



YAO-I FABRIC CO., LTD

Sustainability Report

2024

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About This Report

YAO-I FABRIC CO., LTD. (hereinafter referred to as “YAO-I” or “the Company”) has published its Sustainability Report annually since 2021. This report is designed to address the interests and expectations of key stakeholders—including employees, customers, shareholders, suppliers, government agencies, and other relevant parties—regarding the Company’s ongoing efforts and forward-looking strategies across three core dimensions: Environmental, Social, and Governance (ESG). For the latest information on YAO-I’s sustainability practices and performance, please visit the “Sustainability” section of our official website.

Reporting Period and Organizational Scope

· Reporting Period

This report primarily covers the operations of YAO-I FABRIC CO., LTD. at its sites located in Taiwan. Unless otherwise stated, the data and content disclosed here in reflect activities and performance during the 2024 calendar year (January 1 to December 31, 2024). To ensure data completeness and comparability, certain performance indicators have been retrospectively included from 2022 or extended to reflect the most recent available information in 2025, where relevant.

· Reporting Boundaries

The information disclosed includes all operational sites in Taiwan. If the scope of disclosure differs from this, it will be specified within the respective section.

Office Address	Address
Head Office	No.334, Sec.6, Zhangmei Rd.,Hemei Township, Changhua County 508014, Taiwan R.O.C
Homei Factory	No. 766, Demi Rd.,Hemei Township, Changhua County 508009, Taiwan R.O.C
Changbin Factory	No. 13, Lugong North 1st Road.,Lukang Township,Changhua County 505029 Taiwan R.O.C

Reporting Standard

· This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 and refers to the Sustainability Accounting Standards Board (SASB) standards issued by the IFRS Foundation for industry-specific disclosures. In addition, the report adopts the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), to identify and disclose climate-related risks and opportunities. For detailed indexing and cross-referencing of the standards, please refer to the tables in the appendices.

Reporting Assurance

All information and data presented in this report have been independently collected and compiled by YAO-I's operational sites. These data were reviewed and consolidated by the Sustainability Implementation Task Force under the oversight of the Sustainability Development Committee, and formally approved by the Chairman of the Board prior to publication. Some of the statistical data are sourced from the Company's Annual Shareholders' Meeting Report, as well as public disclosures by government agencies and relevant official websites. Financial data have been prepared in accordance with the International Financial Reporting Standards (IFRS) and audited by PwC Taiwan (PricewaterhouseCoopers Taiwan).

Unless otherwise noted, all monetary figures are expressed in New Taiwan Dollars (NTD). As YAO-I is not currently subject to mandatory third-party assurance, external verification has not been conducted; however, such assurance may be considered in the future based on actual needs.

Contact information

YAO-I welcomes your feedback and suggestions regarding this report or the Company's ongoing sustainability efforts. Please feel free to reach out to us through the following channels:

YAO-I FABRIC CO., LTD

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Email: esg@yaoi.com.tw

Website: www.yaoi.com.tw

Publication Date

YAO-I publishes its Sustainability Report annually. To download previous editions, please visit the "Sustainability" section on our official website.

- First edition published: October 2022
- Current edition released: August 2025
- Next edition scheduled: Expected publication in August 2026

Significant Changes in the Report

There were no significant restatements or revisions in this reporting year. Should any future updates, restatements, or disclosure modifications arise, details will be clearly indicated in the corresponding sections of the report, including explanations and page references.

Company Milestones

2022 – New factories in Taiwan and Dongguan(China) were completed and opened

2022 – Received the SHOPLINE Outstanding Brand Style Awards

Bronze Award for Social Responsibility

2022 – SUFIX 91 was awarded Best Fishing Line by EFTTEX

2022 – SUFIX Recycling was awarded Best Fishing Line by EFTTEX

2024 – SUFIX Revolve was awarded Best Fishing Line by ICAST

For more information, please visit the Company's official website.

Message from the Chairman



王昭仁

CHAIRMAN : Chao-Jen Wang

Since the global outbreak of COVID-19, communities, industries, and individuals—regardless of age, gender, size, or geography—have experienced varying degrees of disruption. This crisis has underscored the inextricable link between business operations, consumer behavior, and the broader dynamics of society. At the same time, the escalating impacts of climate change have brought growing threats to our environment and daily lives.

In recent years, Environmental, Social, and Governance (ESG) principles have become a cornerstone of responsible corporate management around the world. Since its founding, YAO-I has always prioritized sustainable development as its core goal. As a responsible corporate citizen, we are deeply committed to advancing sustainable products, environmental stewardship, social engagement, and creating a fulfilling workplace.

To put our sustainability vision into practice, we established the ESG Sustainability Development Committee in 2021. This committee ensures that ESG issues are fully integrated into our corporate strategies through comprehensive planning and implementation.

We firmly believe that by fulfilling our corporate social responsibilities and pursuing sustainable growth, we can work hand in hand with you to build a cleaner, healthier environment and a safer, more convenient society—together shaping a better future for all life on Earth.

2024 Sustainability Performance and Highlight

E nvironment

- Annual energy-saving projects saved 61.39 metric tons of CO₂e
- Invested NT\$1 million in energy efficiency
- Reduced daily water usage from 96 tons to 0.5 tons through water-saving project, saving approx. 25,212 tons/ year
- Invested NT\$100,000 in water conservation efforts
- Introduced digital approval workflows to reduce paper consumption

S ocial

- Employee turnover rate decreased by 1.34 %
- Implemented a contractor management system to strengthen workplace safety controls
- Employees obtained a total of 75 professional certifications related to occupational safety and high-risk operations
- 877 participants received occupational safety training, totaling 2,563 training hours
- Launched an industry-academia collaboration project with National Taipei University of Technology
- Achieved a customer satisfaction score of 9.84 in 2024
- Donated 100 pet mats and contributed a total of NT\$ 21,127 to charitable causes

G overnance

- Honored by the Industrial Development Administration, Ministry of Economic Affairs, as a "Manufacturer with Over 50 Years of Heritage"
- In 2024, the 7th Board of Directors approved the "Sustainability Information Management Procedures"
- First-time adoption of TCFD (Task Force on Climate-Related Financial Disclosures) framework
- 100% completion :23 existing suppliers signed the Supplier Commitment Letter
- Implemented MSA (Measurement System Analysis) to enhance inspection consistency and product quality stability

Sustainability Strategy and Practices

1.1 Sustainability Policy and Commitment

- Net-zero carbon emissions have become a global consensus, and addressing climate change is an increasingly critical worldwide concern. The textile industry is actively moving toward environmentally sustainable practices, green energy production, and low-carbon products—key factors in enhancing international competitiveness. At YAO-I, we uphold six (6) core management philosophies: “Unity and Cooperation, Proactive Action, Wholehearted Commitment, Innovative Breakthroughs, Quality Leadership, and Shared Glory with YAO-I.” We pursue sustainable and steady corporate growth by actively developing innovative technologies and producing uniquely market-differentiated products, expanding diverse customer bases, and integrating resources. Through technical cooperation with global industry leaders, we are establishing a worldwide presence aimed at achieving a sustainable vision that balances economic environmental and social benefits.

1.1.1 Sustainability Goals and Vision

- In terms of Environmental (E) protection, YAO-I continuously promotes process improvements and circular economy measures within its factories, focusing on water conservation, energy efficiency, and carbon reduction. We also incorporate advanced technologies such as AI simulation and digital transformation to enhance energy utilization and overall production efficiency. Regarding Social (S) responsibility, we are committed to creating a friendly and fulfilling workplace environment, continually attracting and recruiting outstanding talent, strengthening training programs related to professional skills and new technologies, and fostering diverse expertise. Employee welfare and health care are also prioritized to ensure every staff member can contribute effectively and thrive in their roles.

From a Governance (G) perspective, we uphold principles of integrity and focus on protecting shareholder rights. We are progressively strengthening the board's functions, improving transparency in financial and operational information, continuously optimizing management systems, and respecting the rights of all stakeholders to implement robust and sound governance.

Dimension		Indicator	Management Approach	Short-term Goals (3 years)	Long-term Goals (5 years)	2024 Goals	2024 Achievements
E	Improve Energy Efficiency	Enhancing energy efficiency helps reduce resource consumption and operating costs. Through carbon reduction initiatives, the Company can lower GHG emissions and environmental impact, while strengthening its sustainability competitiveness.	Optimize processes and replace high-energy equipment; install solar and water recycling systems.	Install solar panels, wastewater recycling, and air pollution treatment systems	Implementation of AI-Controlled Systems for Water Recycling and Air/Water Pollution Management	Replace fan oven motors with energy-saving inverters	Achieved
S	Retain Outstanding Talent	Retaining top talent enables continuous knowledge and skills accumulation, enhancing team competitiveness and strengthening customer relationships for long-term market advantage.	Foster a positive workplace by obtaining "Healthy Workplace Certification"	Obtain certification	Maintain certification.	Hold 3 holiday-themed employee engagement event	Achieved
G	Shareholder Rights	Strengthening shareholder rights enhances transparency and trust in governance, prompting internal risk reviews and driving corrective actions that improve corporate resilience.	Align with TWSE evaluation framework; enhance governance and disclosures	Achieve 66–80% governance score.	Achieve 66–80% governance score.	Achieve governance score.81~100%	Achieved

Sustainability Governance Structure

In 2021, YAO-I established the ESG Sustainability Committee, composed of senior executives, to lead sustainability planning and implementation. The committee develops policies, promotes actions, and prepares the ESG report per regulations. It meets annually to update the Board on progress, goals, and plans. Reports are published on the Company website for public access.

1.2 Stakeholder Engagement and Materiality Assessment

1.2.1 Stakeholder Identification and Engagement

■ YAO-I believe that effective stakeholder engagement is a critical foundation for sustainable development. Open and transparent dialogue enables us to better understand and respond to the needs and expectations of various stakeholder groups, thereby enhancing trust and accountability. YAO-I I follows the GRI Standards and adopts the AA1000 Stakeholder Engagement Standards as the framework for identifying, prioritizing and communicating with stakeholders. Based on these principles, we have identified five (5) key stakeholder groups:

- Employees · Customers
- Shareholders · Suppliers · Government agencies

We utilize a variety of communication channels—including annual shareholder meetings, direct interviews, and awareness sessions—to actively collect stakeholder feedback. By maintaining timely responses to public concerns and enhancing information transparency, we aim to foster stable, long-term partnerships and promote shared value with all stakeholders.

