0	1
Return-to-Work Rate	0	60%
Retention Rate	0	50%

Shortest Notice Period for Operational Changes

When an employee voluntarily resigns and has received approval from the responsible supervisor for an early departure, ensuring the completion of the resignation handover procedures, the notice period is as follows:

1. For employees who have worked for more than three months but less than one year, a ten-day notice is required.
2. For employees who have worked for more than one year but less than three years, a twenty-day notice is required.
3. For employees who have worked for more than three years, a thirty-day notice is required.

Training and Education

Category	Male		Female		Total		
	Number of Trainees	Training Hours	Number of Trainees	Training Hours	Number of Trainees	Training Hours	Average Training Hours
Senior Executives	16	2,160	7	910	23	3,070	133.48
Managers	27	5,520	16	5,640	43	11,160	259.53
General Employees	107	12,930	156	19,200	263	32,130	122.17
Total Number of Trainees / Total Training Hours	150	20,610	179	25,750	329	46,360	140.91
Average Training Hours per Trainee	137.40		143.85		140.91		

Migrant Worker Zero-Cost Policy

Ho Yu Textile adheres to ethical recruitment standards and explicitly prohibits the use of forced, debt-bonded, contractual, and involuntary labor. The use of prison labor, slaves, or trafficked workers is also strictly prohibited.

Strictly comply with all applicable international and national legal requirements, as well as local labor regulations and the ethical standards required by brand manufacturers. All work should be voluntary, and foreign migrant workers have the right to freely terminate their employment relationship with reasonable prior notice, without facing any penalties.

Foreign migrant workers are not required to pay recruitment fees. Appropriate control mechanisms are implemented to ensure that migrant workers are not charged recruitment or other fees during the hiring process.

Establish a control system for managing foreign migrant workers, conduct appropriate investigations and supervision of labor agencies, and require adherence to ethical recruitment standards. Provide relevant training and management for migrant workers, ensuring that the recruitment process is free from deception, bribery, or coercion. Maintain transparency in the terms and conditions of employment for foreign migrant workers. Ensure that migrant workers are treated equally and fairly, with the same rights as local workers.

3.2 Occupational Safety and Health

Impacts

Improper management of workplace safety and health may lead to an increase in occupational accidents in the factory or result in failure to obtain ISO 45001 certification for the Occupational Health and Safety Management System. This could negatively impact the company's reputation and brand image, leading to poor customer perception and an inability to secure orders, ultimately affecting the company's operational performance.

Policy Commitment

Ho Yu is committed to promoting safety and health management, creating and providing a comfortable work environment for occupational safety and health, in order to prevent work-related injuries and health impacts, and to align with the organization's goals. This is achieved through worker participation, consultation, and continuous improvement, with the aim of reducing accidents and ensuring sustainable business growth.

1. Comply with applicable occupational safety and health regulations and other relevant requirements.
2. Effectively assess and eliminate hazards to reduce occupational safety and health risks.
3. Require worker and labor representative participation and consultation in occupational safety and health management activities.
4. Establish a process and management system for the continuous improvement of occupational safety and health.

Actions Taken

Establish a continuous improvement process for safety and health to reduce the risks of occupational accidents and diseases, eliminate workplace hazards, and achieve an injury and illness rate (FR) of 0.

- Regularly inspect, monitor, and assess workplace hazards.
- Manage equipment and hazardous substances.
- Develop standard operating procedures for safety and health tasks.
- Conduct periodic awareness campaigns and arrange for employees/contractors to receive occupational safety and health training to enhance safety awareness.
- Develop workplace health and employee wellness programs.

Objectives

• Short-term Goals:

1. Achieve zero occupational injuries, occupational diseases, and illegal incidents.
2. Continue to implement external audits for ISO 45001 Occupational Health and Safety Management System certification on an annual basis.
3. Follow the annual training plan (including general worker safety and health training, noise operation, hazard awareness, workplace harassment prevention, protective equipment, machine maintenance, etc.).

• Medium and Long-term Goals:

1. Continue to implement the ISO 45001 Occupational Health and Safety

Management System and TOSHMS (Taiwan Occupational Safety and Health Management System), with external audits for ISO 45001 certification conducted annually.

2. Conduct periodic awareness campaigns and continue to arrange for occupational safety and health training.
3. Achieve medium- and long-term goals based on the factory's "Annual Occupational Safety and Health Management Plan," "Environmental Health and Safety Performance Indicator Management Table," and "Labor Health Service Plan," with the objective of zero occupational accidents and preventing occupational diseases.

Evaluation Mechanism

The Occupational Safety and Health department will confirm the achievement of goals through relevant record forms.

Performance Results

- Education and training completion rate: 100%
- Compliance rate for workplace environment monitoring: 100%
- Abnormal rate for special health checks (level 3 and above): 0%
- Lost time injury frequency rate (FR): 1.88
- Lost time injury severity rate (SR): 112
- Total injury severity index (FSI): 0.46

Stakeholder Engagement

The Occupational Safety and Health Committee meeting was held in June 2023, with the following agenda:

1. Provide suggestions on the occupational safety and health policies proposed by the employer.
2. Coordinate and recommend the occupational safety and health management plan.
3. Review the safety and health education and training implementation plan.
4. Review the workplace environment monitoring plan, monitoring results, and corrective actions taken.
5. Review health management, occupational disease prevention, and health promotion matters.
6. Review various safety and health proposals.
7. Review automatic inspections and occupational safety and health audits for the business unit.
8. Review preventive measures for mechanical, equipment, or raw material hazards.
9. Review occupational accident investigation reports.
10. Evaluate the performance of on-site safety and health management.
11. Review safety and health management issues related to subcontracted work.
12. Address other occupational safety and health management matters.

Occupational Safety and Health Policy

Ho Yu values the occupational safety and health of employees in the workplace. To ensure that employees can work in a safe and hazard-free environment, we have established an "Occupational Safety and Health Policy." In order to ensure that employees of all nationalities can clearly understand and follow this policy, we have translated it into four languages to ensure that the core principles are widely communicated to every employee. We expect that both the management team and all employees will collectively adhere to and implement this policy, working together to create a safe and healthy workplace.

Our company is engaged in the textile dyeing and finishing manufacturing industry. With the concept of sustainable development, we aim to create and provide a comfortable work environment for occupational safety and health through technological research and development, process improvement, and the promotion of safety and health management. This is to prevent work-related injuries and health impacts, in line with the organization's objectives. Through worker participation, consultation, and continuous improvement, we strive to reduce accidents and achieve the business goal of sustainable growth. We are determined to:

1. Comply with applicable occupational safety and health regulations and other relevant requirements.
2. Effectively assess and eliminate hazards to reduce occupational safety risks.
3. Require worker and labor representative participation and consultation in occupational safety and health management activities.
4. Establish and continuously improve the occupational safety and health processes and management systems.

Occupational Safety and Health Management

To establish a comprehensive occupational safety and health process and management system, and to create a healthy and safe working environment, we promote and implement the Occupational Safety and Health Management System (TOSHMS) in accordance with regulatory requirements. In 2020, we passed the ISO 45001 certification for the Occupational Health and Safety Management System, and we conduct regular external audits for ISO 45001 certification every year to ensure the reliability of the occupational safety and health system. Each year, our company publishes the "Occupational Safety and Health Management Plan," which requires full cooperation from all employees for implementation. The Safety and Health Department is the primary unit responsible for driving the plan, while the management representative supervises the implementation progress and reports the actual status to the General Manager in a timely manner.



Implementation Methods:

1. Develop and execute the Occupational Safety and Health Management Plan.
2. Create a list of hazardous machinery, equipment, and tools, and conduct inventory checks.
3. Establish a hazard awareness plan, create a list of hazardous chemicals, safety data sheets, hazard labeling, and implement related training.
4. Entrust a professional environmental monitoring agency to conduct workplace environment monitoring (including heat index, chemical factors, and physical factors).
5. Develop and review standard operating procedures (SOPs), making necessary revisions.
6. Conduct checklist audits, perform occasional site inspections, and support self-inspections by various departments.
7. Provide an adequate number of personal protective equipment (PPE), check expiration dates regularly, and update and clean as needed.

Ho Yu's Plant 1 has implemented the Occupational Safety and Health Management System (TOSHMS) and successfully passed ISO 45001 certification. Plant 2 follows the structure and requirements of TOSHMS and ISO 45001 for its occupational safety and health management. The company's occupational safety and health management system covers a total of 343 people, including 335 Ho Yu Textile employees, 6 security personnel, and 2 catering staff, achieving 100% coverage.

Factory	Number of Employees	Security Personnel	Catering Staff	Total Number of People
Plant 1	250	3	1	254
Plant 2	85	3	1	89
Total Number of People	335	6	2	343
Percentage	97.9%	1.7%	0.6%	100%



Hazard Identification, Risk Assessment, and Incident Investigation

The company has established a "Hazard Identification and Risk Assessment Procedure" for the factory. Each year, safety and health personnel, along with various departments (units) at the factory, follow the requirements outlined in this procedure to identify hazard factors and assess risks in the workplace environment. Potential occupational safety and health risks are identified, and based on the identified risk categories, relevant measures such as training, engineering improvements, and administrative controls are implemented to eliminate potential hazards and reduce the likelihood of risk occurrence in the workplace.

To prevent employees from suffering occupational injuries, the company conducts annual general labor safety and health training, as well as training on the operation of machinery and equipment (including safety matters and the use of protective gear during operation). Employees are required to strictly adhere to safety work regulations and operating procedures. We also hold an emergency response drill every six months, establishing an emergency response organization, with assistance from safety and health personnel and fire management staff to help all employees participate in disaster prevention, emergency response training, drills, courses, evacuation drills, and fire extinguisher training. In the training, safety matters are emphasized, ensuring that operators follow the Standard Operating Procedures (SOPs) for machinery and equipment operation and emergency response processes, minimizing the occurrence of accidents and disasters.

In the event of an occupational accident at the factory, the plant manager or department head forms an investigation team to follow the procedures in the Occupational Safety and Health Abnormal Incident Investigation Procedure. The team conducts an incident investigation and analysis to identify the causes and develop preventive measures to avoid recurrence.

• Occupational Accident Handling Procedure

(Handled according to the factory's "SP-203 Occupational Safety and Health Abnormal Incident Investigation Procedure")

1. Stop operations and preserve the scene as is.
2. Confirm the identity and condition of the injured person and provide medical treatment.
3. In cases of death, hospitalization due to work-related injury, or if three or more people are affected, report the incident to the Taoyuan City Labor Inspection Agency within 8 hours.
4. Provide care for the injured employee, offering medical assistance and maintaining their regular wages.
5. Initiate an incident investigation: analyze the causes of the event and propose corrective measures.
6. During the employee's recovery period, provide on-site service through nurses and doctors (occupational physicians) during their visit to the factory. For employees with serious injuries or illnesses, a return-to-work assessment will be conducted by the on-site occupational physician. If the assessment indicates that the employee should be reassigned to a different role, the plant manager will adjust their position to a more suitable job.

• Procedures for Accident Investigation:

1. The accident investigation team consists of the plant (department) manager,

the supervisor of the affected unit, occupational safety and health personnel, and labor representatives.

2. Complete the "Occupational Accident Investigation Report" to conduct the investigation.
3. Analyze the causes of the accident and identify preventive measures to avoid recurrence.
4. For significant occupational accidents, issue a "QP229-01 Corrective Action Form," which must be filled out by the responsible department (unit) with corrective measures. After review and confirmation by safety and health personnel, the case is closed.
5. Include the occupational accident case in the department's (unit's) annual "Hazard Identification and Risk Assessment."

• Employee Accident Reporting Process:

In the event of any accident or unexpected situation, immediate response measures must be taken according to responsibilities. The incident must then be reported to the workplace representative and the safety and health management unit. Upon receiving the report, the safety and health management unit, together with the workplace representative, will take necessary actions based on the situation. Additionally, if an employee leaves a situation they believe may cause injury or illness, the company specifically arranges training during operator duty hours to promote the provisions of Article 18 of the Occupational Safety and

Health Act. This training emphasizes that the company will not dismiss, transfer, or withhold wages during the suspension of work, nor impose any other unfavorable consequences on the employee. This demonstrates the company's commitment to occupational safety and provides employees with assurance regarding their safety and well-being.