Stakeholder Engagement Summary

Stakeholder Group	Significance to YAO-I	Communication Channel / Frequency	Key Issues & Response Sections	
Employees	Employees are the Company's most valuable asset. We aim to foster loyalty and a shared vision by enhancing employee benefits and career development	<ul style="list-style-type: none"> · Training (irregular) · Labor-management meetings (quarterly) · OSH committee (quarterly) · Welfare committee (quarterly) · Labor pension supervision committee. (monthly) · Internal EIP platform (irregular) 	Occupational Safety and Health	6.4 Occupational health
			Legal Compliance	2.2 Legal Compliance and Business Ethics
			Data Privacy & Security	2.4 Data privacy & Security

Stakeholder Group	Significance to YAO-I	Communication Channel / Frequency	Key Issues & Response Sections	
Shareholders	Shareholders, investors, and financial institutions are key sources of capital. Strong financial performance reinforces company value and ensures stable funding.	<ul style="list-style-type: none"> Spokesperson (as needed) IR Unit (as needed) Annual Shareholders' Meeting(annually) Investor website (as needed) Market Observation Post System (monthly) Investor conference (annually) 	Legal Compliance	2.2 Legal Compliance and Business Ethics
			Economic. Performance	2.1 Operational. Performance
			Supply Chain. Management	2.1 Operational. Performance
Customers	Customer trust is essential for sales and profitability. YAO-I aims to lead the market by enhancing clients' brand value through product innovation.	<ul style="list-style-type: none"> Client meetings (as needed) Trade shows (as needed) Customer satisfaction surveys (annually) Client Audits (as needed) 	Product Quality & Safety	3.2 Product Quality & Safety
			Legal Compliance	2.2 Legal Compliance. and dignity in products
			Business Ethics	2.2 Legal Compliance. and dignity in products
Suppliers	Partners' raw materials and services are critical to innovation. We work closely with suppliers to promote sustainability and shared value.	<ul style="list-style-type: none"> Supplier evaluations (annually) Transparent procurement (ongoing) MSDS disclosure (as needed) Penalty clauses (as needed) 	Product Quality & Safety	3.2 Product Quality & Safety. management
			Customer Relations	5.2 Customer Relations
			GHG Emissions. Management	
Government Agencies	YAO-I values cooperation with regulators to ensure compliance, fulfill social responsibility, and avoid legal, financial, or operational risks.	<ul style="list-style-type: none"> MOPS & Website (monthly) Official Documents (as needed) Regulatory Seminars (as needed) Data Filing (as needed) 	Legal Compliance	2.2 Legal Compliance and Business Ethics
			Product Quality &. Safety Occupational Health & Safety	3.2 Product Quality & Safety 6.4 Health Workplace

1.2.2 Material Topics Identification and Assessment

■ YAO-I aligns its sustainability strategy with leading international standards and evolving global trends. Our materiality assessment process is based on the GRI Standards, SASB Standards, Sustainable Development Goals (SDGs), and the Task Force on Climate-related Financial Disclosures (TCFD), ensuring that our business direction stays consistent with global benchmarks and industry developments.

In addition to actively collecting and integrating feedback from stakeholders, YAO-I conducts benchmarking analysis on peer companies' sustainability strategies and performance. This allows us to enhance the foresight and competitiveness of our own ESG approach.

To ensure a robust identification process, we conducted a stakeholder survey to gather views on material issues across the three ESG pillars: Environmental, Social, and Governance. A dual-assessment methodology—involving both internal management and external stakeholders—was adopted to evaluate the significance and impact of each topic.

【Step 1: Identification of Potential Sustainability Topics】

Based on international sustainability standards and trends, combined with the company's industry characteristics, YAO-I has identified 19 actual and potential sustainability topics. These topics comprehensively cover the three ESG dimensions: Environmental, Social, and Governance.

<div>E</div> <div>nvironment</div>	<div>S</div> <div>ocial</div>	<div>G</div> <div>overnance</div>
<ul style="list-style-type: none"> · Greenhouse Gas Emissions Management · Energy Management 	<ul style="list-style-type: none"> · Talent Recruitment and Training · Occupational Health and Safety · Product Quality and Safety 	<ul style="list-style-type: none"> · Economic Performance · Business Ethics · Risk Management
<ul style="list-style-type: none"> · Water Resource Management · Waste Management 	<ul style="list-style-type: none"> · Diversity and Inclusion · Customer Relationship Management 	<ul style="list-style-type: none"> · Regulatory Compliance · Corporate Governance
<ul style="list-style-type: none"> · Green Products Development 	<ul style="list-style-type: none"> · Community Engagement and Philanthropy · Information Security and Customer Privacy 	<ul style="list-style-type: none"> · Supply Chain Management Climate Change Risk

【STEP 2: Stakeholder Survey on Topic Importance】

Based on the ESG topics identified in Step 1, YAO -I assessed the actual and potential positive or negative impacts of each issue across the economic, environmental, and social (including human rights) dimensions.

A structured questionnaire was distributed to internal management and five (5) key stakeholder groups to evaluate each topic's perceived level of importance. After excluding invalid responses, a total of 138 valid questionnaires were collected, representing a response rate of 76.67%.

- Respondent breakdown:
- Internal Management: 12 · Employees: 106
- Customers: 10 · Shareholders: 4
- Suppliers: 5 · Government Agencies: 1

【STEP 3: Analysis and Identification of Material Topics】

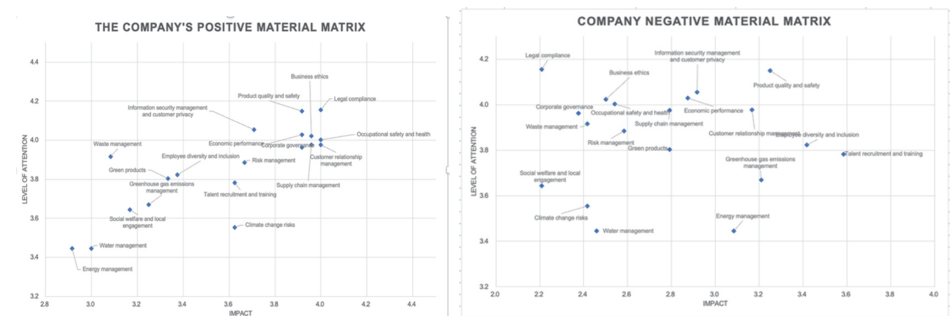
Through stakeholder surveys and dialogue, YAO-I conducted a weighted evaluation of each sustainability topic based on its level of stakeholder concern and potential business impact.

This process allowed us to assess both the significance and influence of each issue on the Company's operations.

Following internal analysis and in-depth discussions by senior management, the findings were further reviewed in the context of industry trends to finalize the materiality prioritization.

As a result, YAO-I has identified the following six (6) most material topics for 2024, representing our core focus areas in sustainable development:

- Regulatory Compliance
- Product Quality and Safety
- Occupational Health and Safety
- Business Ethics
- Customer Relationship Management
- Economic Performance



2024 Positive Material Matrix and Negative Material Matrix

【STEP 4: Reporting and Disclosure】

Based on the analysis of material topics, YAO-I discloses the management policies and relevant information of the six key issues in the corresponding chapters of the sustainability report for stakeholder reference. The company integrates the 2024 identified material topics into its ESG policies, implementation strategies, and long-term sustainability goals to ensure comprehensive execution of its sustainability commitments and continued steady growth.

2024 Key Topics Impact Description

Key Topic	Impact Description		Disclosure Section
E. Environment			
2024 non environment issues			
S. Social			
Product quality and safety	+	Stable product quality can significantly enhance customer satisfaction and trust.	3.2 Product Quality and Safety Management
	—	Poor product quality may increase customer complaints, reduce a customer trust, and lead to order loss	
Occupational Health and Safety	+	A robust OH&S management system helps ensure worker safety, reduce occupational risks, and improve retention and satisfaction, supporting corporate image and stability.	6.4 Healthy Workplace
	—	Workplace accidents can harm health, productivity, and expose the company to legal and reputational risks.	
Customer Relationship Management	+	Proactive and responsive engagement strengthens loyalty, brand value, and future sales opportunities.	5.2 Customer. Relationship Management
	—	Failure to respond may increase complaints, reduce trust, and harm competitiveness.	
G. Governance			
Regulatory Compliance	+	Adhering to laws supports positive brand image, operational stability, and stakeholder trust.	2.2 Compliance & Business Ethics
	—	Violations may result in fines, lawsuits, disruptions, or reputational damage.	
Business Ethics	+	Strong ethics systems build trust and protect stakeholder interests.	2.2 Compliance & Business Ethics
	—	Weak controls risk internal misconduct, stakeholder harm, regulatory breaches, and penalties.	
Economic Performance	+	Strategic planning boosts competitiveness and revenue.	2.1 Operational. Performance
	—	Poor execution may harm performance and business growth.	

Corporate Governance

2.1 Operational Performance

2.1.1 Company Overview

■ Founded in November, 1973, YAO-I is headquartered in Hemei Township, Changhua County, Taiwan. With a solid operational history of over 50 years, YAO-I has expanded its business into three (3) major divisions:

- Filament Division
- Innovation & Development Division
- Staple Fiber Division

YAO-I's main product portfolio includes:

- Fishing lines, trimmer lines, and nylon threads
- Industrial yarns
- Racket strings (for badminton and tennis)
- Mattresses, pet accessories, and a wide range of elastic webbings, nonwoven fabrics, and their related applications

These products are manufactured, marketed, and exported worldwide, serving both consumer and industrial markets.

Company Information

Company Name	YAO -I FABRIC CO., LTD.
Stock Code	TWSE: 4430. TW
Established	November 23, 1973
Headquarters	No. 334, Sec. 6, Changmei Rd., Hemei Township, Changhua County 508014, Taiwan
Paid-in Capital	NT\$562,736,000
Annual Revenue	NT\$2,089,634,000
Number Employees	YAO-I Group Total 1,229 employees (March 31, 2025)
Main Business Activities	Sporting Goods, Industrial Threads, Nylon Lines, Fishing Lines, Trimmer Lines, and Related Products

Main Products & Key Applications

Fishing Line



Racket String



Trimmer Line



Industrial Threads



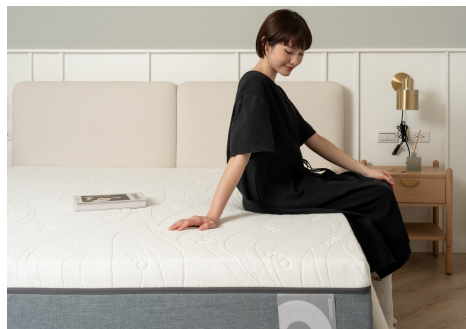
Nonwoven Fabrics



Conductive Products



Bedding Products



Pet Supplies



For detailed product information, please refer to:

- Page 59 of the 2024 Annual General Shareholders' Meeting Report
- The Products & Services section of the official YAO-I website or the QSHION website.



QSHION website.

Participation in Industry Associations, Non-Profit Organizations, and Advocacy Initiatives

As an active member of the industry, YAO-I FABRIC CO., LTD. not only strives for excellence in its core business operations but also actively engages in external collaborations. By participating in industry associations and nonprofit organizations, the Company aims to foster shared progress and sustainable development across the sector. The following table summarizes YAO-I’s involvement in key associations and advocacy groups.

Industry Association and Nin-Profit participation

Organization	Role
Changhua County Lukang Changbin Industrial Zone Manufactures Association	Member
Yunlin County Long-Term Care Institutions Development Association	Adviser
Changhua County Medical Equipment Commercial Association	Member
Changhua Police Friends Association	Member

Market Overview

In 2024, the market faced short-term growth challenges due to global economic cycles, inflationary pressures, the ongoing U.S.-China trade conflict, and weakened end-market demand. Despite these headwinds, YAO-I FABRIC CO., LTD. has continued to invest in innovation and product development, focusing on critical production technologies, optimizing manufacturing processes, and improving overall efficiency. These efforts reflect the Company’s core vision of becoming a “Specialist in Thread.” Looking ahead to 2025, YAO-I remains committed to its principles of integrity and responsible management. The Company will continue to enhance its operational management and process efficiency. As global market conditions gradually recover, the Company’s strategic initiatives are expected to yield positive outcomes, supporting stable revenue and profit growth.

Global Scale

YAO-I FABRIC CO., LTD. possesses strong and stable production capabilities, operating five(5) manufacturing bases located in Changhua (Taiwan), Dongguan (China) and Changxing (China), and Vietnam. Our products are distributed to over 60 countries worldwide. In 2024, the Company focused on maximizing utilization across all production lines to increase operational efficiency, effectively mitigate risks related to raw material price fluctuations, and maintain solid performance amid a challenging global environment.

Looking ahead, the Company aims to strengthen partnerships with brand supply chain manufacturers by integrating upstream resources, thereby enhancing customer supply chain effectiveness and responsiveness to market trends and future product developments. To meet evolving market demands, YAO-I will also evaluate capacity expansion opportunities, including the feasibility of setting up production facilities near customer locations. These actions are expected to further improve the flexibility and resilience of our global supply chain, while increasing overall service efficiency and competitiveness.

Annual Output and Sales Markets Main Sales Regions

In 2024, YAO-I's primary sales market remained Asia, accounting for approximately 40.26% of total sales. As market demand gradually recovered and inventory levels normalized, total sales revenue experienced a notable uplift.

Sales Revenue by Region (Unit: NT\$ 1,000 ; Percentage %)

Year		2022		2023		2024	
Region		Revenue	% of Total	Revenue	% of Total	Revenue	% of Total
Domestic	Taiwan	192,510	9.29%	118,749	6.26%	130,907	6.26%
Export	USA	458,722	22.15%	440,811	23.23%	440,258	21.07%
	Asia	840,917	40.59%	796,253	41.97%	841,206	40.26%
	Europe	396,310	19.13%	367,357	19.36%	628,301	30.07%
	Others	183,184	8.84%	174,165	9.18%	48,962	2.34%
Total		2,071,643	100.00%	1,897,335	100.00%	2,089,634	100.00%
Note: Percentage % = (Revenue from each Region / Total annual revenue)							

Revenue Composition by Products Category (Unit: NT\$ 1,000; Percentage %)

Year		2022		2023		2024	
Category		Revenue	% of Total	Revenue	% of Total	Revenue	% of Total
Fishing line		724,675	34.98%	584,530	30.81%	581,328	27.82%
Badmintons /Tennis strings		210,687	10.17%	113,473	5.98%	168,514	8.06%
Industrial Thread		660,789	31.90%	174,136	9.18%	245,936	11.77%
Nonwoven Fabric Products		270,782	13.07%	843,260	44.44%	911,878	43.64%
Others		204,710	9.88%	181,936	9.59%	181,978	8.71%
Total		2,071,643	100.00%	1,897,335	100.00%	2,089,634	100.00%
Note: Percentage % = (Revenue from each product / Total product revenue for the year)							

2.1.2 Financial Performance

Key Topic: Economic Performance

Topic Significance	YAO-I is committed to establishing stable supply-demand partnerships based on mutual benefit with customers. By deepening collaborative relationships and improving operational efficiency, the company strengthens its economic performance, which is viewed as a core driver for consistent profitability and long-term sustainable development.
Policy / Commitment	Company philosophy is built on: "Teamwork, Action, Dedication, Innovation, Quality, and Shared Success." All employees are encouraged to innovate within their roles, striving for long-term, stable profitability together with customer through outstanding products.
Goals	<p>Short-Term Goals</p> <ul style="list-style-type: none"> · Achieve profitability (no after-tax losses) for the fiscal year · Increase revenue by 20% compared to the previous year · Continue implementing cost-reduction and efficiency-enhancing measures. <p>Mid- to Long-Term Goals</p> <ul style="list-style-type: none"> · Continue investing in R&D to maintain competitiveness · Actively expand into new markets to diversify the customer base and reduce concentration risks · Optimize internal management systems to improve organizational efficiency · Deepen cooperation with global corporations to ensure steady revenue and profit growth.
Action Plans	<ul style="list-style-type: none"> · Continuous investment in innovation and development with a focus on key production technologies, process optimization, and overall efficiency · Completion of equipment upgrades and process improvements to enhance productivity and product quality.
2024 Performance Results	<ul style="list-style-type: none"> · Revenue increased by 10.14% , reaching NT\$2.09 billion · YAO-I (Vietnam) completed major equipment upgrades and process improvements · New factory in ACO (Advanced Composite Optimization)began operations and is contributing steadily to revenue · Strengthened cooperation with IKEA, expanding the use of non-woven fabric in furniture and lifestyle products
Communication Channels	A dedicated contact email is provided on the company website for employees and stakeholders to ask questions or raise concerns.

Operating Performance

Overall, the Group's Long-Fiber Business Unit, Short-Fiber Business Unit, and Innovation Division increased 10.14% compared to the previous year. In 2024, the Group recorded consolidated operating revenue of NTD 2.09 billion. The net loss after tax for the period was NTD 32.439 million, with an earnings per share (EPS) of NTD -0.58.

Financial Performance Over the Past Three Years

Unit: NT\$ 1,000

Item/Year		2022	2023	2024
Operating Revenue		2,071,643	1,897,335	2,089,634
Operating Costs		1,666,612	1,622,044	1,722,741
Gross Profit		405,031	275,291	366,893
Operating Express		465,184	452,890	418,787
Operating (Loss)		(60,153)	(177,599)	(51,894)
Non-operating Income / Express		61,889	(27,170)	14,348
Net Profit before tax		1,736	(204,769)	(37,546)
Income Tax Expense		(7,704)	(44,701)	5,107
Net profit after tax		9,440	160,068	(32,439)
Earnings per share (EPS)		0.17	(2.84)	(0.58)
Employee Compensation & Benefits	Salaries	439,680	410,234	447,546
	Insurance Premiums	30,563	35,129	30,926
	Pensions Contributions	30,113	32,315	33,483
	Others Employee Benefits	28,543	28,217	25,812
Payments to Capital Providers	Interest Payments	25,349	36,844	38,432
	Dividend Payments	28,137	28,137	28,137
Payments to Government		26,559	2,772	743
Community Investment		0	0	0
Payments to Government: Includes income tax, business tax, tariffs, fines, etc.				

Three – Year Financial Structure and Profitability Analysis

Unit: NT\$1,000

Item/Year		2022	2023	2024
Financial	Debt to Asset Ratio (%)	47.28	50.00	49.92
Structure	Long-term Capital to Fixed Asset Ratio (%)	135.61	131.61	137.62
Profitability	Return on Assets (ROA) (%)	0.74	(3.46)	(0.05)
	Return on Equity (ROE) (%)	0.47	(8.31)	(1.79)
	Pre-tax Profit to Paid-in Capital (%)	0.31	(36.39)	(6.67)
	Net Profit Margin (%)	0.46	(8.44)	(1.55)
	Earnings Per Share (EPS) (NTD)	0.17	(2.84)	(0.58)

Government and Industry Association Subsidies

In 2024, YAO-I received subsidies totaling NT\$489,660 from the Importers and Exporters Association of Taipei (IEAT), Taiwan Textile Federation (TTF), and the Occupational Safety and Health Administration, Ministry of Labor, to cover exhibition-related expenses and on-site health service costs.

2.1.3 Tax Policy and Information

Tax Policy

- To effectively manage tax risks, create long-term corporate value, and fulfill sustainability and corporate social responsibility commitments, YAO-I has established and implemented a Tax Governance Policy. Tax-related information is disclosed through financial reports and corporate sustainability communication channels to stakeholders, enhancing transparency and protecting the rights and interests of the company and its investors.

YAO-I Tax POLICY

Compliance First

we commit to complying with the tax laws and regulations of all operating regions.

Integrity and Transparency

We disclose tax information through financial statement and sustainability reports enhance transparency.

Risk Management

We proactively assess and manage tax-related risks to protect stakeholder and company Interests.

Sustainable Development

We integrate tax governance with our sustainable development strategy and actively fulfill our corporate social responsibilities.

Tax Performance Over the Past Three Years

Unit: NT\$ 1,000

Item		2022	2023	2024
Pre-tax Profit (loss)		1,736	(204,769)	(37,546)
Income Tax	Current Income Tax	(9,494)	3,043	(2,720)
Expense (Benefit)	Deferred Income Tax	17,198	41,658	7,827
Income Tax Paid (Cash Basis)		26,559	2,772	743

2.2 Regulatory Compliance and Business Ethics

2.2.1 Ethical Operations

Material Topic: Business Ethics

Material Topic Relevance	YAO-I firmly adheres to the principle of integrity, building trust-based relationships with customers, suppliers, and partners. The company believes that long-term, stable, and mutually beneficial cooperation can only be achieved on a foundation of honesty and trust.
Policy / Commitment	YAO-I has established a “Code of Ethical Conduct” and “Integrity Management Guidelines” for all employees to follow. These are regularly promoted through internal meetings led by dedicated departments.
Goals	Short-Term Goals <ul style="list-style-type: none"> · Institutionalize regular operations of the Sustainability Committee to support future system development and annual reviews. · Promote integrity through training, education, and internal communication across all levels of staff.
	Mid- to Long-Term Goals <ul style="list-style-type: none"> · Maintain and enhance the achievements of short-term efforts.
Action Plans	<ul style="list-style-type: none"> · Regularly convene Board of Directors meetings (at least once per quarter) to review major business decisions, assess risk, and examine the company's financial performance. · Hold monthly management meetings to track performance indicators and monitor business operations. · Conduct periodic evaluations and audits of suppliers; those who do not meet standards are required to improve and may be disqualified if necessary. · Regularly assess customer transactions and credit risk. Credit limits are reduced for high-risk customers to manage operational risks.
2024 Performance Results	<ul style="list-style-type: none"> · Legal Compliance and Anti-Corruption: Fully implemented legal compliance procedures with no incidents of corruption or legal violations. · Employee Training and Ethical Culture: Successfully conducted annual integrity and ethics training for employees.
Communication Channels	<ul style="list-style-type: none"> · The company has implemented several formal governance and reporting mechanisms, including: <ul style="list-style-type: none"> “Related Party Transaction Management Policy” “Procedures for Ethical Business Practices and Code of Conduct” “Insider Trading Prevention Policy” <p>In addition, suggestion boxes, dedicated email accounts, and telephone hotlines are established to provide stakeholders with effective feedback and whistleblowing mechanisms, thereby protecting stakeholder rights and strengthening corporate integrity.</p>

Responsible Governance

■ YAO-I upholds principles of integrity, fairness, transparency, and accountability, and is committed to establishing sound corporate governance mechanisms. The company strictly complies with all applicable laws and regulations to ensure that all business activities are conducted with integrity and in accordance with the rules.