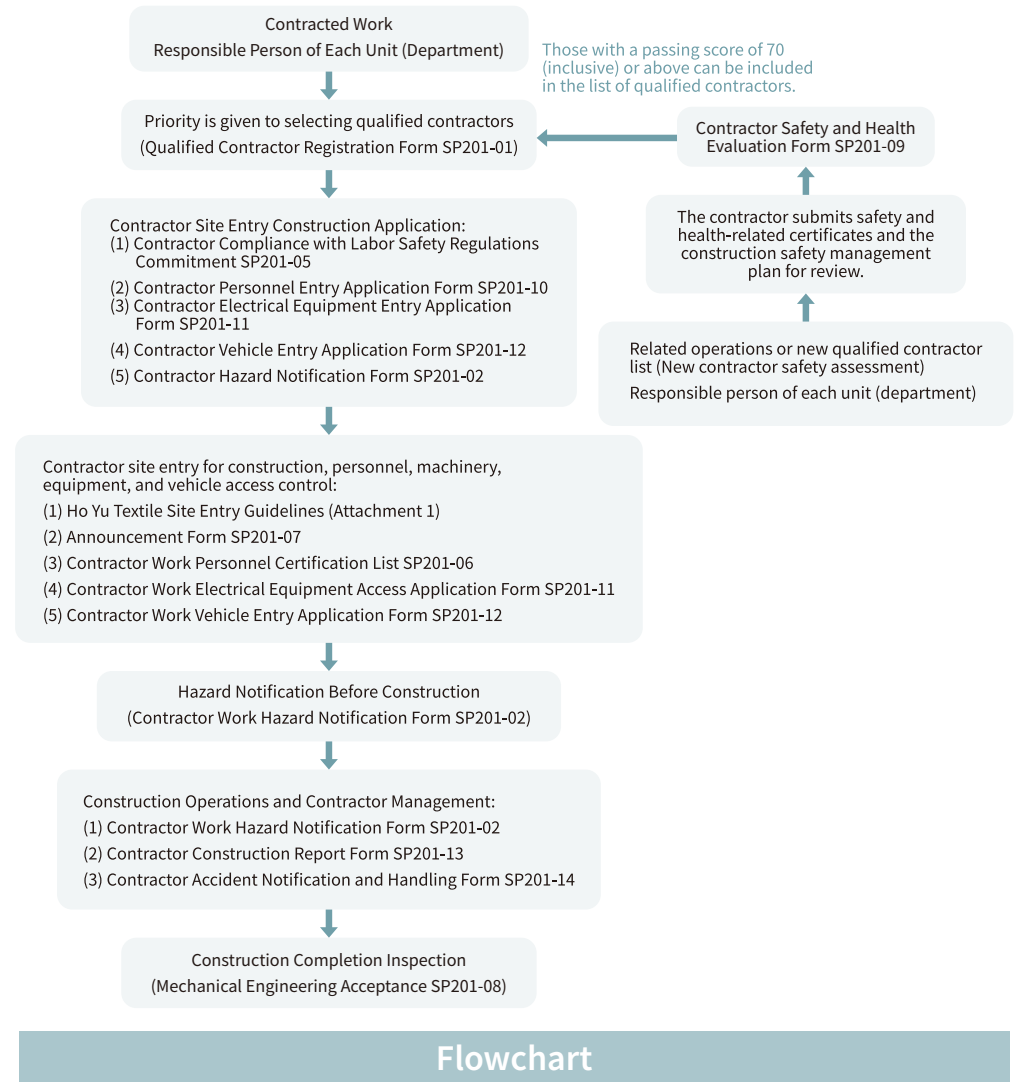
Worker Communication Consultation

In accordance with Article 87 of the Occupational Safety and Health Management Regulations, Ho Yu Textile has established and maintained the "Factory Occupational Safety and Health Committee Roster." The committee is chaired by the General Manager. The total number of committee members is 21, consisting mainly of deputy managers, plant directors, department heads, unit supervisors, and nurses. The safety officer also serves as the committee's secretary. Additionally, eight members act as labor representatives, accounting for over one-third of the total committee members. The committee convenes quarterly to discuss matters related to occupational safety and health. In 2023, four meetings were held, where the main topics of discussion included: providing recommendations and coordination for the occupational safety and health management plan, health management and promotion programs, reviewing safety and health proposals and measures, and evaluating on-site management performance.

Prevention and Mitigation of Occupational Safety and Health Impacts Related to Business Operations

Ho Yu Textile formulates an annual procurement and contracting management plan, establishing safety specifications and processes for procurement, contracting, and change management. The safety capabilities of suppliers are evaluated, and relevant safety specifications in procurement contracts are reviewed to ensure compliance with occupational safety and health laws. Qualified suppliers are registered in the company's system to prevent and eliminate occupational safety and health impacts caused by equipment or contractors.

To ensure that all construction operations within the Ho Yu factory comply with occupational safety and health laws and to implement the company's environmental safety and health policies, the company has established a "Contractor Environmental Safety and Health Management Procedure" for personnel involved in contracting and contractors to follow. Contractors must apply for relevant construction permits for the factory area (including agreement organization, personnel entry application forms, labor safety discipline commitment letters, hazard notification forms for contracted operations, etc.). Construction work is only permitted once the application is approved. During construction, appropriate safety protective gear must be worn. The company also requires contractors to sign a labor safety discipline commitment letter and continues to promote a zero-tolerance policy for workplace violence and the prevention of human factors-related hazards among contractor personnel.



Employee Education and Training

The company conducts annual education and training based on the training plan. New employees undergo pre-employment occupational safety and health training, while current employees receive general labor safety and health education, noise work training, hazard awareness, prevention of illegal harm while performing duties, and factory safety and protective equipment management. Additionally, there are specialized training programs, periodic safety and health education campaigns within the factory, and contractor training. Each department carries out training according to the 2023 occupational safety and health management plan, achieving a 100% completion rate.

In 2023, a total of 1,527 individuals participated in occupational safety and health-related education and training, accumulating a total of 2,700 hours.

• Factory Machine and Rewinder Operation Safety and Health Education and Training



Course Category	Number of Sessions	Number of Participants	Hours (hours per participant)
New Employees			
General Labor Safety and Health Education and Training	9	15	6
Current Employees			
General Labor Safety and Health Education and Training	9	235	3
Noise Work Safety and Health Education and Training	6	150	3
Hazard Awareness Program Education and Training	6	153	1.5
Prevention of Illegal Harm While Performing Duties	9	238	1.5
Factory Safety and Protective Equipment Management	6	156	1
Lockout-Tagout Education and Training	5	104	0.5
Chemical Spill Response Drill	2	190	1
Disaster and Fire Drill	2	185	2
Factory Machine and Rewinder Operation Safety and Health Education and Training	3	101	1

Occupational Health and Health Promotion

Occupational Health

1. In accordance with the "Labor Health Protection Regulations," the company employs on-site physicians and has a nurse stationed at the factory monthly to provide medical consultation services.
2. Each year, the factory investigates on employees' musculoskeletal pain and excessive strain, in conjunction with the annual health check-up reports and work hours to assess the risk of ischemic heart disease occurring within ten years. The on-site nurse analyzes the data to identify employees at risk of occupational diseases, providing the basis for health consultations.
3. New employees undergo a pre-employment health check-up, while current employees receive annual check-ups and special health assessments, with follow-up on any abnormal results.
4. For employees engaged in long-term repetitive tasks, the "Human Factors Hazard Prevention Plan" is implemented.
5. Pregnant employees are covered under the "Workplace Maternity Health Protection Plan," which includes physician and nurse consultations and health guidance.
6. Each department designates qualified first aid personnel as required by regulations.
7. The unit responsible for managing first aid kits conducts monthly inspections and replacement of medications.
8. Personal protective equipment is provided to employees.



• 6/15 (13:00~14:00) Occupational Safety and Health Seminar
– Prevention of Occupational Musculoskeletal Disorders
Speaker: Dr. Zijian Shi

Health Promotion

1. Organize seminars related to physical and mental health.
2. Use the company's internal email system to send various health-related messages for employees' reference.
3. Post promotional materials on bulletin boards throughout the factory.

Occupational Hazard Incidents

In 2023, our company experienced a total of five occupational injury incidents: three caught-in accidents, one chemical burn injury, and one scald injury. We have analyzed the causes of these incidents, provided equipment training for employees, and developed preventive measures to avoid similar incidents in the future. Hazardous factors that may lead our employees to contract occupational diseases include physical hazards (comprehensive high-temperature heat index, noise), chemical hazards (dust, organic solvents, specific chemicals), musculoskeletal soreness, and abnormal overload. To address these hazard factors, we regularly conduct relevant education and training for employees, provide personal protective equipment, and arrange for on-site physicians and nurses to perform data analysis in conjunction with employee health examination reports. This helps us identify personnel at risk of occupational diseases and serves as a basis for health consultations among colleagues. In 2023, there were no incidents of employees contracting occupational diseases.

Content of Occupational Injuries	Preventive Suggestions	Fined Amount
April 26: Two colleagues in the R&D department were standing on opposite sides, simultaneously attempting to remove a cardboard tube from a metal pipe. While one colleague was still removing the tube, the other colleague pulled the metal pipe backward, causing the first colleague's finger to get caught and injured.	Establish standard operating procedures, where when two colleagues are working together, the colleague removing the metal pipe must ensure that the other colleague's fingers are not on the pipe (no safety concerns) before proceeding with the pipe removal.	None
April 25: A worker was injured in a roll-up incident involving the winding machine behind the T3 molding machine.	In accordance with Article 58 of the Occupational Safety and Health Facilities Regulations, install safety shields and guardrails at entanglement points.	60,000 NTD
May 26: A quality control (QC) colleague, while observing the operation of the PVC packaging machine, accidentally extended their right middle finger into the moving chain on the left side, resulting in a finger injury.	Install protective covers with safety measures and warning labels in four languages.	None
April 27: During the finished goods process, a colleague accidentally spilled MEK solvent from an improperly sealed bottle placed on the fabric. As the fabric moved on the conveyor belt, the bottle fell to the ground and splashed into the eyes of a colleague who was crouching nearby collecting materials.	Implement training to ensure that after using solvent bottles, the caps are tightened and the bottles are stored in designated locations. Also, prohibit employees from crouching nearby to collect fabric.	None
March 6: A colleague from the Mechanical and Electrical Department suffered a burn to their right hand while replacing the R22 dyeing machine's vertical control valve. The burn occurred when hot water, which had flowed back from the heat exchanger through the cooling water system, came into contact with the colleague's hand.	Do not overlook the possibility of residual hot water overflowing from the pipes and heat exchangers. Therefore, during maintenance, check the water status in the pipes before starting work. If there are no process considerations or emergency situations, the machine should be stopped, inspected, and checked before proceeding with the replacement.	None

Employee Occupational Injury/Occupational Disease Statistics

Plant		Plant 1	Plant 2	Total
Total Worked Hours (hours)		531,768	182,152	713,920
Occupational Injury	General Occupational Injury Count (Occupational injuries with lost workdays of 180 days or less)	4	0	4
	Severe Occupational Injury Count (Occupational injuries with lost workdays greater than 180 days)	1	0	1
	Recordable Occupational Injury Count	5	0	5
	Occupational Injury Fatalities	0	0	0
	Lost Workdays ^{Note 1}	60	0	60
	Severe Occupational Injury Rate ^{Note 2}	0.38	0	0.38
	Recordable Occupational Injury Rate ^{Note 3}	1.88	0	1.88
	Fatality Rate from Occupational Injuries ^{Note 4}	0	0	0
Occupational Disease	Occupational Disease Cases	0	0	0
	Occupational Disease Fatalities	0	0	0
	Fatality Rate from Occupational Diseases ^{Note 5}	0	0	0
	Recordable Occupational Disease Count	0	0	0

Note 1: Starting from the date of injury or fatality, the total number of lost days for a single case after all injuries occur. This includes the number of days the injured person is temporarily (or permanently) unable to return to work, excluding the day of the injury and the day of returning to work, but including all days in between (including Sundays, holidays, or plant shutdown days) and any days unable to work after returning to work due to the incident.

Note 2: Severe Occupational Injury Rate = [Severe Occupational Injury Count (excluding fatalities) × 200,000 hours] / Total Worked Hours.