Internally, YAO-I has established a comprehensive governance framework that includes

- Corporate Governance Code of Practice
- Board Meeting Rules
- Ethical Business Practice Procedures and Code of Conduct
- Insider Trading Prevention Procedures
- Code of Practice for Sustainable Development
- Executive Management Meeting Guidelines

These serve as the internal basis for our governance practices.

Externally, YAO-I adheres to relevant legal and regulatory standards, including:

- The Company Act
- The Securities and Exchange Act
- Rules for information Reporting of OTC companies
- Procedures for Verification and Disclosure of Material Information of OTC Companies

In 2024, there were no violations of laws or regulations recorded. The company maintains active monitoring of changes in government policies and promptly communicates any updates to relevant managers and employees. The implementation status of such regulations is closely followed and enforced.

Anti-Corruption	YAO-I has established the “Ethical Corporate Management Best Practice Principles,” approved by the Board of Directors, to address business activities within the operational scope that carry a high risk of unethical conduct. The policy explicitly prohibits any form of bribery or fraud, including the acceptance of gifts, kickbacks, or other improper benefits. It also includes regulations for donation activities to ensure transparency and legality. Employees are encouraged to fulfill their civic responsibilities and uphold a corporate culture of integrity
Ethical Business Audits	To implement business integrity, the company has established comprehensive accounting and internal control systems. Each department conducts regular self-assessments, while the internal audit department formulates and executes audit plans based on risk assessment. In addition, external certified public accountants perform annual reviews to verify the effectiveness and compliance of the control mechanisms.
Internal Training and Advocacy	To ensure that employees have a correct understanding of relevant regulations and ethical behavior, YAO-I organizes regular educational training programs. These include sessions on ethical business practices and the prevention of insider trading. The aim is to help employees clearly understand company policies, the importance of integrity, and the consequences of violations.

2.2.2 Regulatory Compliance

Major Topics Regulatory Compliance

Topic Significance	YAO-I is firmly committed to complying with applicable laws and regulations related to workplace safety and health, fire safety, information security, environmental protection, and ethical conduct. The company mandates that all employees uphold these standards in their daily operations.
Policy / Commitment	YAO-I strictly adheres to relevant laws and regulations. Dedicated departments are assigned to monitor regulatory updates and provide timely insights to management for strategic decisions. Compliance is enforced through document revisions, employee training, and internal announcements. Regular audits are conducted by internal auditors to ensure compliance with applicable laws and internal policies.
Goals	Short-Term (Within 1 Year): <ul style="list-style-type: none"> · Establish annual information security targets. · Set short-term safety targets. Temporarily Disabling Incidents: No more than 1 case involving a worker who cannot resume normal duties and must be absent from the workplace for more than one day (including weekends and holidays).
	Mid- to Long-Term (2–3+ Years): <ul style="list-style-type: none"> · Engage external third-party audits to validate compliance systems and verify standard alignment. · Set mid-to-long-term safety targets. Workplace Incidents with Lost Work Hours: No more than 3 cases involving less than one day of lost work due to occupational injury or illness.
Action Plans	<ul style="list-style-type: none"> · Periodically review and update internal procedures and documentation to ensure compliance accuracy and mitigate legal risk. · Conduct regular compliance training and awareness programs to enhance employee understanding and long-term retention. · Continuously improve professional competence within designated departments to strengthen regulatory execution. · Perform scheduled internal audits related to regulatory updates, with findings reported to the Board of Directors and relevant authorities.
2024 Performance Results	<ul style="list-style-type: none"> · Compliance: No major legal violations or fines occurred. · Internal Control: No significant deficiencies found in the internal control system.
Communication Channels	<p>To ensure effective compliance management, YAO-I has designated responsibility areas and departments:</p> <ul style="list-style-type: none"> · Workplace Safety and Health: Occupational Safety Department · Fire Safety: General Affairs Section · Information Security: IT Department · Environmental Protection: Jointly managed by General Affairs and Occupational Safety Departments · Ethical Business Conduct: Legal Department <p>Each unit serves as a specialized contact point to ensure accountability and clear division of responsibilities.</p>

Regulatory Compliance

- The Company establishes various internal management procedures in accordance with the standards of relevant laws and regulations for publicly listed companies and holds itself to management standards that exceed those of the regulations. These include compliance with employee-related laws such as the Labor Standards Act and the Occupational Safety and Health Act, product-related intellectual property laws, trade secret laws, and personal data protection laws, as well as regulations related to corporate governance and operations. The Company continuously adjusts its compliance measures to respond to regulatory changes, ensuring that employees are aware of and comply with laws related to operations through revisions to relevant internal control documents, education and training, and the issuance of compliance announcements. To ensure that all business activities comply with applicable laws and regulations, YAO-I regularly consults with external advisors, including legal counsel, accountants, and professional consultants, on significant domestic and international regulatory and policy developments. These advisors are engaged to provide timely evaluations, recommendations, and strategic response plans.
- In the reporting year, YAO-I did not incur any major legal violations or penalties.

Internal Audit

- YAO-I has established an Audit Office that reports directly to the Board of Directors. In accordance with regulatory requirements, internal auditors participate annually in professional training courses organized by recognized auditing institutions to continuously enhance their expertise. Through a professionally independent internal audit framework, the company ensures that internal control principles are effectively implemented across all levels of the organization.
- YAO-I internal audit scope includes the following:

Internal Audit Scope

Operational Effectiveness and Efficiency

whether each department's operations are consistent with the company's overall goals and operating plans, and whether human and material resources are efficiently utilized.

Reliability of Financial Reporting

Whether accounting records and internal control operations comply with the relevant standards, and whether financial information is reliable and accurate.

Compliance with Laws and Regulations

Whether the company's operations and practices comply with Company Act, Labor Standards Act, Occupational Safety and Health Act, and other applicable laws and internal regulations.

Asset Safeguarding

Whether assets are effectively managed and protected from theft, loss, or misuse.

2.2.3 Risk Management

Risk management system

■ YAO-I implements a comprehensive risk management system to mitigate the impact of various risks on operations. Each business unit head identifies and defines potential risks that may affect the company's sustainable operations. Through risk identification and evaluation, appropriate management strategies and response measures are developed to minimize possible risks. This ensures the company's resilience against challenges, stabilizes business performance, and protects the interests of customers and stakeholders.

【Commitment】

We are committed to building and maintaining an effective risk management system with continuous improvement, aiming to reduce operational costs, ensure sustainable profitability, and create a high-quality work environment to achieve the company's long-term sustainability goals.

Risk Decision-Making and Organizational Operations

The Board of Directors serves as the highest authority for risk management decision-making and supervision. It is responsible for approving risk management policies and related procedures, overseeing the implementation of various risk management systems, and ensuring their effective operation.

The Audit Committee, in accordance with its organizational regulations, explicitly includes "oversight of existing or potential risks to the Company" as one of its core responsibilities. The committee reviews the Company's risk management policies, strategies, and guidelines, and monitors the promotion and execution of risk-related initiatives to ensure the achievement of risk management objectives.

Risk Management Process

YAO-I's risk management system is based on risk identification and risk assessment, with the following specific management and operational mechanisms:

1. During the fourth quarter of each year, each business unit is required to conduct a risk assessment when formulating budget targets for the following year. This includes identifying potential risks within their operational scope and developing corresponding mitigation strategies.
2. The Company holds monthly management meetings to continuously monitor key performance indicators and operational results. The effectiveness of risk response measures is assessed, and if any changes in the risk outlook are detected, response strategies are promptly adjusted to ensure stable operations.

Main Risk Categories and Management Principles

Risk Typ	Risk Description	Response Strategies and Measures	Responsible Unit
Operational Risk	Increased frequency of extreme weather due to climate change	Reinforce factory buildings and facilities to prevent production disruption or business interruption caused by extreme weather.	General Affairs Dept., Engineering Dept.
Business Risk	Business volume shrinkage or rising material costs due to regional conflicts, economic cycles, inflation	1. Maintain product quality and enhance customer satisfaction to increase customer loyalty. 2. Expand customer base to reduce concentration risk. 3. Monitor raw material prices and secure safety stock and alternatives.	Sales Dept., Procurement Dept.
Competitive Risk	Price competition and lack of innovation	1. Optimize internal production processes and improve supply chain efficiency to reduce costs. 2. Offer innovative and differentiated products to avoid price wars.	Production Dept., R&D Center
Financial Risk	Impact of exchange rate and interest rate fluctuations on company profits and losses	1. Monitor exchange/interest rate trends and use appropriate hedging tools. 2. Secure favorable credit terms to meet operational needs and reduce interest expenses.	Finance & IT Division
Climate-Related Risk	Extreme weather events (typhoons, floods), carbon related regulations, market and technology shifts	Identify and list climate risks and opportunities affecting the company based on global sustainability trends and industry status (see annual report Section 4.1 on climate action)	Audit Office

2.3 Governance Structure

2.3.1 Corporate Governance Framework

■ YAO-I (TWSE: 4430.TW) is a public company listed on the Taiwan Stock Exchange. The company firmly believes that sound corporate governance is closely tied to operating performance and the protection of stakeholders' rights. It also significantly influences the interests of institutional and retail shareholders. YAO-I is committed to complying with national regulations and international standards, while reinforcing risk management as a core operational principle. In the event of any incident that may negatively impact stakeholders, the responsible unit is required to report to the Board of Directors with explanations and countermeasures. No such incidents occurred in 2024.



Board Operation and Functional Committees

- YAO-I's Board of Directors operates in accordance with relevant laws and resolutions of the shareholders' meeting. Each director possesses the professional knowledge, skills, and integrity required to fulfill their duties and is committed to the principles of sustainable development and maximizing shareholder value.

The Board's core responsibilities include:

- Ensuring corporate transparency and legal compliance;
- Appointing senior executives;
- Approving earnings distribution proposals;
- Supervising and guiding overall company operations.

To ensure sound board governance, supervisory functions, and enhanced management capabilities, YAO-I has established the Rules of Procedure for Board Meetings, which define meeting regulations and are strictly followed.

In 2024, the Board convened seven (7) times, with an average attendance rate of 92.10%. (For more details, please refer to pages 15–16 of the 2024 Annual Shareholders' Report or visit the "Corporate Governance / Board Resolutions" section on the Company's website.)

Conflict of Interest Management

YAO-I has established clear regulations regarding the avoidance of conflicts of interest in its Board of Directors, Remuneration Committee, and Audit Committee charters, as well as in its Code of Ethical Conduct.

Directors, executives, and other participants or attendees of the Board or committee meetings are required to declare any material interest in the matters listed on the meeting agenda. If the matter under discussion poses a risk of harming the Company's interests, the individual must abstain from both the discussion and voting, and is prohibited from acting on behalf of another director to exercise voting rights.

These provisions are designed to prevent actions that may compromise the interests of the Company and its shareholders.

(For more details, please refer to the "Corporate Governance / Key Internal Rules" section on the Company's website.)

Director Nomination and Election

YAO-I has established a fair, impartial, and transparent “Rules for Election of Directors” to encourage shareholders' participation in the nomination and election of directors. In accordance with the Company Act and related regulations, the election of directors is conducted using a single cumulative voting system.

YAO-I has also formulated procedures and criteria for Board performance evaluations, which are carried out annually. The evaluation results serve as a reference for the nomination and reappointment of directors.

Board Diversity

The current Board of Directors comprises nine (9) members with diverse professional backgrounds, including four (4) Independent Directors (44.44%) and five (5) Directors (55.6%). Among them is one female Independent Director. No more than half of the Board members are related within the second degree of kinship, in compliance with Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. Additionally, none of the Independent Directors concurrently hold independent directorships in more than three (3) listed companies, and the Chairperson does not serve as an executive officer, ensuring a clear division of responsibilities and strengthening the governance structure.

In accordance with Taiwan's new listing rule requiring at least one-third of the Board seats to be held by either gender starting from 2025, the Company will proactively seek qualified female experts in the next board election to enhance gender diversity on the Board.

All Directors of YAO-I possess core competencies including operational judgment, accounting and financial analysis, business management, crisis handling, industry knowledge, global market insight, leadership, and decision-making skills. As of the end of 2024, the age distribution of the Board is as follows:

- Two (2) members under the age of 50
- Two (2) members between the age of 51 and 60
- Three (3) members between the age of 61 and 70
- The remaining members are over 70 years old

This composition reflects a balanced mix of experienced leadership and professional diversity. (For detailed board profiles, please refer to pp.4–9 of the 2024 Annual General Meeting Report.)

Board Continuing Education

To enhance directors' professional capabilities, YAO -I adheres to Article 24 of the "Regulations Governing the Exercise of Powers by Boards of Directors of TWSE/TPEX Listed Companies" and has established internal guidelines on "Director Continuing Education." Each director is required to complete a minimum of six (6) hours of continuing education annually.

In 2024, the Board of Directors collectively completed 89 hours of training, averaging 9.89 hours per director. The courses covered a broad range of topics, including:

- Corporate Governance
- Risk Management
- Regulatory Compliance
- Sustainable Development
- Climate Change
- Carbon Trading

(For detailed records of director training, please refer to pages 22–23 of the Company's 2024 AGM Report.)

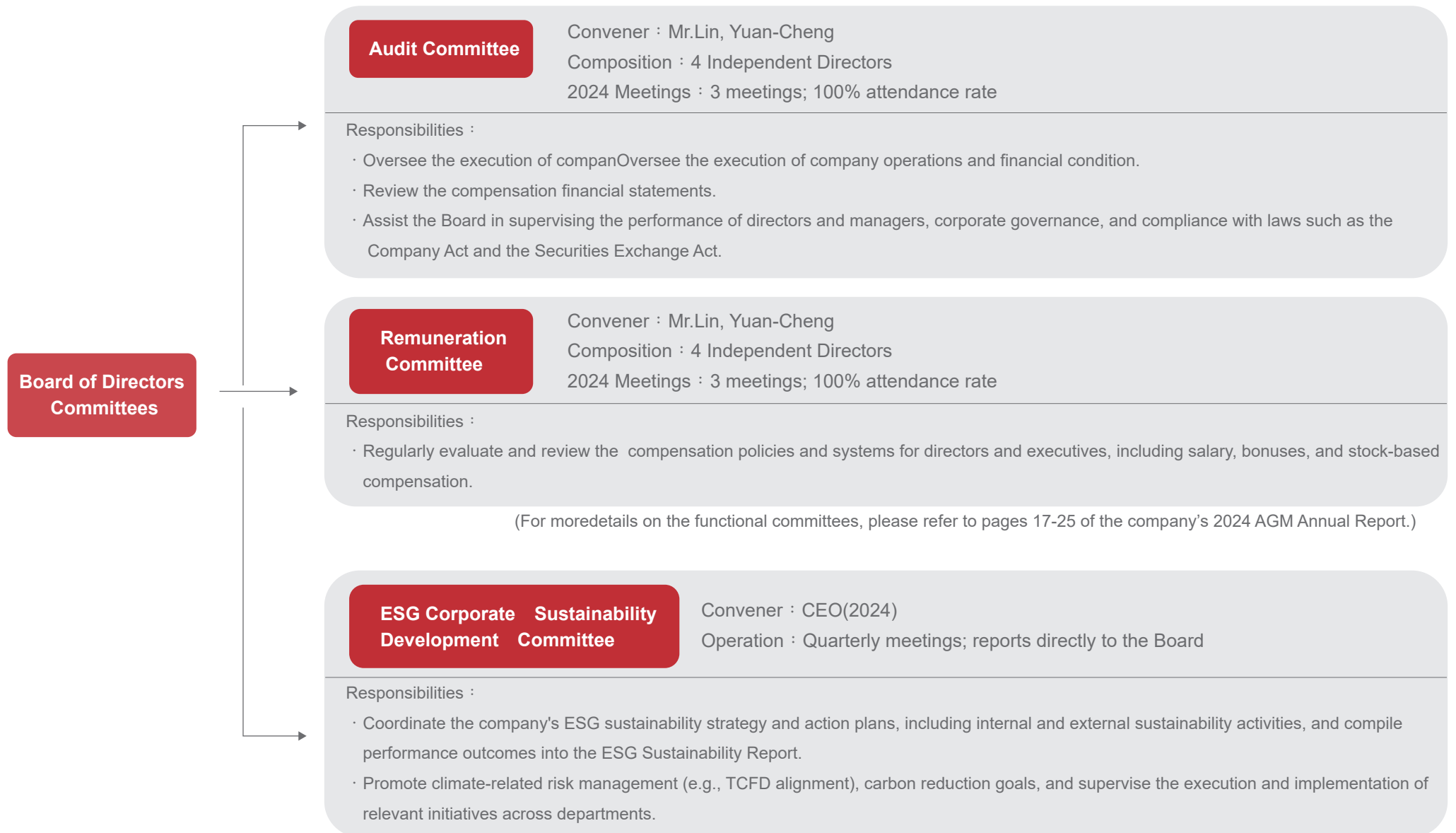
Functional Committees and Board Performance Evaluation

To strengthen the Board's supervisory role and enhance management functions, YAO -I has established two independent functional committees under the Board of Directors:

- the Audit Committee, and
- the Remuneration Committee.

In June 2021, the Board authorized the CEO to oversee the formation of a cross-functional body—the ESG Corporate Sustainability Development Committee—tasked with planning and implementing the company's sustainability governance structure. Committee members consist of senior executives at the level of Vice President and above.

Each functional committee is required to regularly report its implementation status to the Board and submit proposals for Board resolution.



In order to implement corporate governance and enhance the effectiveness of the Board of Directors, YAO-I Industrial established the “Board Performance Evaluation Measures” in 2012. Each year, performance evaluations are conducted regularly through self-assessment questionnaires, covering the performance of the overall board, individual board members, the Audit Committee, and the Remuneration Committee.

Remuneration of Directors and Senior Executives

YAO-I determines remuneration for directors, supervisors, the president, and vice presidents based on market compensation levels for equivalent positions, the scope of responsibilities, and individual contributions to operational goals. The procedure for setting remuneration takes into account the Company’s overall business performance and potential future risks, as well as individual performance and contribution to the Company’s results, to ensure fair and reasonable compensation.

Independent directors receive a fixed monthly remuneration and transportation allowances based on actual attendance. They do not receive performance-based variable compensation. Other directors are compensated for their participation in board and functional committee meetings.

Senior executive remuneration includes monthly salary, performance bonuses, retirement schemes, and performance evaluation systems, all of which are reviewed and approved by the Remuneration Committee and submitted to the Board of Directors for resolution and implementation.

(For shareholding details of the Company’s senior executives, please refer to the “Major Shareholders” section under Financial Information on the Company’s official website.)

2.4 Information Security and Privacy Protection

2.4.1 Information Security Management

Information Security and Privacy Protection Policy

■ YAO-I recognizes that robust information security is fundamental to maintaining operational stability. In response to the growing complexity of cybersecurity risks brought by globalization and the rapid development of AI technologies, the Company has taken proactive steps to raise awareness of risk, enhance governance practices, and protect shareholder and customer interests.