Note 3: Recordable Occupational Injury Rate = (Recordable Occupational Injury Count × 200,000 hours) / Total Worked Hours.

Note 4: Fatality Rate from Occupational Injuries = (Occupational Injury Fatalities × 200,000 hours) / Total Worked Hours.

Note 5: Fatality Rate from Occupational Diseases = (Occupational Disease Fatalities × 200,000 hours) / Total Worked Hours.

Statistics on Occupational Injuries/Occupational Diseases of Non-Employees

2023 Number of Non-Employee Workers		Daily Working Hours	Monthly Working Days	Total Working Hours
4		8 Hours	22 Days	704 Hours
All Non-Employees Whose Work and/or Workplace Are Controlled by the Organization		Count	Rate (Calculated Based on 200,000 Work Hours)	Rate (Calculated Based on 1,000,000 Work Hours)
i	Number and Rate of Fatalities Due to Occupational Injuries	0	0	0.00
ii	Number and Rate of Severe Occupational Injuries (Excluding Fatalities)	0	0	0.00
iii	Number and Rate of Recordable Occupational Injuries	0	0	0.00
iiiv	Primary Types of Occupational Injuries	Falls, Rolling Falls, Slips, Collisions, Flying Objects, Object Collapse or Crumbling, Struck, Cuts, Scrapes, Crush Injuries, Entrapment or Entanglement, Trampling, Drowning, Contact with High or Low Temperatures, Contact with Hazardous Substances, Electric Shock, Explosions, Object Rupture, Fire, Improper Actions, Failure to Wear Protective Equipment, Railway Traffic Accidents, Other Traffic Accidents, Burns, Others.		
All Non-Employees Whose Work and/or Workplace Are Under the Organization's Control		Count		
i	Number of Fatalities Due to Occupational Diseases	0		
ii	Number of Recordable Occupational Disease Cases	0		
iii	Primary Types of Occupational Diseases	No Occupational Diseases Occurred		

3.3 Human Rights Protection

Impacts

Companies have a responsibility to uphold the human rights of their employees, ensuring compliance and ethical practices in their operations. If a company violates employees' human rights, it not only severely impacts the company's reputation and public trust but can also lead to legal actions, fines, and higher employee turnover due to the physical and psychological effects on staff. This, in turn, increases operational risks and financial pressures, having a profound impact on the company's long-term sustainability.

Policy Commitment

Ho Yu Textile values labor rights and adheres to and supports the United Nations Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organization Conventions (ILO Conventions), the International Human Rights Code, the SA 8000 Social Accountability Standard, and the principles and spirit of the Responsible Business Alliance (RBA).

Actions Taken

- Sign the human rights policy, lead, provide resources, and actively support management in implementing various human rights protection initiatives.
- Implement human resource management systems, establish human rights-related policies and objectives, and set global human rights due diligence

guidelines.

- Work with procurement, production units, and others to develop human rights policy implementation plans, review and propose corrective actions at monthly department meetings, and conduct investigations and improvements for grievance cases.

Objectives

- **Short-term goal:** No incidents involving human rights violations.
- **Medium and long-term goals:** No incidents involving human rights violations.

Evaluation Mechanism

- The corporate governance officer reports the results of human rights due diligence and key human rights implementation goals to the board of directors annually.
- Human rights-related risks and corresponding indicator tracking are discussed in the monthly risk management meetings.
- The implementation of the human rights policy is reviewed in the monthly department meetings held for each business unit.
- An internal human rights due diligence survey is conducted through

questionnaires, with risk assessments and preventive measures implemented based on the survey results.

Performance Results for the Year (2023)

- No incidents of forced labor have occurred.
- No child labor has been employed.
- Continued adherence to collective agreements signed with unions at various operational sites.
- No disputes or grievance cases related to discrimination have occurred.
- No disputes or grievance cases related to violations of maternity protection have occurred.
- No disputes or grievance cases related to violations of privacy protection have occurred.
- No disputes or grievance cases related to violations of employment stability have occurred.
- No disputes or grievance cases related to health and safety issues have occurred.

Stakeholder Engagement Status

Please refer to "1.3 Stakeholder Identification and Engagement."



Policy Commitment to Human Rights Protection

Ho Yu Textile values labor rights and adheres to and supports the United Nations Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organization Conventions (ILO Conventions), the International Human Rights Code, the SA 8000 Social Accountability Standard, and the principles and spirit of the Responsible Business Alliance (RBA). The company has made the following efforts in the area of human rights:

Ho Yu Textile Human Rights Policy and Implementation Status

Categories	Implementation Guidelines
No Forced Labor	Our company complies with government labor laws and international standards, ensuring that no individual is coerced or forced to perform labor against their will. We also prohibit any restrictions on individuals' freedom of movement, including the confiscation of personal identification documents.
Prohibition of Child Labor	Our company strictly prohibits the employment of child labor under the age of 16 at any of our operational sites or within our supply chain.
Working Hours, Wages, and Benefits	Our company strictly adheres to international standards and local regulations regarding working hours, overtime, wages, benefits, and living conditions, including the following: <ol style="list-style-type: none"> 1. Working hours do not exceed the legal limit set by local regulations. 2. We are committed to providing wages that meet or exceed the minimum living wage requirements as mandated by law. 3. Transparent wage structures are provided, and wage deductions are not used as a form of punishment. 4. We ensure that the living conditions provided meet the basic needs of all employees.
Freedom of Association and Collective Bargaining	Our company respects and supports employees' right to choose, form, join, or refrain from joining a union or any other type of employee organization.

Categories

Implementation Guidelines

Diversity, Equality, and Anti-Discrimination

Our company implements a policy of diversity and equality, ensuring that no individual is subjected to discrimination based on their race, class, language, beliefs, religion, political affiliation, nationality, place of birth, gender, sexual orientation, age, marital status, appearance, physical features, disability, zodiac sign, blood type, or past membership in a union. We ensure that the workplace is free from sexual harassment, psychological harassment, physical harassment, verbal abuse, or intimidation. Our goal is to foster a dignified, safe, and equal working environment, and we oppose all forms of discrimination, bullying, or differential treatment.

Maternity Protection

Our company is committed to creating a work system and environment that is friendly to both male and female employees.

Privacy Protection

We comply with local regulations to ensure the security of personal data.

Employment Stability

We protect employees from threats of forced dismissal and provide assistance to those affected by involuntary termination.

Health and Safety

We adhere to international standards and local regulations related to workplace health and safety.

Workplace Unlawful Infringement

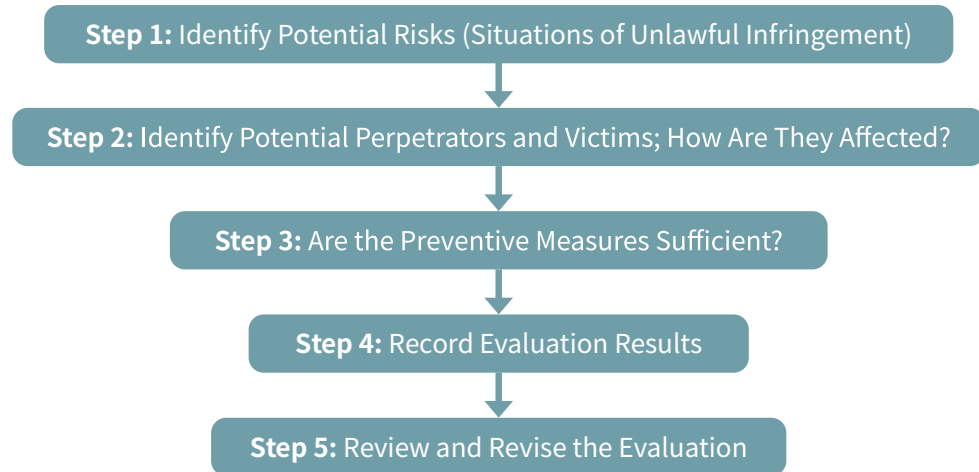
In accordance with Article 6, Paragraph 2 of the Occupational Safety and Health Act, Article 3 of the Stalking and Harassment Prevention Act, and Articles 11 and 324-3 of the Occupational Safety and Health Implementation Regulations, our company has established the "Prevention Plan for Unlawful Infringement During Job Performance." This plan outlines the procedures for preventing and addressing physical or psychological harm caused to all employees, contractors, hired personnel, and other stakeholders by unlawful acts from supervisors, colleagues, service recipients, or third parties during the execution of their duties in the workplace.

The organization's management representative publicly declares a zero-tolerance policy for workplace violence to all employees. Safety personnel are designated

as members of the workplace violence prevention and response team. On-site medical staff at the plant serve as instructors for relevant training, provide counseling to victims, and offer health guidance and other protective measures. Department heads complete risk assessment forms to enhance workplace planning and provide necessary protective measures for their teams. The HR department head is responsible for providing necessary protection during personnel transfers or termination processes.

Implementation of the Plan

1. Identify and Assess Hazards



2. Properly arrange workplaces to reduce or eliminate hazards of unlawful infringement, and implement effective risk control measures.

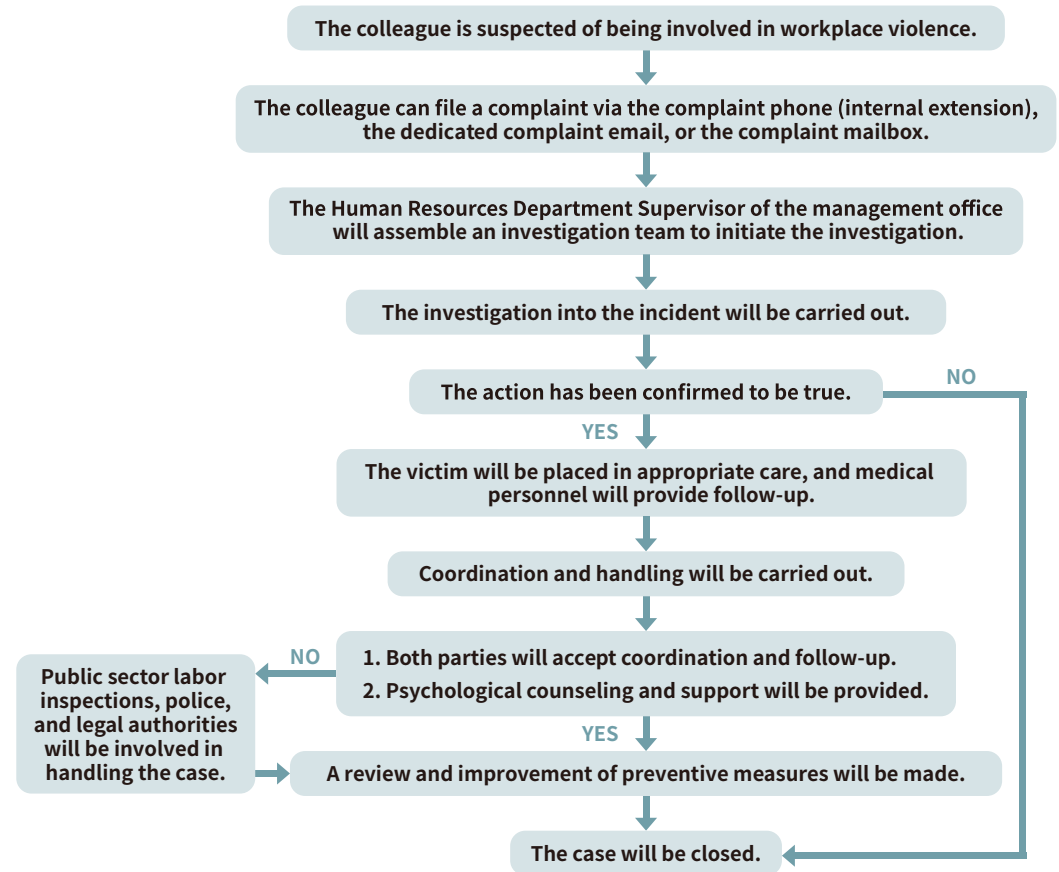
3. Adjust staffing according to job suitability. If staffing is insufficient in any department, the increased workload may cause employees to become unfit for their tasks, leading to workplace violence incidents or their escalation, and even delaying treatment for victims.