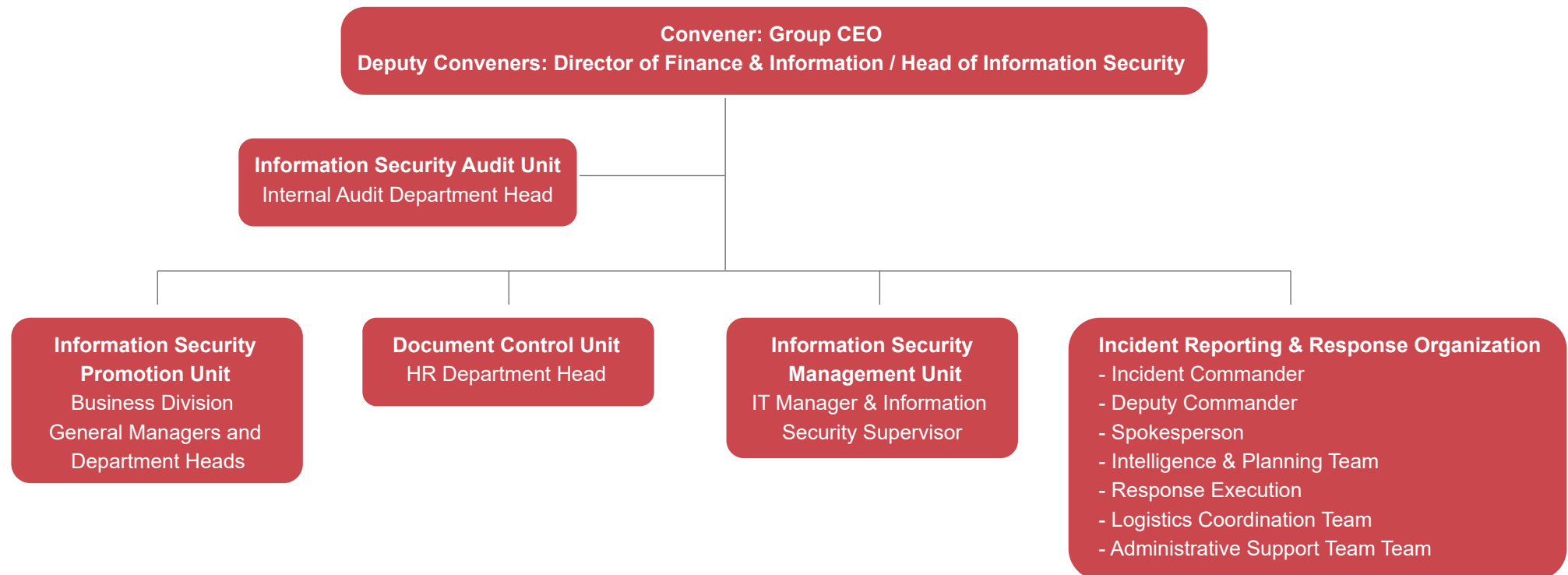
To this end, YAO -I has implemented a comprehensive information security framework, including the development of the “Network Communication Security Management Guidelines.” The Company adopts the Plan-Do-Check-Act (PDCA) cycle to continuously improve its security measures, address external threats effectively, and ensure seamless operations—earning the trust of both shareholders and clients. The company's cybersecurity management adheres to the following core principles:

- Systematic Management: Establish and continuously optimize information security policies and systems in accordance with the Information Security Management Guidelines for Listed and OTC Companies and international information security standards.
- Dual Protection (Technology and Process): Implement advanced detection technologies and protection tools, combined with clear operating procedures, to ensure that risks are promptly identified and effectively addressed.
- Full Employee Participation: Enhance employee cybersecurity education and training, promoting a cybersecurity culture that permeates daily work to raise overall cybersecurity awareness.
- Continuous Monitoring and Response: Build cybersecurity monitoring and incident reporting mechanisms, and regularly conduct cybersecurity drills and audits to enhance overall organizational resilience.

Information Security Governance Structure

YAO-I has established an Information Security Steering Committee comprising members from both its Taiwan headquarters and overseas subsidiaries. The committee holds regular meetings to review information security policies and evaluate implementation outcomes. This ensures that the company's information security management remains aligned with the latest standards and industry trends.

Information Security Governance Organization



Information Security Implementation and Outcomes

■ To remain competitive and trustworthy in the global market, YAO-I reported zero cybersecurity incidents security must go hand in hand with innovation and digital transformation. In 2024, the company adopted a comprehensive approach to information security management, encompassing:

- Access control and infrastructure protection
- Malware prevention and detection
- Employee cybersecurity awareness training
- Real-time monitoring and incident response systems

As a result of these efforts, YAO-I reported zero cybersecurity incidents and no complaints related to customer data privacy in 2024, demonstrating the effectiveness of its governance framework and operational resilience.

Key Information Security Strategies and Implementation Highlights

01 Strengthening IT Security Infrastructure with Layered Defense

YAO I implemented a range of preventive controls to enhance its defense-in-depth strategy. This includes:

- Web access control and authentication strengthening
- Mandatory antivirus software deployment and system patching
- USB access restrictions and redundancy setup
- Incident response protocol based on predefined severity levels, with designated command ers and emergency response teams for timely containment and resolution.

02 Legal and Regulatory Compliance

- Regular reviews of internal cybersecurity protocols and external regulatory updates
- Development of response plans to ensure continued compliance and effectiveness
- Preparing for ISO/IEC 27001 certification in 2025 to align with international cybersecurity governance standards.

03 Physical and Endpoint Security Reinforcement

- Introduced access control measures for IoT devices and periodic vulnerability scans
- Deployed ESET Endpoint Protection and EDR tools to detect and block malware, ransomware, and suspicious behavior in real-time
- Strengthened web security gateway (WSG) to mitigate phishing and hacking risks.

04 Awareness, Training, and Capability Building

- Conducted biannual red team and social engineering drills to enhance employee response readiness in 2024, 412.5 hours of collective cybersecurity simulation training were completed across all business units
- Delivered 56 hours of specialized technical training to IT department staff, fostering cross-functional knowledge
- Ensured onboarding cybersecurity training for all new hires to embed security compliance into routine operations.

**Smart Innovation
for a Sustainable
Future**



3.1 Product Value Innovation

3.1.1 Company Overview

- YAO-I upholds a management philosophy centered on breakthrough innovation and quality leadership. With decades of R&D and manufacturing experience in both leisure sports and industrial wire materials, the Company continuously introduces high-tech automated systems to enhance product quality and reduce labor costs, thereby strengthening its market competitiveness.

Focusing on core technology development and innovation, YAO-I adopts a dual-track strategy of prudent operations and forward-looking R&D. In recent years, the Company has integrated materials science with technology-oriented approaches, blending traditional industrial expertise with modern innovation capabilities to develop sustainable and market-competitive products.

R&D Innovation Strategy

YAO-I Industrial adopts a dual R&D innovation strategy aligned with both market demand and sustainability goals:

Long-Fiber Business Group:

YAO-I continues to enhance its core product lines—including fishing lines, sports-use yarns, and industrial threads—through innovative design and performance optimization. Advanced composite technologies are introduced to develop next-generation high-performance materials, catering to diverse industrial applications.

Short-Fiber Business Group:

R&D efforts we are focused on high-end cotton and non-woven fiber materials, targeting functional differentiation and sustainability. Responding to international clients' increasing emphasis on carbon footprint management, YAO-I is committed to developing low-carbon products.

Key innovations include:

- Ultra-High Molecular Weight Polyethylene (UHMWPE)
- Basalt Fiber Technology

These are applied in high-value sectors such as:

- Thermal insulation materials
- Breathable automotive and public transportation interior fillings
- Sound-absorbing and noise-insulating building materials
- Eco-friendly home and furniture fillings
- Sustainable packaging materials
- Functional composite solutions

New Design Department:

This newly established unit focuses on integrating functional fiber R&D with product form and structural design. Leveraging insights from a Swedish R&D advisory team, YAO-I provides clients with end-to-end solutions—from material selection and process engineering to functional design and product aesthetics—enhancing global market competitiveness and technical leadership.

Innovation in Emerging Businesses: Sustainable and Cross-Industry Solutions

YAO-I's Emerging Business Group builds upon its foundation in bedding, pet care, and healthcare products, while actively expanding into advanced smart textiles and functional materials.

Key technological breakthroughs include:

- Carbonization Fusion Technology (CFT)
- Metallization Fusion Technology (MFT)

These proprietary processes have enabled the successful development of the FLEX™ series, including:

- FLEX™ Yarn
- FLEX™ Fabric
- FLEX™ Kit

These conductive fiber products are positioned for integration into 3C electronic applications, offering scalable and innovative cross-sector solutions.

In response to the structural transformation in the global bedding industry, where consumer demand has shifted from basic comfort to health-centric, sustainable, and highly customized solutions, YAO-I is pioneering differentiated offerings through:

- Air-Fiber Structural Technology
- Circular Production Model leveraging food-grade recyclable POE materials
- Seamless integrated elastic molding for customizable firmness
- Multi-channel global distribution strategy

These innovations collectively form the foundation of YAO-I's competitive edge in entering and scaling in international markets, aligning product development with long-term sustainability and customer well-being.

R&D Process and Collaboration Mechanism

YAO-I has established a structured and collaborative R&D process to ensure efficient innovation and product quality. The process includes the following key stages:

Customer Requirement Communication

Sales teams document product development requests in detail and transfer them to the biotechnology division and R&D center. Samples are requested from clients when necessary to assist development.

Regular Design Reviews

Cross-functional teams, including sales and R&D units, hold scheduled design review meetings to assess prototypes, evaluate alignment with customer needs, and monitor improvement actions.

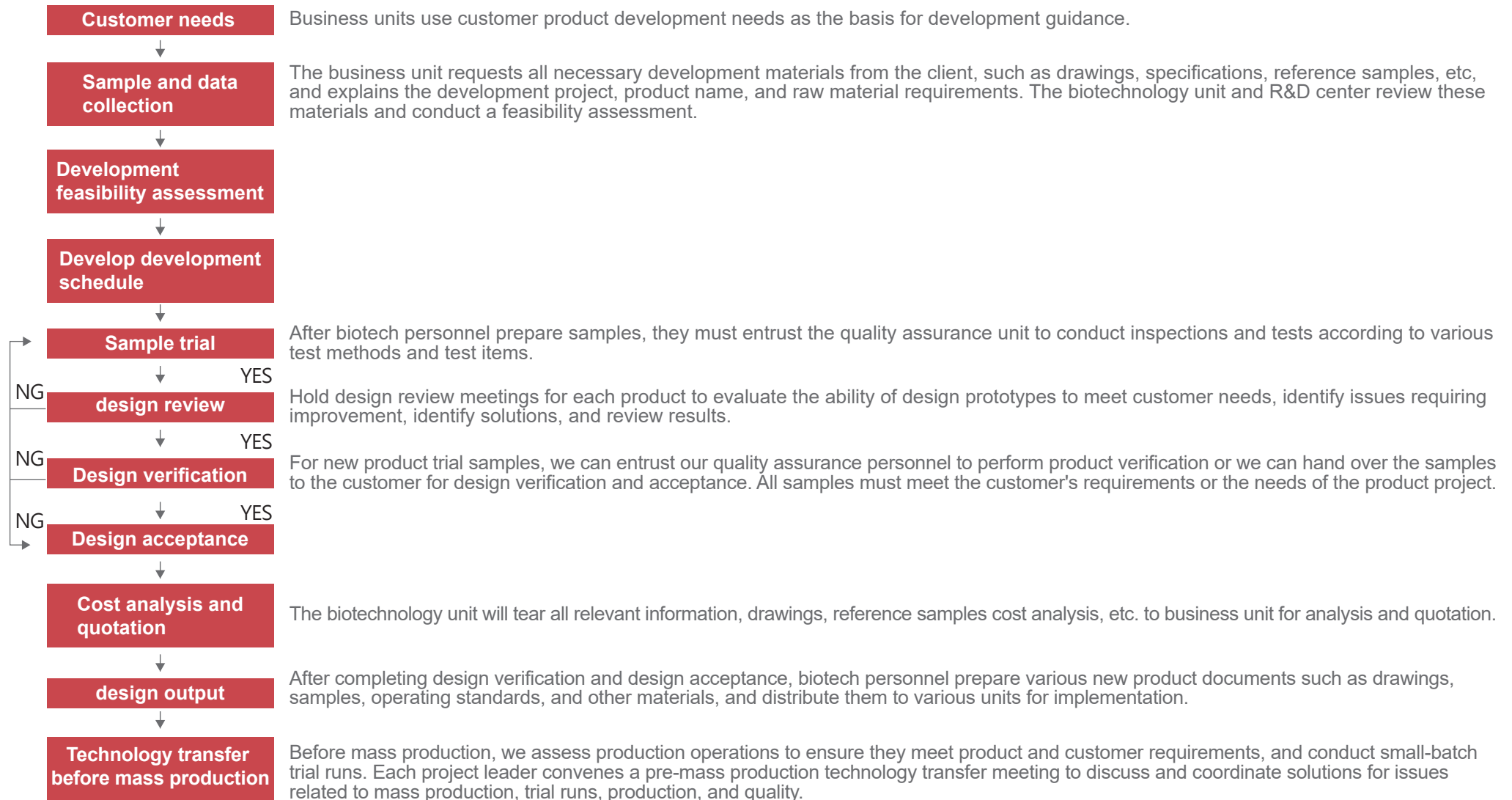
Information Sharing System

All design files, prototype data, and measurement results are uploaded in real time to the "Project Tracking Dashboard System." This ensures interdepartmental transparency, data traceability, and collaboration efficiency.

Pilot Production Coordination

During the pilot production phase, regular cross-departmental meetings are held to address coordination issues, identify obstacles, and ensure a smooth transition to mass production.

New Product Development Chat



Cross-Departmental Collaboration

- To ensure smooth information flow and operational efficiency, YAO-I implements a cross-departmental mechanism supported by multi-level periodic meetings across its business units. These include monthly R&D meetings, quality meetings, and sales meetings, along with bi-weekly full-departmental coordination sessions. Additionally, ad hoc product and technology exchange meetings are convened as needed, involving technical, sales, quality assurance, and procurement teams to address shared challenges and coordinate resources in real time.
- The company also participates in industry exhibitions to stay informed about market trends. These exhibitions are attended by representatives from R&D, sales, and QA departments, and the general manager is invited when strategic decision-making is required. This approach enhances strategic alignment and strengthens execution across departmen

Innovation Proposal Incentive System

- YAO-I promotes a culture of innovation by implementing an internal proposal and improvement program, encouraging employees to actively contribute ideas related to product design, process optimization, and manufacturing innovations. All participants receive a base incentive, with proposals further evaluated during relevant meetings based on their "innovation" and "practicality." Outstanding proposals are granted additional rewards.
- This mechanism not only enhances service and product quality but also opens new avenues for business development and strengthens the company's overall competitiveness.

Green Innovation and R&D Strategy

- YAO-I is deeply committed to developing eco-friendly products, with a focus on low-carbon emissions and high-performance material applications. As global attention to energy conservation and waste reduction intensifies, our investments in green technology have increasingly gained recognition from both the market and our customers. Key strategies include:

Development of Low-Carbon Wires and Sustainable Packaging

- Adoption of renewable or low-carbon footprint raw materials, combined with process optimization to minimize emissions throughout the product lifecycle.
- Design of recyclable and durable packaging solutions to support clients' sustainability goals.

Application of Optical-Grade Polymers in Filament Spinning

- Use of high-transparency, high-purity optical-grade polymers to improve spinning precision and material consistency.
- Enhanced elasticity, durability, and fatigue resistance in wires to meet the rigorous performance requirements of high-end sports equipment.

Innovation in High-Frequency Racket Strings

- Structural optimization and material distribution to improve sound feedback and hitting feel.
- Adjustment of damping properties to enhance string stability and acoustic performance under high tension conditions.

Green and Sustainable Products

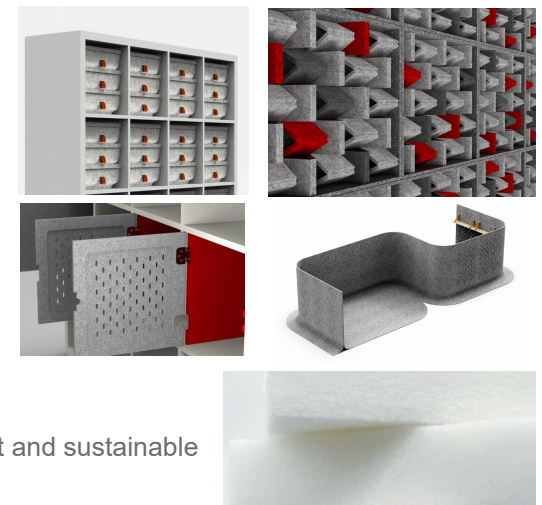
01 Staple Fiber Products

As living standards improve and technology advances, the strain on Earth's natural resources continues to intensify. In response, YAO-I's Staple Fiber Business Group remains committed to sustainability by actively replacing virgin polyester with recycled polyester in its product lines. These renewable fiber solutions are being promoted across various applications, reducing reliance on non-renewable resources and minimizing environmental impact.

To support this transformation:

- Our manufacturing site in China operates entirely on solar-powered green electricity.
- In compliance with ISO 14064-1 standard, we continuously monitor supply chain carbon emissions.
- All products are produced using non-toxic, safe processes and incorporate ongoing innovations in eco-friendly materials.

These efforts contribute to a healthier living environment while reinforcing our commitment to green development and sustainable lifestyles.



02 Sports Products

In the sportswear industry, leading brands emphasize fashion, comfort, and functionality. In response to the rising global awareness of environmental sustainability, the industry has increasingly adopted green product strategies, such as:

- Recycling and upcycling used materials into new products,
- Using mono-materials throughout an entire product (e.g., shoes) to enhance recyclability,
- Incorporating biodegradable materials.

Major brands have pledged to fully adopt 100% recycled and traceable materials by 2025. YAO-I has made substantial progress in this area through long-term research and development. In 2024, the company began demonstrating tangible results in fiber-spinning processes for specific applications. These advancements are expected to attract the attention of top global brands and drive greater adoption in the near future.



03 Mattress Products

People spend over eight hours a day in close contact with their mattresses. Despite the use of bedsheets, long-term accumulation of moisture and dirt can lead to hygiene concerns. Traditional spring mattresses cannot be washed and often require full replacement, creating significant environmental waste.

To address this issue, YAO-I developed the QSHION air fiber mattress, engineered with a unique elastic air-fiber structure. This 3D interwoven material is not only supportive and resilient but also washable and quick-drying, resolving the hygiene dilemma associated with conventional mattresses.

Ideal for hospitality, property rentals, medical facilities, and long-term care settings, the QSHION mattress represents a growing trend in sanitary and sustainable sleep solutions.

Key Features:

- **Water-Repellent and Quick-Drying:** The open air-fiber design resists moisture retention, minimizing conditions conducive to dust mite and bacterial growth.
- **Certified Antibacterial Performance:** Paired with internationally certified fabric, the mattress acts as a barrier against allergens and microbes.
- **Eco-Friendly Material:** Made from non-toxic, recyclable polyolefin elastomer, free of harmful chemicals such as formaldehyde, bisphenols, and fluorescent agents.
- **Durability and Reduced Waste:** Washable, mite-resistant, and long-lasting, QSHION helps reduce the frequency of mattress replacement, supporting long-term sustainability goals.

In an age of rising environmental awareness, QSHION exemplifies responsible product innovation, offering a hygienic, eco-conscious alternative for everyday living.



Packaging Waste Reduction and Sustainable Materials

01 Reusable Reels

YAO-I has long utilized recyclable reels as part of its wire and yarn packaging solutions. These reels are made from durable, high-resilience materials and are designed for multiple reuse cycles. Reels are only replaced when they are damaged due to prolonged use or unexpected impact, significantly reducing packaging waste.

In 2024, the company further expanded the scope of reusable reel adoption, reinforcing its commitment to circular packaging practices and minimizing environmental impact across its production and logistics chain.

02 Lightweight and Durable Packaging Design

Regardless of whether packaging materials are made of paper or plastic, reducing material usage through lightweight and durable structural design can significantly minimize packaging waste. Leveraging years of experience, YAO-I's design team has developed eco-friendly packaging solutions that use fewer materials, contributing to waste reduction efforts.

03 Recycled and Biodegradable Packaging Materials

YAO-I actively collaborates with suppliers to source third-party certified recycled materials and biodegradable alternatives for packaging development. Moving forward, the company will continue to innovate environmentally friendly packaging solutions and strive to reduce costs, enabling broader adoption across product lines.

Product Portfolio Strategy

Strategic Planning for Sustainable Products

In response to growing global attention on environmental sustainability and the urgent demand for related products from major international retailers, YAO-I's Short Fiber Business Unit actively monitors market trends through multiple channels. By collecting real-time insights from both market and customer sides, the team identifies latent needs and promptly integrates them into the product development process.

Beyond reactive measures, YAO-I adopts a proactive approach by proposing innovative product concepts and alternative material solutions, alongside suggestions for scalable manufacturing optimization. These efforts not only strengthen customer loyalty but also accelerate the adoption of nonwoven materials across diverse industries, reinforcing YAO-I's strategic position in the global sustainable materials supply chain.

R&D Strategy Planning

To enhance its technological capabilities and increase the added value of its products, YAO-I has engaged a Swedish engineer with global industry experience as a part-time R&D advisor for the Short Fiber Business Unit. This strategic collaboration facilitates the integration of advanced European materials technologies and broadens both the depth and scope of innovation.

The company has also implemented a systematic R&D process and a standardized documentation mechanism, which improves internal development efficiency and supports knowledge accumulation. These measures contribute to building a materials science R&D platform centered on environmental sustainability.

By combining scientific methodology with application-driven innovation, YAO-I continues to strengthen its core competitiveness and accelerate the transition toward a sustainability-led innovation model.