4. Establish a code of conduct, where all employees share the responsibility to maintain and ensure a workplace free from violence. Anyone who witnesses or hears about a workplace violence incident should immediately inform their supervisor or call the employee complaint hotline. Upon receiving a complaint, an investigation will be conducted confidentially. If the complaint is verified, disciplinary action will be taken according to the company's management regulations.

5. Provide relevant training for employees in different positions, and publish

training content and violence prevention behavior guidelines to promote communication, reduce stress, and alleviate frustration among all employees.

6. Establish procedures for handling incidents.



7. Workplace violence incident reports and handling data within the plant should protect employees' privacy. After analyzing and assessing different types of workplace violence, the residual and new risks after implementing control

measures should be identified. These risks should be reviewed annually to discuss their applicability and effectiveness, serving as a reference for future training and preventive measures.

Human rights-related complaint channels

• Sexual harassment prevention measures & workplace misconduct complaint channels:

Complaint phone (internal extension): 666

Dedicated complaint email: Hoyu.Fmw@hoyu.com.tw

Complaint mailbox locations: Security office & migrant worker dormitory

2023 Human Rights Due Diligence Results

Ho Yu referred to international human rights conventions, relevant guidelines, and human rights due diligence reports issued by benchmark companies. After compiling related human rights risk issues, the company assessed potential human rights risks in the value chain and incorporated these into the human rights risk assessment process. This year, an internal human rights assessment was conducted through an online survey targeting internal employees.

The survey content assesses the "probability" and "severity" of each human rights risk issue. The probability is divided as follows:

0 points = Will not occur

1 point = Low probability (1% - 30%)

2 points = Certain probability (31% - 60%)

3 points = High probability (above 61%)

The severity is divided as:

0 points = No impact

1 point = Not severe

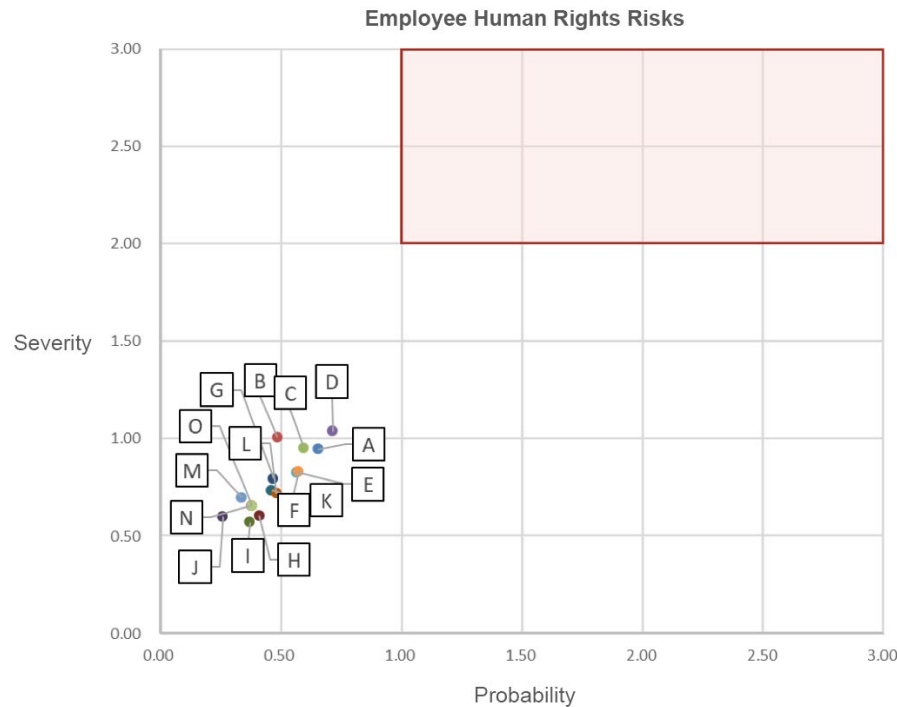
2 points = Severe

3 points = Very severe

Based on the survey results, a "human rights risk matrix" is generated, and the human rights risks are categorized into three levels according to the following standards:

- High risk: Probability above 1 point and severity above 2 points.
- Moderate risk: Probability above 1 point and severity below 2 points.
- Low risk: Probability below 1 point.

The total number of completed surveys is 238, and the evaluation results are as follows:



A-O represent various related human rights risk issues.

Based on the 2023 employee human rights due diligence results, no human rights issues with moderate risk or higher have been identified. Ho Yu will continue to conduct human rights risk assessments and implement preventive and mitigation measures for related risks.

3.4 Social Prosperity

Ho Yu is committed to community sanitation initiatives and safety actions, fostering trust and security within the community and promoting harmonious communication among people. Our goal is to enhance skills and fulfill our corporate social responsibility.

1. Caring for Elderly Residents in the Community: Regularly providing free meals to elderly individuals living alone in the community, ensuring they receive necessary nutrition and care, and improving their quality of life.
2. Resource Recycling: Actively promoting recycling activities, including aluminum cans and PET bottles, and providing these resources to disadvantaged groups within the community to help improve their living conditions and promote resource reuse.
3. Factory Environmental Management: Strictly managing and controlling wastewater and exhaust emissions within the factory, ensuring no pollution issues occur. Committed to environmental protection, the company implements various measure



Subsidizing Neighborhood
Religious Activities



Helping the disadvantaged
and donating activity funds



Neighborhood mutual
aid and support



Assisting with
neighborhood fire safety

The amount of public welfare donations in 2023

Activity Items	Amount (NTD)
Fuyuan Community Mutual Aid Sponsorship	4,000
Fuyuan Community Children's Summer Camp Sponsorship	5,000
Fuyuan Community Mutual Aid Mid-Autumn Festival Sponsorship	5,000
Silk Weaving Association Outstanding Migrant Worker Recognition Sponsorship	6,000
Silk Weaving Association – Sponsorship for 2023 Hiking Event	20,000
Silk Weaving Association – Sponsorship for 70th Anniversary Banquet	8,800
Total	48,800 NTD

Supporting Energy Conservation and Carbon Reduction Events

Sponsoring the summer youth counseling camp and energy conservation promotion activities organized by the Fuyuan community. Ho Yu employees can also participate.

The courses include learning about plants and animals, craft workshops, and more.



4

- [illegible]

Environment

4.1 Climate Change Adaptation (TCFD)

Governance

The company currently promotes sustainable development initiatives through the efforts of various departments within their respective duties and scopes. In the future, the company plans to establish a Sustainability Task Force comprising senior executives or representatives from each department. This task force will refer to the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to assess various risks and opportunities. By identifying significant risks and opportunities through exposure risk levels, the task force will classify risks based on policies, regulations, markets, and production aspects to evaluate potential impacts, thereby fostering a climate resilience mindset.

Strategy

To comprehensively understand the impact of climate change-related risks and opportunities on the company, the General Manager's Office currently oversees the management of these risks and opportunities and provides periodic reports to the Board of Directors. In the future, the planned Sustainability Task Force will take over this responsibility to implement a company-wide tracking and monitoring mechanism.

Risks and Management

Ho Yu Textile conducts periodic assessments of climate risks and opportunities each year based on the TCFD framework. Through discussions and consultations involving departmental representatives and external consultants, the company identifies transition and physical risks, as well as related opportunities. These evaluations focus on external changes and trends such as policies/regulations, market dynamics, and climate-related disasters, along with internal operational and strategic directions.



Identification of Climate-Related Risks and Opportunities

Process for Identifying Climate Risks and Opportunities

Step 1: Gather Climate Risk and Opportunity Issues

Carefully study global climate change trends and key issues relevant to our industry. This includes past and projected climate changes, policy and legal shifts, market trends, and technological developments, all of which could potentially impact Ho Yu Textile's business and financial performance.

Step 2: Identify Physical and Transition Risks and Opportunities

Through interviews with various units, gather all potential climate-related risks and opportunities that could impact operations, and use this information to design a climate change risk and opportunity assessment questionnaire.

Evaluate the specific impacts of these climate-related trends and issues on Ho Yu Textile's business. This will include identifying risks that could affect our physical assets, supply chain, operations, and market position, while also recognizing potential transformation opportunities.

Step 3: Analyze Financial Impacts

Based on the TCFD guidelines, we will conduct corresponding financial disclosures to clarify our understanding and response measures regarding climate change-related risks and opportunities.

This will include revealing the financial impact on Ho Yu Textile, our risk management strategies and goals, as well as the outlook for risks and opportunities over different time horizons. Through these financial disclosures, we will provide stakeholders with greater transparency regarding Ho Yu Textile's climate-related risk management.

Step 4: Develop Response Measures

For the key risks and opportunities we have identified, we will propose corresponding response measures. These measures aim to effectively address potential risks and fully capitalize on opportunities to achieve business objectives.

At the same time, we will regularly review and assess the effectiveness of our management, monitor the implementation and outcomes of response measures, and make necessary adjustments in a timely manner.

1. Transition Risk

Risk Aspects	Risk Events and Descriptions	Occurrence Period, Likelihood, and Impact Level	Potential Financial Impact
Policy and regulations	<ul style="list-style-type: none"> • Increase in greenhouse gas emission pricing <p>The Taiwan Climate Change Response Act was passed on its third reading in 2023. Regarding carbon fees, the initial phase will prioritize large carbon emitters and high electricity users. Starting in 2026, the Ministry of the Environment will impose carbon fees on companies with annual carbon emissions exceeding 25,000 metric tons, with the scope of the fee gradually expanding in the future.</p>	<p>Occurrence period: Mid-term Likelihood: High Impact level: High</p>	<p>Increase in operating costs</p> <ol style="list-style-type: none"> 1. Increased costs for energy-saving measures 2. Increased costs for renewable energy infrastructure construction
Technology	<ul style="list-style-type: none"> • The transformation cost of replacing existing products and services with low-carbon alternatives <p>The company uses energy-saving and efficiency-enhancing processes, equipment, or peripheral devices for product manufacturing.</p>	<p>Occurrence period: Mid-term Likelihood: Medium-High Impact level: High</p>	<p>Increase in operating costs</p> <ol style="list-style-type: none"> 1. Increased research and development expenses 2. Increased costs for raw materials, equipment, and procurement

Risk Aspects	Risk Events and Descriptions	Occurrence Period, Likelihood, and Impact Level	Potential Financial Impact
Market	<p>• Customer behavior changes</p> <p>The global trend towards net-zero carbon emissions and regulations in various countries increase uncertainty in customers' upstream and downstream supply chain arrangements. Customers may prioritize companies with lower carbon emissions in their production processes. As a result, the company must invest in research into emerging green energy technologies.</p>	<p>Occurrence period: Long-term Likelihood: Medium-High Impact level: High</p>	<p>Decrease in revenue Increase in operating costs 1. Increased procurement costs 2. Increased costs for acquiring green energy technologies</p>
	<p>• Raw material cost increases</p> <p>Suppliers must invest in more energy-efficient processes to meet local government carbon emission standards and regulatory requirements. Additionally, global economic instability has led to inflation and rising electricity costs.</p>	<p>Occurrence period: Short-term Likelihood: High Impact level: High</p>	<p>Increase in operating costs 1. Increased procurement costs 2. Increased energy consumption and carbon credit allocation costs</p>

2. Physical Risks

Ho Yu Textile has identified that extreme weather events (such as typhoons, droughts, and heavy rainfall) could cause damage to company facilities and equipment, as well as logistical and transportation difficulties, which in turn could impact company operations.

Risk Aspects	Risk Events and Descriptions	Occurrence Period, Likelihood, and Impact Level	Potential Financial Impact
Immediate	<ul style="list-style-type: none"> The severity of extreme weather events such as typhoons and floods has increased. <p>Extreme weather events, such as typhoons and floods, can lead to production disruptions, transportation difficulties, and supply chain interruptions, causing damage to company operations.</p>	<p>Duration: Short-term Likelihood: High Impact: Low</p>	<p>Increase in operating costs/capital expenditures</p> <ol style="list-style-type: none"> Expenses for factory and equipment to cope with extreme weather Investment in disaster prevention-related assets
Long-term	<ul style="list-style-type: none"> Extreme rainfall and drought <p>Extreme rainfall and drought events affect the water storage capacity of reservoirs, leading to production disruptions, transportation difficulties, and supply chain interruptions.</p>	<p>Duration: Short-term Likelihood: High Impact: Low</p>	<p>Decrease in product revenue</p> <p>Increase in transportation and energy costs</p>

Indicators and Goals

Greenhouse gas emissions are the main cause of the climate emergency, and corporate greenhouse gas management is one of the key issues of concern for all stakeholders. Our company has established a greenhouse gas inventory standard mechanism in accordance with ISO 14064-1 and the Environmental Protection Administration's greenhouse gas verification guidelines, conducting regular annual inventories of greenhouse gas emissions from all company factories.

Greenhouse gas and other gas emissions in 2023:

Item	2023
Category 1: Direct greenhouse gas emissions (tons CO ₂ e)	20,029.500
Category 2: Indirect greenhouse gas emissions (tons CO ₂ e)	8,505.290
Total emissions = Category 1 + Category 2 (tons CO₂e)	28,534.790
Revenue in 2023 (million NTD)	1,878
Greenhouse gas emission intensity	15.19

Note 1: Based on the emission statistics for 2023.

Note 2: The 2023 electricity emission factor is 0.494 kg of CO₂ per kWh, with the GWP values referenced from the IPCC Fourth Assessment Report. Source: Ministry of Economic Affairs, Energy Bureau website (<http://www.moeaboe.gov.tw/>).

Note 3: Greenhouse gas emission intensity = Total emissions (tons CO₂e) / Million revenue. The total emissions inventory scope covers Ho Yu's Guan Yin Plant 1 and Plant 2, with revenue data sourced from the company's 2023 consolidated income statement.

Reduction Strategies and Goals

Our company conducts annual greenhouse gas inventories, systematically assessing the energy and material use in each production phase, along with the associated carbon emissions. In addition, we follow the goals of the Paris Agreement to "limit global warming to 1.5 °C" and set a science-based carbon reduction target for 2030. Our carbon reduction plan aligns with the 1.5 °C pathway, using 2018 as the baseline year, and we commit to reducing greenhouse gas emissions from both Category 1 and Category 2 by 50% by 2030. Currently, Ho Yu's main source of carbon emissions comes from direct emissions in Category 1, which account for over 70% of the total emissions (including both Category 1 and Category 2). To reduce carbon emissions, Ho Yu will continue to implement the "Sustainable Manufacturing" strategy to improve production efficiency and energy use efficiency, while promoting increased use of renewable energy across its plants.

4.2 Energy Management

Impact

The company's factories are old, and over the years, continuous equipment additions and expansions have been made without a comprehensive, systematic planning approach. This has led to energy wastage, increased carbon emissions, and environmental damage. Additionally, unstable equipment operations increase the risk of production failures and downtime, leading to profit losses, rising costs, and negatively impacting the company's financial situation.

Policy Commitment

For sustainable operations and to fulfill our social responsibility of energy conservation and waste reduction, Ho Yu Company is committed to achieving the following energy goals to ensure continuous improvement in energy performance.

- Full participation in the energy management system
- Establishment and implementation of annual energy goals
- Ongoing process improvements and equipment upgrades, with regular reviews and updates
- Compliance with regulations and timely updates
- Green production planning
- Adherence to energy management-related procurement processes
- Ensure continuous access to energy information and necessary resources
- Support the procurement of energy-efficient products and services.

Action Taken

1. Reintegrated electricity usage and area-specific meters.
2. Regularly conduct maintenance checks on air compressors to prevent leakage and reorganize shared pressure areas to reduce electricity consumption.
3. Replaced lighting with energy-efficient LED bulbs.
4. Gradually replaced old equipment to improve performance, such as upgrading to new automatic loom machines, weaving machines, twisting machines, and finishing machines.

Objectives

• Short-term goals:

(Plant 1)

1. Reduce electricity consumption by 1% compared to the previous year.
2. Replace old, energy-consuming equipment, improve electricity management, and adopt current energy-saving methods.

(Plant 2)

1. Reduce energy usage by 2%.
2. Replace factory lighting with energy-efficient bulbs.

• Mid to long-term goals:

(Plant 1)

1. Reduce electricity consumption by 5% over the next five years.

2. Evaluate the installation of solar power generation systems and energy storage equipment, replace high-voltage transformers, and upgrade to high-efficiency transformers.

(Plant 2)

1. Reduce energy usage by 5%.
2. Replace 100% of the factory lighting with energy-saving LED bulbs.

Evaluation Mechanism

(Plant 1) The ISO 50001 energy management system will be used as the evaluation and management mechanism. Based on the established energy baseline, monthly energy consumption will be assessed for reasonableness, and the existing ISO 50001 energy management system will be used for process management.

(Plant 2) Factory personnel will collect and consolidate data for verification and evaluation.

Performance Result

(Plant 1)

The traditional T8 lamp (72W per unit) has been replaced with LED lamps (36W per unit) for a total of 40 units.

Energy savings:

$(72\text{W/unit} - 36\text{W/unit}) \times 40 \text{ units} \times 3600 \text{ hours/year} = 5184 \text{ kWh/year}$

Energy savings per month: $5184 \text{ kWh} \times 3 / 12 = 1296 \text{ kWh}$

Total energy savings: 1296 kWh

(Plant 2)

1. Out of 1120 light fixtures, 808 have been replaced, with 312 remaining to be replaced, meaning 72% has been completed.

Energy savings: 112,628.736 kWh/year

Carbon reduction: 55.7512 CO₂e/year

Formula: $(40\text{W} - 18\text{W/unit}) \times 808 \text{ units} = 17,776\text{W} \times 24\text{H} \times 22 \text{ days} \times 12 \text{ months}$

2. Upgraded to energy-efficient equipment:

- 1 automatic loom machine
- 4 weaving machines with water spraying
- 2 jet looms with air spraying
- 1 twisting machine with 30 spindles
- 1 twisting machine with 120 spindles
- Some beam warping machines are awaiting delivery.

Stakeholder Engagement

Please refer to "1.3 Stakeholder Identification and Engagement."

Energy Policy

In the pursuit of sustainable operations and fulfilling our social responsibility for energy conservation and waste reduction, Ho Yu Company is committed to achieving the following energy goals to ensure continuous improvement in energy performance.

- Full participation in the energy management system: Regularly review compliance with regulations and other energy goal management requirements.
- Establish and implement annual energy goals: Integrate resources and document action plans.
- Ongoing process improvements and equipment upgrades with regular reviews and updates: Enhance energy usage efficiency.
- Update in response to regulations: Actively revise energy-saving goals.
- Green production planning: Periodically assess energy efficiency and establish a green production environment.
- Adhere to energy management-related procurement processes: Procure energy-efficient products with high-performance designs.
- Ensure continuous access to energy information and necessary resources: Achieve energy goals and targets.
- Support the procurement of energy-efficient products and services.

Energy Consumption in the Past Three Years

Plant	Plant 1			Plant 1		
Item	2021	2022	2023	2021	2022	2023
Electricity (kWh)	11,359,600	11,883,200	11,008,800	6,952,800	7,070,617	5,714,586
Electricity (GJ)	40,894.56	42,779.52	39,613.68	25,030.08	25,454.22	20,572.51
Natural Gas (m ³)	74,459	173,779.52	215,579	223,664	197,563	134,020
Natural Gas (GJ)	2,961.24	6,874.72	7,743.15	7,486.48	6,612.83	4,485.92
Steam (mt)	0.02 (Note 1)	0.03	0.02	-	-	-
Steam (GJ)	NA (Note 1)	NA (Note 1)	60,727.10	-	-	-
Total Energy Consumption (GJ)	43,855.80	49,654.24	108,101.93	32,516.56	32,067.05	25,058.43

Note 1: Data recording started in May 2021.

Note 2: Not yet recorded; hence, no data available.

Energy Conservation Measures

• Lighting System:

- (1) Replace with energy-saving fixtures: Use LED lights instead of traditional incandescent lamps, as LED lights consume less energy and have a longer lifespan.
- (2) Install automatic control systems: Such as light sensors and timers, to automatically adjust lighting based on actual needs.
- (3) Regular maintenance and cleaning of air conditioning systems: Perform periodic inspections and cleaning of air conditioning and heating systems to ensure operational efficiency.
- (4) Upgrade equipment: Replace outdated HVAC units with high-efficiency, energy-saving machines.
- (5) Rationalize usage schedules: Avoid operating equipment during non-working hours and establish reasonable on-off schedules.

• Production and Process:

- (1) Optimize production processes: Improve workflows to reduce energy waste, such as enhancing production efficiency and minimizing downtime.
- (2) Water recycling: Implement wastewater and cooling water recovery systems within the facility to filter wastewater and convert it into reusable domestic water and recycled cooling water.

• Other Measures:

Promote energy-saving awareness: Conduct employee training to raise awareness of the importance of energy conservation.

Adopt renewable energy: Invest in renewable energy sources like solar power to reduce reliance on fossil fuels.

Short-term goals: Focus on improving energy efficiency by replacing lighting with energy-efficient options (e.g., LED lights) and inspecting and repairing leaking pipes and equipment. Implement basic energy management practices, including energy tracking and recording.

Medium-term goals: Prioritize equipment upgrades and energy efficiency improvements, optimize production processes, and reduce energy waste.

Long-term goals: Further advance and optimize the energy management system by integrating advanced technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) to enhance energy efficiency.

4.3 Water Resource Management

Impact

Poor water resource management leading to water waste can result in resource shortages, impacting our daily lives and company operations. If water pollution occurs, it will harm the environment and affect agricultural ecosystems, ultimately having a negative impact on the overall economy and social stability.

Policy Commitment

Taiwan experiences drier winters, with the rainy season in May traditionally alleviating drought conditions. However, in recent years, the threat of climate change has become increasingly severe, with delayed or insufficient rainfall during the rainy season exacerbating the drought situation. Ho Yu has long been committed to process improvements, building water-saving equipment, and developing water recycling systems in the production process. Additionally, when purchasing dyeing machines, Ho Yu selects water-efficient and energy-saving machines with low liquor ratios.

Action Taken

- Install electronic flow meters on key pipelines to monitor water usage and introduce a water balance chart for the facility.
- Inspect water pipes within the facility for leaks to prevent unnecessary water waste.
- Set annual water-saving goals.

- Build water-saving facilities (equipment): Implement wastewater recovery and reuse systems, rainwater harvesting systems, etc.

Objectives

• Short-term goals:

(Plant 1)

1. Strengthen the utilization rate of recycled water.
2. Replace with new dyeing machines (water-saving dyeing tanks).
3. Reuse soft water system backwash water.

(Plant 2)

1. Enhance the recycling of discharge water, with plans to increase water use for first-stage washing in the wastewater area and recycle discharge water after treatment with new technology for reuse in spray weaving machines.

• Mid to long-term goals:

(Plant 1)

1. Install a rainwater harvesting system in the new building.

(Plant 2)

1. Gradually replace with new spray weaving machines (which can save 10% of water usage).
2. Apply new treatment technologies to process wastewater, directly purifying it to

a discharge-recyclable water quality, which will also reduce chemical reagent costs.

Evaluation Mechanism

(Plant 1) The production department and the electrical and mechanical team will jointly verify the achievement.

(Plant 2) The production department and the general affairs division will jointly verify the achievement.

Performance Result

(Plant 1)

Replaced 3 new dyeing machines (water-saving dyeing tanks), which have been delivered to the facility, with a water-saving rate of 7%.

(Plant 2)

Replaced 4 new spray weaving machines, with an additional 20 units scheduled for delivery in February 2025, achieving a water-saving rate of approximately 10%.

Stakeholder Engagement

Please refer to "1.3 Stakeholder Identification and Engagement."



Water Resource Management Policy

Ho Yu Textile considers water resources a key management priority and has implemented proactive measures to elevate the importance of water resource issues. Its management strategy is divided into three main directions: governance, strategy, and technology.

- Governance: Enhance water governance levels by setting clear water-saving goals to ensure effective implementation of water resource management. Install electronic flow meters on key pipelines to monitor water usage and implement a water balance chart for the facility. Regularly inspect water pipes for leaks to prevent unnecessary water waste.
- Strategy: Continuously increase water recycling within the facility by adopting measures such as process condensate water recovery and discharge water recycling. Integrate operational processes and management methods to improve wastewater treatment efficiency. Establish water-saving hardware and replace outdated equipment, such as installing new spray weaving machines, to reduce water intake.
- Technology: Collaborate with external partners to introduce a water reclamation program, enhancing the sustainable use of water resources.

Water Resource Usage in 2023

	Plant 1	Plant 2
Municipal water intake (liters)	13,434,000	9,427,000
Groundwater intake (liters)	563,252,000	53,330,000
Surface water intake (liters)	0	0
Seawater intake (liters)	0	0
Total water intake (liters)	576,686,000	62,757,000
Total recycled water usage	0	122,000
Wastewater Discharge Volume (Million Liters)	576.686	62.635

Water Quality Testing of Discharge Water in 2023

Testing Items	Standard Values	Plant 1	Plant 2
pH	6~9	7.4	6.9
Chemical Oxygen Demand (mg/L)	≤ 100	67.2	66.6
Biochemical Oxygen Demand (mg/L)	≤ 30	12	15.4
Suspended Solids (mg/L)	≤ 30	19.2	14.8
Anionic Surfactants (mg/L)	≤ 9	1.44	0.3
True Color (ADMI value)	≤ 550	31	<10
Water Temperature (°C)	5~9 月 :<38°C 10~4 月 :<35°C	28.1	29.8

4.4 Waste Management

Impact

Improper management and failure to legally implement waste disposal can have negative impacts on the environment, such as soil pollution, water pollution, and air pollution, while also damaging the company's reputation.

Policy Commitment

Properly manage factory waste (classification and temporary storage) and comply with environmental regulations for waste disposal. Additionally, require waste disposal contractors to implement control over the subsequent flow of waste, ensuring a joint commitment to environmentally friendly practices.

Action Taken

1. Waste Temporary Storage: The factory implements proper waste classification and temporarily stores waste in designated areas according to the "Waste Disposal Permit."
2. Waste Disposal: In accordance with regulations, qualified waste disposal contractors are selected (with contracts signed) for off-site waste collection and treatment. The waste is reported through the online system (Business Waste Declaration and Management System) for proper documentation.

Objectives

• Short-term goals:

1. Continue implementing 6S management and effectively manage waste (classification and temporary storage) within the facility.
2. Provide annual training on "Facility Waste Management (including recycling, classification, temporary storage, and disposal)" for all personnel.
3. Execute according to the ISO 14001 Environmental Management System, and implement improvements based on audit results and recommendations.

• Mid to long-term goals:

1. Strengthen waste contractor audits and use regulatory compliance performance as an evaluation criterion for future contractor selection.
2. Explore green product alternatives based on waste materials, increase reuse rates, promote resource recycling, and reduce waste generation.

Evaluation Mechanism

1. Implement 6S audits and evaluations on a monthly basis.
2. Conduct irregular audits of waste disposal contractors annually to review whether they are legally transporting and disposing of waste.

Performance Result

• In 2023, there were 11 instances of non-compliance: 10 instances where waste was not placed in the correct location or waste bins were not properly covered, and 1 instance of unclear labeling. After being raised and discussed in the facility meeting, all issues have been addressed and improvements made.

• In addition to waste classification training during new employee onboarding, an additional 1-hour training session on facility waste management is conducted annually during the mid-year occupational safety and health education period for production line personnel.

Stakeholder Engagement

Please refer to "1.3 Stakeholder Identification and Engagement."

Waste Management Policy

Ho Yu follows the "WI-LA-22 Waste Management Operating Guidelines" for waste management in the facility.

1. Comply with the ISO 14001 Environmental Management System.
2. Implement waste reduction at the source.
3. Classify and grade waste, and promote recycling and

reuse.

4. Sell valuable waste to external contractors for recycling and reuse.

5. Entrust qualified contractors with the collection and disposal of non-valuable waste.

Waste Disposal

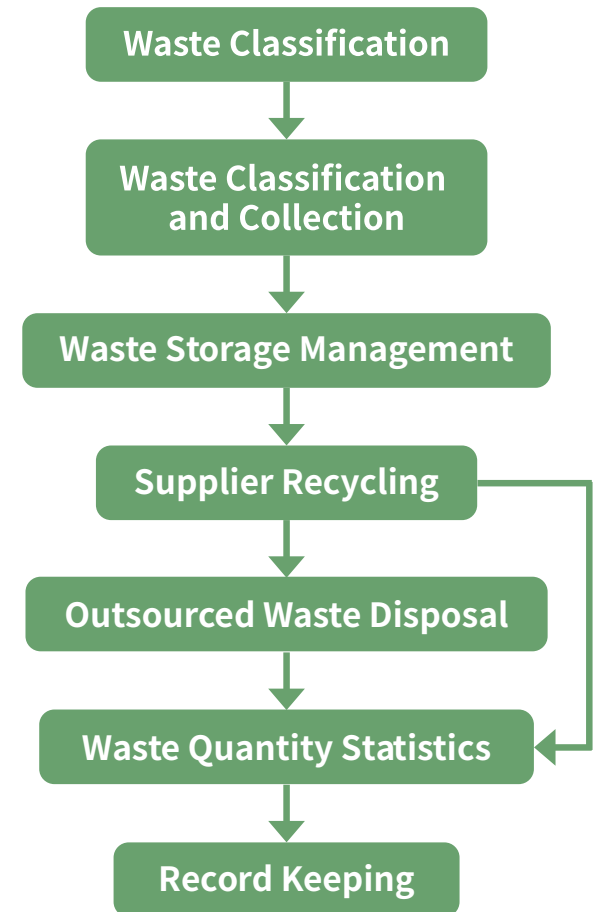
1. Waste Temporary Storage:

- A strict waste classification system is implemented within the facility to ensure that all types of waste are properly categorized according to regulations.
- Waste is temporarily stored at designated locations as per the "Business Waste Disposal Plan" to ensure orderly and safe management.

2. Waste Disposal:

- After evaluation, waste disposal contractors must meet government environmental regulations and possess the necessary qualifications and licenses for waste collection and treatment. Only then can contracts be signed to ensure legal disposal.
- Waste is reported through the Business Waste Declaration and Management System, ensuring transparent and traceable waste handling.

Waste Disposal Process



Waste Statistics

Plant		Plant 1			Plant 2			Unit: Tons
Waste Disposal Methods	Waste Name/Year	2021	2022	2023	2021	2022	2023	
Hazardous Industrial Waste	Waste Plastics	62.87	9.44	45.68	0	0	0	
General Industrial Waste	Household Garbage	22.6	22.1	24.72	24.54	18.9	19.8	
	Coal Ash	933.28	799.6	909.83	0	0	0	
	Sludge	382.72	556.43	800.55	4.05	4.03	3.48	
	Waste Fabric Strips /Fibers	45.85	22.94	20.64	13.5	16.97	14.24	
Total		1,447.82	1,410.51	1,801.42	42.09	39.90	37.62	

4.5 Chemical Substance Management

Impact

If the chemical substances used in the production process (such as dyes, auxiliaries, and other hazardous chemicals) are not effectively managed, the discharged wastewater and gases may cause severe environmental pollution, posing significant health risks to employees, consumers, and residents. Poor management of such substances may not only expose enterprises to legal lawsuits and fines, resulting in substantial economic losses but also severely damage the company's brand reputation. Moreover, relations with nearby community residents may become strained, increasing the risk of disputes and conflicts, further affecting the long-term development and social image of the enterprise.

Policy Commitment

Ho Yu Textile actively adheres to a series of regulations and certifications, including the Toxic and Concerned Chemical Substances Control Act, bluesign® system bluefinder standard list (BSSL), Global Recycled Standard (GRS), Zero Discharge of Hazardous Chemicals (ZDHC), Registration, Evaluation, Authorization and Restriction of Chemicals - Substances of Very High Concern (REACH SVHC), Higg Index for Sustainable Apparel (Higg Index), and ISO 45001:2018 Occupational Health and Safety Management System. Based on these, we have established the company's Chemical Management Procedure to ensure that our use of chemicals complies with the most stringent standards and requirements.

Action Taken

- Comply with environmental and safety regulations and standards, aligning with social responsibility.
- Procure certified products such as bluesign and GRS to ensure sustainable and environmentally friendly production while guaranteeing quality and safety.
- Establish comprehensive chemical usage processes and safety operation procedures, providing employees with necessary training and personal protective equipment to mitigate risks.
- Regularly monitor and test the use and discharge of chemicals, implementing necessary control measures to minimize environmental and employee impact.
- Actively participate in relevant standards and certifications, continuously improving management levels to meet the industry's highest standards.

Objectives

• Short-term goals:

1. Implement training programs on chemical (including toxic substances) spill prevention and the use of personal protective equipment to ensure employees are well-informed and capable of executing chemical safety management.
2. Enforce a tracking system for chemical production batch numbers to ensure transparency and traceability in the production process.
3. Strengthen the management of chemical inventory data, including wastewater treatment agents, plant maintenance cleaning agents, and machine maintenance chemicals, to ensure safety and compliance with Higg Index guidelines.

4. Enhance the procedures for introducing new chemicals, requiring joint reviews by the requesting and environmental safety departments to determine whether new chemicals are hazardous or toxic substances and to develop appropriate preventive measures.

5. Conduct biannual ZDHC wastewater tests to verify compliance with zero-discharge pollution standards.

6. Continue procuring bluesign-certified chemicals with a target to achieve a compliance rate of 65% for all plant chemicals.

Calculation principles: Excluding specialty products such as military, lifesaving, medical, airbags, small-batch dyes, samples, and industrial-specific materials.

• Mid to long-term goals:

1. Continue procuring bluesign-certified chemicals with a target compliance rate of 85% for all plant chemicals.

Calculation principles: Excluding specialty products such as military, lifesaving, medical, airbags, small-batch dyes, samples, and industrial-specific materials.

2. Reduce chemical inventory levels, particularly inactive chemicals, to ensure effective utilization.

3. Promote the development and application of solvent-free water-based coating technologies, gradually replacing solvent-based coating products to minimize environmental impact.

4. Continuously seek low-carbon materials compliant with bluesign standards, including yarns, dyes, finishing auxiliaries, adhesives, and plastics, to support sustainable production.

5. Establish production records for all fabric products to accurately track the batch numbers of each chemical used, ensuring product safety and compliance.

Evaluation Mechanism

Regular Audits and Inspections:

- Use of compliant bluesign chemicals: Chemicals are selected by R&D personnel and reviewed for approval by chemical managers.
- On-site inspections: Quality assurance and occupational safety and health specialists conduct regular inspections of production sites to identify and correct issues.
- External supervision: Regular inspections are conducted by external auditing bodies such as bluesign, GRS, ISO, and brand representatives, with timely rectification of identified problems.

Performance Result

1. Regularly obtain bluesign and GRS certifications.
2. Pass audits from brands such as lululemon, Patagonia, Vaude, VF, and TUMI.
3. Use compliant bluesign chemicals, achieving an 80% reduction in the use of fluorinated water repellents.

Stakeholder Engagement

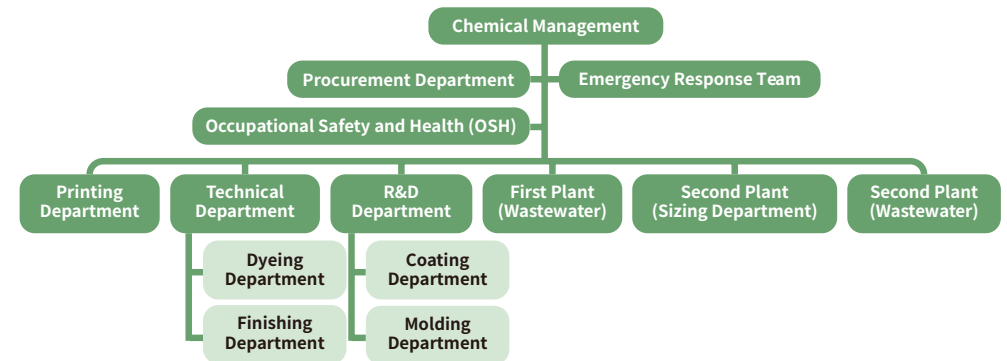
1. Employees participated in six sessions on safety and health protective equipment management, focusing on the use and management of safety and health protective gear.
2. Employees attended two fire drills, training on how to respond safely and evacuate during emergencies.
3. Employees completed seven general hazard awareness training sessions to

understand the labeling and significance of hazardous and harmful substances, their health risks, and safe handling practices.

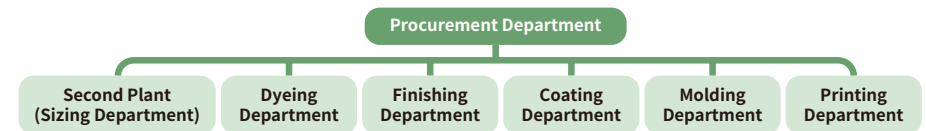
4. Employees participated in two chemical spill drills, learning how to handle and operate safely in the event of a chemical spill.

Our company places great importance on the potential hazards that chemicals may pose to employees and the environment. Therefore, since 2008, we have been committed to obtaining relevant certifications and standards to ensure that our production processes meet the highest environmental standards.

We are proud to announce that our efforts in environmental protection have been recognized and acknowledged. Since 2008, we have obtained the Swiss bluesign® standard certification for environmentally friendly production processes. In 2016, we passed the Global Recycled Standard (GRS) certification and also installed RTO equipment in the same year to prevent air pollution. Additionally, we conduct regular annual testing to ensure our processes continue to meet high standards. In 2017, we further demonstrated our commitment to environmental protection by obtaining the bluesign® standard certification for the upper coating process, further solidifying our dedication to sustainability.



Chemical Management Organizational Chart



Organizational Chart for Chemical Procurement

Chemical Management Procedures and Measures

In chemical management, we have established a chemical inventory and developed an internal "Chemical Management Procedure" that strictly requires employees to follow its guidelines. We ensure that employees understand the chemical evaluation and classification system and actively procure chemicals that comply with bluesign and GRS certification standards. At the same time, we firmly support the ZDHC's zero discharge of hazardous chemicals philosophy and conduct annual wastewater testing to ensure that our production processes do not negatively impact the environment.

The unit responsible for chemical procurement must ensure that, when purchasing new chemicals, the chemical suppliers provide a Safety Data Sheet (SDS) and affix GHS terminology on storage containers in accordance with hazardous chemical labeling and regulations. The chemicals must also comply with Taiwan's Toxic Substances Control Act (TSCA) and the U.S. Toxic Substances Control Act (TSCA). Annually, chemical suppliers are required to provide proof of compliance with relevant standards and certifications, such as Oeko-Tex 100, bluesign, REACH, and others, to ensure that our chemical sources meet regulatory requirements.

In occupational safety and health management, we adhere to the ISO 45001 Occupational Health and Safety Management System standards. We ensure employee safety and health by regularly conducting chemical safety training, chemical spill response drills, and personal protective equipment training. Additionally, we regularly perform environmental VOC emission tests and solvent DMF emission tests to ensure that our production processes do not negatively impact the surrounding environment. We will continue to strive towards creating a safe and environmentally friendly workplace and drive our business development through technological innovation in textiles.

Education and Training, and Emergency Response Actions

Our company has established a "Hazard Awareness Program" in accordance with Article 17 of the "Hazardous Chemicals Labeling and General Knowledge Regulations" to ensure compliance with the requirements of hazardous and harmful substances awareness regulations. Through hazard awareness activities, we aim to increase employees' recognition of potential hazards, enabling them to collectively prevent incidents. Occupational safety and health specialists regularly conduct chemical safety training, covering topics such as identifying GHS symbols for chemicals, interpreting Safety Data Sheets (SDS), and providing emergency response training for chemical spill management and personal protective equipment (PPE) usage in conjunction with biannual fire drills. These measures ensure that our employees are familiar with and can respond effectively to any potential chemical-related emergencies, safeguarding their safety and health.

Items	Number of People	Hours (per person)
Hazard Awareness Course Education and Training	153 people	1.5 hours
Chemical Spill Response Drills	190 people	1 hour
Factory Safety and Health Protective Equipment Management	156 people	2 hours
Fire Drills	185 people	2 hours

• May 2023 Chemical Spill Emergency Response Drills (Day and Night Sessions)



• December 2023 Chemical Spill Emergency Response Drill



Restricted Chemical Substance Testing Process

Restricted Chemical Substance Testing Process (Executed by the Chemical Manager)

Process 1: Random Sampling in the Facility Annually: Finished Products or Semi-Finished Products

- a. Sampling Quantity: 1 sample per year
- b. Determine the restricted substances to be tested and the testing specifications (BSSL & REACH)
- c. Contact a third-party certification organization

Process 2: Send Samples to Third-Party Certification Organizations (e.g., SGS, BV, ITS, etc.)

- a. Perform testing according to the specified testing standards
- b. Evaluate the testing results based on the specified standards

Process 3: Establish Testing Report Database

- a. Decide whether improvements are necessary
- b. If improvement is needed: Analyze the causes

Process 4: Analyze the Causes

- a. Technical Department: Responsible for revising the dyeing and finishing formulations
- b. First Factory R&D: Responsible for revising the post-processing formulations

4.6 Circular Economy

Circular Economy Project

Ho Yu Textile has been dedicated to developing sustainable, low-carbon textiles since 2005, starting with the recycling of PET plastic bottles into yarn. At the same time, we have been exploring the potential for circular recycling of finished textile products. With a responsible approach, we aim to provide the best circular recycling solutions for the textile processing products we produce.

• Current Challenges in Textile Circular Recycling

Currently, the commercially scalable physical recycling methods in the textile industry focus on single-material textiles. However, the market is increasingly dominated by a mix of textile types, with many composite materials and multi-layer processed textiles, which are difficult to classify and sort. The high sorting costs increase the overall cost and complexity of recycling materials. Chemical depolymerization recycling technology could potentially address the challenges of recycling composite or multi-layer processed textiles, but compared to physical recycling, it involves significantly higher energy consumption, chemical use, carbon emissions, and investment costs.

In recent years, the use of TPU (thermoplastic polyurethane) in footwear and outdoor products has been steadily increasing. Its properties, such as flexibility, abrasion resistance, waterproofing, and oil resistance, make it an ideal material for many outdoor or consumer products. Many brands have also started designing all-TPU products, hoping to provide a single-material recycling solution, allowing TPU waste to be reused. However, products made from materials that are not 100% TPU, such as TPU-coated fabrics or TPU film-laminated textiles, cannot be physically recycled using single-material recycling methods because they contain fabric and small amounts of adhesives.

• NEUCYCLE® Technology Expands New Recycling Methods

Our company introduced NEUCYCLE®, an innovative recycling technology that focuses on directly recycling composite materials or multi-layer TPU lamination, film lamination, or PU-coated textiles—also known as heterogeneous composite textiles—by treating them as "one material" for physical recycling, rather than investing resources/energy in separating different materials. We believe that, apart from waiting for advancements in chemical recycling technology, we should consider using physical recycling methods that save energy, reduce chemical usage, lower carbon emissions, and reduce costs to recycle these composite materials. Therefore, we call this technology NEUCYCLE, representing a new cycle. This concept is developed with a responsible approach, creating new recycling pathways to reclaim the composite processed fabrics produced by our company. It aims to solve post-consumer waste issues, reduce environmental impact, and adopts the circular economy "design for end-of-life" principle, considering the product lifecycle stages from the very beginning of the design process.

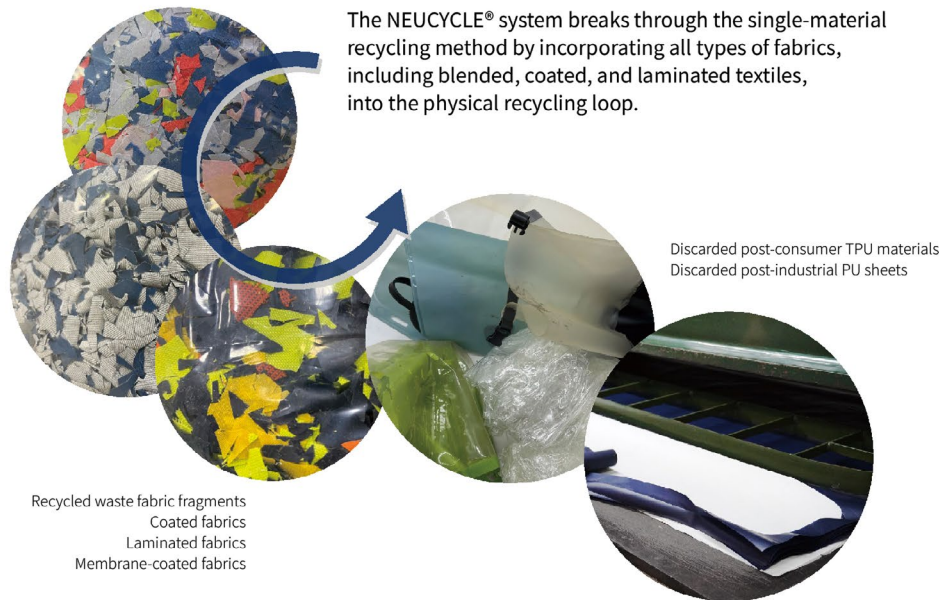
NEUCYCLE[®] Recycling Technology

NEUCYCLE[®] is a trademark and patented product of Ho Yu Textile.



One step closer to a circular system

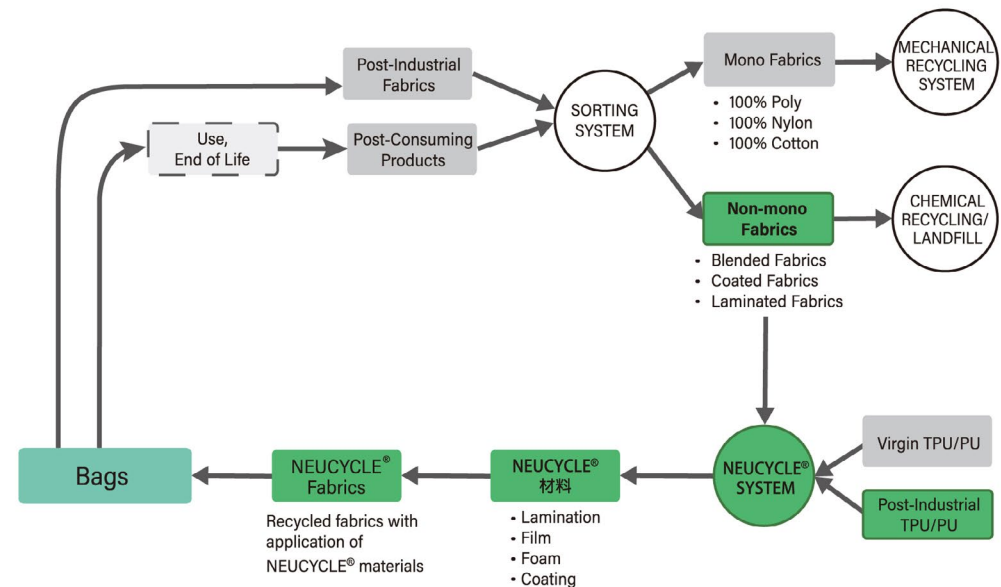
It has become a low-impact alternative for our coated/laminated fabric production, processing, and finishing technology.



This technology reduces textile waste, particularly fabrics (mainly coatings or laminated materials) that do not meet downgraded recycling conditions. It also provides designers with more possibilities for circular design, not limited to single-material use.

The materials come from scraps that meet the GRS standards, recycled TPU, and virgin TPU.

NEUCYCLE[®] materials can be used for membrane coating, foaming, and lamination.



• Patent Granted

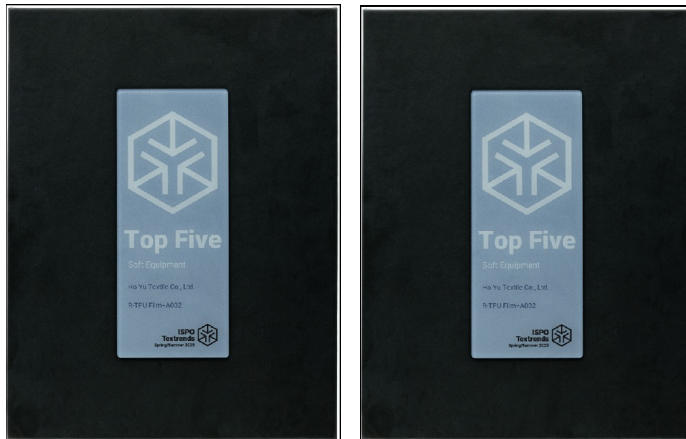
1. "System for Physical Recycling and Circular Reuse of Various Textile Products"
Taiwan Utility Model Patent / Certificate No. M638844 (Granted in March 2023)

• Two patents currently under review

1. "Physical Recycling and Reuse Method for Textile Products" - Taiwan Invention
2. "Physical Recycling and Reuse Method, System, and Manufactured Processed Materials for Textile Products" - PCT Invention

• Award Records

1. In June 2023, selected in the ISPO TEXTREND TOP 10 and Selection Awards at the official ISPO exhibition in Germany. Two products were selected, and two products won awards. The products were featured in the exhibition area and included in the award-winning product brochure.



2. In October 2023, participated in the 4th "Taiwan Circular Economy Awards" organized by the Green Economy Research Center of the Chung-Hua Institution for Economic Research, and received the "Innovation Technology Award" recognition.



(Economic Daily Report – Ho Yu Textile's NEUCYCLE® New Recycling Technology)

3. In July 2023, participated in the "Taiwan Outdoor Group (TOG)" hosted "2023 Taiwan Outdoor Excellence Awards" and received the "Annual Spotlight Award" recognition.



Ho Yu Textile's products manufactured using NEUCYCLE® recycling technology are certified under the Global Recycled Standard (GRS). This standard is based on principles of traceability and verification of end products, and it includes environmental and social responsibility requirements applicable across industries. As the standard evolves, there may be the introduction of a trading certificate system to provide better monitoring and control mechanisms throughout the industry supply chain, ensuring the integrity of certified products.

CYCLEPET® - Recycled PET Fabric

Ho Yu completed the trademark registration for CYCLEPET®, a recycled PET fiber made from post-consumer PET bottles, in Taiwan in 2007. The following year, CYCLEPET® was also successfully registered in the United States and Japan.

CYCLEPET uses 100% recycled PET materials sourced from PET beverage bottles to produce regenerated PET yarn. After the bottles are sorted and cleaned, they are compressed into PET bricks and then crushed into small pellets. These pellets are then re-polymerized into granular raw materials, which are used to create regenerated PET yarn. In the next steps, the PET yarn is woven into various textiles, including T-shirts, hats, gloves, suits, handbags, and carpets. Due to the re-polymerization process, CYCLEPET® yarn maintains the same quality and stability as virgin polyester fiber yarn.

Using recycled PET textiles to replace new polyester fiber textiles helps reduce wastewater discharge and significantly lowers the consumption of crude oil. Additionally, all CYCLEPET textiles are manufactured using environmentally friendly processes and comply with the bluesign system standards.

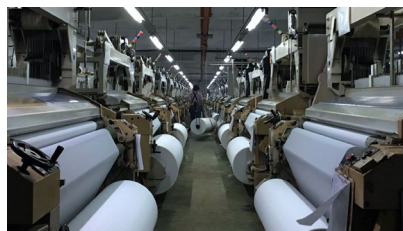
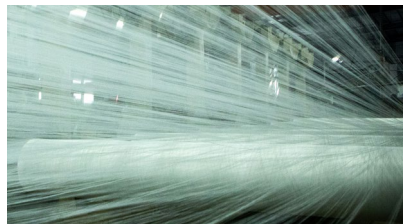
Use recycled plastic bottles.

PET pellets are re-made using environmentally friendly processes and can be widely used after spinning and weaving.



ECONYL® - Ocean Regenerated Nylon

Ho Yu Textile has long been committed to the research of eco-friendly textiles. We are also dedicated to helping reduce the pollution of marine environments caused by waste. Therefore, we use ECONYL®, a 100% regenerated nylon made from fishing nets, carpet fluff, and other nylon waste. We aim to provide this sustainable regenerated fabric to the market, hoping that brands can offer beautifully designed products to consumers while also contributing to environmental protection.



GRI Standards Index

SASB Index Table



GRI Standards Index

Statement of Use	Ho Yu Textile Co., Ltd. has reported the content for the period from January 1, 2023, to December 31, 2023, in accordance with the GRI standards.		
GRI 1 Used	GRI 1: Foundation 2021		
Applicable GRI Sector Standards	No applicable GRI Sector Standards		

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
GRI 2: General Disclosures 2021			
Organization and Reporting Practices			
GRI 2: General Disclosures 2021	2-1 Organizational Details	1.1 Company Overview	4
	2-2 Entities Included in the Organization's Sustainability Report	About The Report	1
	2-3 Reporting Period, Frequency, and Contact Person		1
	2-4 Information Restatement	NA	-
	2-5 External Assurance/Verification	This report has not been externally assured/verified	1
Activities and Workers			
GRI 2: General Disclosures 2021	2-6 Activities, Value Chain, and Other Business Relationships	1.1 Company Overview	4
		2.4 Supply Chain Management	25
	2-7 Employees	3.1 Happy Workplace	47
	2-8 Workers Who Are Not Employees		48

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
Governance			
GRI 2: General Disclosures 2021	2-9 Governance Structure and Composition	2.1 Corporate Governance Structure	17
	2-10 Nomination and Selection of the Highest Governance Body		19
	2-11 Chair of the Highest Governance Body		19
	2-12 Role of the Highest Governance Body in Overseeing Impact Management	1.2 Sustainable Governance	9
	2-13 Delegation of Responsibility for Impact Management		9
	2-14 Role of the Highest Governance Body in Sustainability Reporting		9
	2-15 Conflict of Interest	2.1 Corporate Governance Structure	19
	2-16 Communication of Critical Concerns	1.2 Sustainable Governance	11
	2-17 Collective Knowledge of the Highest Governance Body	2.1 Corporate Governance Structure	19
	2-18 Evaluation of the Performance of the Highest Governance Body	The company has not yet conducted a board performance evaluation.	-
	2-19 Remuneration Policies	3.1 Happy Workplace	49
	2-20 Remuneration Decision-Making Process		49
	2-21 Annual Total Remuneration Ratio	Due to confidentiality considerations, it is not disclosed.	-
Strategies, Policies, and Practices			
GRI 2: General Disclosures 2021	2-22 Statement of Sustainable Development Strategy	Message from the Chairman	2
	2-23 Policy Commitment	3.3 Human Rights Protection	66
	2-24 Embedding Policy Commitments		66

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	1.3 Stakeholder Identification and Engagement	13
	2-26 Mechanisms for Seeking Advice and Raising Concerns		13
	2-27 Compliance with Laws and Regulations	2.3 Compliance and Integrity Management	23
	2-28 Membership of Associations	1.1 Company Overview	7
Stakeholder Engagement			
GRI 2: General Disclosures 2021	2-29 Approach to Stakeholder Engagement	1.3 Stakeholder Identification and Engagement	12
	2-30 Collective Bargaining Agreements	Ho Yu Textile has not signed a collective bargaining agreement.	-
GRI 3: Material Topics 2021			
GRI 3: Material Topics 2021	3-1 Process for Determining Material Topics	1.4 Identification of Material Sustainability Topics	14
	3-2 List of Material Topics		15
Supply Chain Management			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.4 Supply Chain Management	25
GRI 204: Procurement Practices 2016	204-1 Proportion of Spending on Local Suppliers		29
GRI 308: Supplier Social Assessment 2016	308-1 New Suppliers That Were Screened Using Environmental Criteria		30
	308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken		30
GRI 414: Supplier Social Assessment 2016	414-1 New Suppliers That Were Screened Using Social Criteria		30
	414-2 Negative Social Impacts in the Supply Chain and Actions Taken		30

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
Product Quality and Safety			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.6 Product Responsibility and Safety	35
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the Health and Safety Impacts of Product and Service Categories		35
	416-2 Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services		35
GRI 417: Marketing and Labeling 2016	417-1 Requirements for Product and Service Information and Labeling		39
	417-2 Incidents of Non-compliance Concerning Product and Service Information and Labeling		39
	417-3 Incidents of Non-compliance Concerning Marketing Communications		39
Occupational Safety and Health			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	3.2 Occupational Safety and Health	54
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System		54
	403-2 Hazard Identification, Risk Assessment, and Incident Investigation		58
	403-3 Occupational Health Services		59
	403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety		59
	403-5 Worker Training on Occupational Health and Safety		61
	403-6 Promotion of Worker Health		62
	403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships		62

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
GRI 403: Occupational Health and Safety 2018	403-8 Workers Covered by an Occupational Health and Safety Management System	3.2 Occupational Safety and Health	63
	403-9 Work-related Injuries		63
	403-10 Work-related Ill Health		63
Human Rights Protection			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	3.3 Human Rights Protection	35
Climate Change Response			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	4.1 Climate Change Adaptation (TCFD)	75
GRI 201: Economic Performance 2016	201-2 Financial Implications and Other Risks and Opportunities Due to Climate Change		76
Energy Management			
GRI 3 : Material Topics 2021	3-3 Management of Material Topics	4.2 Energy Managemen	81
GRI 302: Energy 2016	3302-1 Energy Consumption Within the Organization		81
	302-3 Energy Intensity		83
	302-4 Reduction of Energy Consumption		84
	302-5 Reducing Energy Requirements of Products and Services		84
Water Resource Management			
GRI 3 : Material Topics 2021	3-3 Management of Material Topics	4.3 Water Resource Management	85
GRI 303: Water and Effluents 2018	303-1 Interactions with Water as a Shared Resource		86
	303-2 Management of Water Discharge-Related Impacts		87

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
GRI 303: Water and Effluents 2018	303-3 Water Withdrawal	4.3 Water Resource Management	87
	303-4 Water Discharge		87
	303-5 Water Consumption		87
Waste Management			
GRI 3 : Material Topics 2021	3-3 Management of Material Topics	4.4 Waste Management	88
GRI 306 : Waste 2020	306-1 Waste Generation and Significant Waste-related Impacts		88
	306-2 Management of Significant Waste-related Impacts		89
	306-3 Waste Generated		89
	306-4 Waste Diverted from Disposal		89
	306-5 Waste Directed to Disposal		89
Hazardous Substance Management			
GRI 3 : Material Topics 2021	3-3 Management of Material Topics	4.5 Chemical Substance Management	91
General Topics			
Customer Relationship Management			
GRI 418: Customer Privacy 2016	418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	2.8 Customer Relationship Management	44
Happy Workplace			
GRI 401: Employment 2016	401-1 New Hires and Employee Turnover	3.1 Happy Workplace	48
	401-2 Benefits Provided to Full-Time Employees (Excluding Temporary or Part-Time Employees)		51

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
GRI 401: Employment 2016	401-3 Parental Leave	3.1 Happy Workplace	52
GRI 402: Labor/Management Relations 2016	402-1 Minimum Notice Period Regarding Operational Changes		53
GRI 404: Training and Education 2016	404-1 Average Hours of Training per Employee per Year		53
	404-2 Programs for Improving Employee Skills and Transition Assistance		52
	404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews		50
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees	2.1 Corporate Governance Structure	19
		3.1 Happy Workplace	47
	405-2 Ratio of Basic Salary and Compensation of Women to Men	3.1 Happy Workplace	49

SASB Index Table

Industry: Apparel, Accessories & Footwear

Disclosure Topic	Code	Corresponding Metric	Corresponding Section	Page Number
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	4.5 Chemical Substance Management	92
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in product		92
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	The company has not yet implemented a comprehensive statistics system, therefore, accurate data is not available for disclosure.	-
	CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment		-
Labor Conditions in the Supply Chain	CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	The company has not yet implemented a comprehensive statistics system, therefore, accurate data is not available for disclosure.	-
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits		-
	CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain		-
Raw Materials Sourcing	CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material (2) Environmental or social factor(s) most likely to threaten sourcing (3) Discussion on business risks or opportunities associated with environmental or social factors (4) Management strategy for addressing business risks and opportunities	The company has not yet implemented a comprehensive statistics system, therefore, accurate data is not available for disclosure.	-
	CG-AA-440a.4	(1) Amount of priority raw materials purchased, by material (2) Amount of each priority raw material that is certified to a third-party environmental or social standard, by standard.		-
Code		Activity Metrics	Corresponding Section	Page Number
CG-AA-000.A		NUMBER OF (1) TIER 1 SUPPLIERS AND (2) SUPPLIERS BEYOND TIER 1	There are 89 first-tier suppliers; Suppliers beyond the first tier have not been statistically recorded.	-

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