YAO -I ‘s strategic partners with National Taipei University of Technology: Industry-Academia Collaboration in Advanced Materials

- Recognizing the critical role of industry-academia collaboration in driving technological innovation, YAO-I has established a strategic partnership with National Taipei University of Technology to jointly advance the development and analysis of high-performance materials. By sharing laboratory facilities and technical resources, this collaboration not only fosters breakthrough innovation but also significantly reduces R&D costs and shortens product time-to-market. This initiative lays a solid foundation for YAO-I’s continued technological advancement and sustainable growth.

Industry – Academia Collaboration Projects

Institution	Period	Project Title	Project Description
National Taipei University of Technology	2024/3/1-2025/2/28	Industry-Academia Collaboration on High-Performance Materials and Analytical Technology Developmen	This project focuses on the evaluation and development of raw materials, semi-finished products, yarns, and textiles provided by YAO-I. Utilizing NTUT’s laboratory-scale equipment; preliminary testing is conducted to assess product feasibility and shorten the development timeline. The project aims to reduce R&D costs and accelerate product commercialization. Additionally, reverse engineering of competitor products is conducted to analyze their physical and chemical properties, serving as reference data for improving and optimizing comparable YAO-I products.

Intellectual Property Strategy


- YAO-I follows the international ISO56005 standard for intellectual property management and has developed a systematic framework to safeguard its R&D outputs. This includes procedures for patent search, application, technical analysis, competitor monitoring, and post-grant maintenance. These standardized workflows enhance the efficiency of IP protection throughout the innovation lifecycle. To further strengthen IP awareness, the company regularly conducts internal training and awareness campaigns to ensure employees understand and apply IP best practices. By fostering a company-wide IP culture, YAO-I reduces potential infringement risks and positions intellectual property as a core asset for innovation and revenue generation. Through structured systems and organization-wide engagement, IP management has been fully integrated into the company’s operational and R&D processes.

3.2 Product Quality and Safety Management

- YAO-I as a globally recognized supplier of various types of wire materials, adheres to "Innovation and R&D" as the cornerstone of its quality policy. To ensure effective implementation of this policy, the company continuously enhances its R&D capabilities and manufacturing quality. The commitment to "innovative breakthroughs and quality leadership" is deeply embedded in the daily work of all employees, ensuring that the quality policy is implemented thoroughly from top to bottom across the organization.

Material Topic: Product Quality and Safety

Material Topic Significance	<p>Environmental Dimension</p> <p>Product quality is closely tied to environmental sustainability. Poor-quality or short-lifecycle products lead to resource waste and increased waste generation. By designing durable, repairable, and recyclable products, companies can extend product life, reduce carbon footprints, and promote circular economy models.</p> <p>Social Dimension (including Human Rights)</p> <p>Product quality affects consumer safety and health and reflects a company's social responsibility in supply chain management. Without effective quality control, human rights risks such as low-wage labor, exploitation, or child labor may arise. By implementing robust quality systems and supplier review mechanisms, companies can ensure product safety and regulatory compliance while safeguarding labor rights.</p>
Policy / Commitment	<p>YAO-I regards product quality as a core competency and foundational value for sustainable operations. The company is committed to establishing and continuously improving a comprehensive quality management system to ensure all products meet regulatory standards and customer expectations. Innovations and quality enhancements are implemented to increase product value, strengthen brand credibility, and build a strong foundation for long-term growth.</p>
Goals	<p>Short-Term Quality Goals</p> <ul style="list-style-type: none"> · Defective rate for sports string: below 1% · Defective rate for industrial wire: below 0.5% · Defective rate for braided fishing line: below 0.25% · Cutting waste rate for sports string: below 2% · Cutting waste rate for braided fishing line: below 0.5% · Monthly customer complaint cases: less than 2 · Implement e-signature and digital QC inspection processes to reduce wait times for traditional paper-based workflows

Goals	<p>Mid- to Long-Term Goals</p> <ul style="list-style-type: none"> · Improve production efficiency and resource utilization · Balance capacity, streamline processes, and reduce waste of raw materials and energy · Upgrade quality management and strengthen workforce competency Prevent defects from the source, increase yield, boost customer satisfaction · Mitigate operational risk and ensure stable delivery · Preventive maintenance and equipment management to reduce downtime, improve delivery performance and customer trust
Actions Taken	<ul style="list-style-type: none"> · ISO 9001 Certification · RCS Recycled Material Management System
2024 Results	<ul style="list-style-type: none"> · E-signature workflow implemented for complaints and quality forms · MSA (Measurement System Analysis) adopted for standardizing inspection and improving interplant consistency · QSHION certified with SNQ (Symbol of National Quality) 
Communication Channels	<p>Address: No. 334, Sec. 6, Zhangmei Rd., Hemei Township, Changhua County 508041, Taiwan Tel: +886-4-755-6111 Website: https://www.yaoi.com.tw</p>

Quality Policy and Objectives

YAO-I is committed to achieving the highest level of customer satisfaction as its core quality objective—an unwavering promise to all clients. To fulfill this commitment, the company has fully implemented internationally recognized management standards, including the ISO 9001 Quality Management System and the Recycled Claim Standard (RCS), ensuring that products meet global standards and customer expectations from design through delivery.

In terms of quality control, YAO-I applies rigorous sampling inspection policies based on the characteristics of each product. Comprehensive testing—including tensile strength, colorfastness, and durability—is conducted prior to shipment to ensure that every batch meets consistent and reliable quality standards. This reflects the company’s strong commitment to quality excellence.

Three Core Pillars

INNOVATION: Breakthrough Innovation, Quality Leadership

Innovation and R&D is the foundation of our quality policy. To ensure its effective implementation, YAO-I continuously advances product development and refines quality standards. We also actively communicate our quality policy to all employees, fostering company-wide alignment and commitment to its execution.

COMMITMENTS: Quality Assurance through Unwavering Dedication

Customer satisfaction is our ultimate goal and our unwavering promise to every client. We implement ISO 9001 certifications across all production sites to ensure consistent quality. Tailored sampling policies are applied based on product characteristics, followed by rigorous tensile strength, colorfastness, and durability testing before shipment — guaranteeing reliable product performance.

GOALS: Targeted Quality Objectives Based on Product-Specific Needs

To enhance overall product quality and customer satisfaction, YAO-I establishes quality goals tailored to the production characteristics of each business unit. These targets are defined and approved through regular management review meetings. The primary objectives include reducing process defect rates, minimizing material waste, and decreasing the number of customer complaints — forming the foundation for our continuous improvement strategy across all operations.

Interdepartmental Quality Collaboration

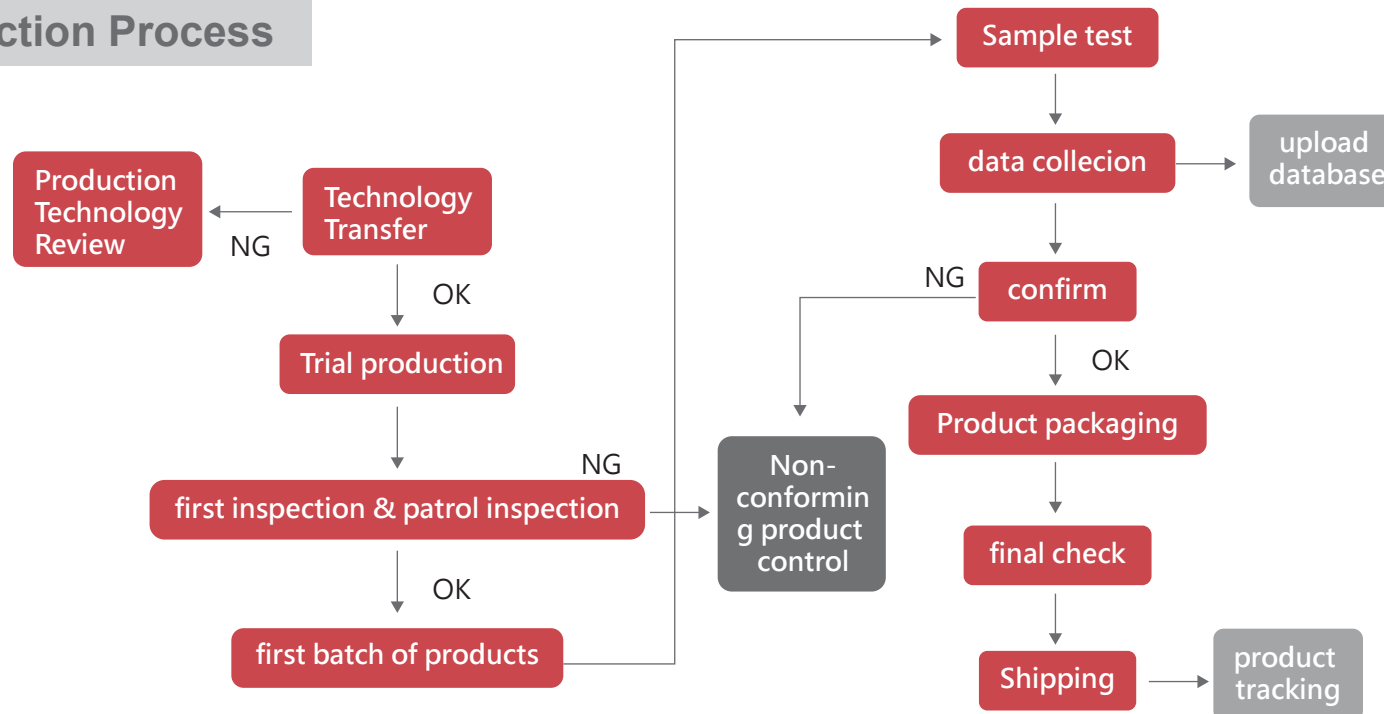
To ensure product consistency, meet customer expectations, and strengthen internal quality governance, YAO-I has implemented a regular meeting mechanism that fosters cross-departmental quality communication.

Each month, the company we convene cross-functional quality and customer complaint meetings. These sessions comprehensively analyze and review customer feedback, ensuring that all complaints and production anomalies are thoroughly documented, investigated, and addressed with actionable improvement measures. Follow-up mechanisms are also in place to track implementation progress and prevent recurrence.

Additionally, during the introduction of new products or product improvements, technical and project evaluation meetings are held regularly. These involve collaboration between Production Engineering, Quality Assurance, and R&D departments to ensure that all new or modified samples fully meet client technical specifications and quality requirements prior to mass production or shipment.

This mechanism not only guarantees timely and effective handling of customer concerns but also promotes enhanced communication and collaboration between departments. It reinforces a culture of continuous improvement and quality excellence, ultimately enhancing customer satisfaction and competitive strength.

Quality Inspection Process



Quality Inspection Process Table

Stage	Description
Incoming Materials (IQC)	<p>Upon receipt of materials, IQC references the "Receiving Form" and performs sampling according to the "Sampling Procedure." For each lot of raw materials, a sample >5g is taken per package. For fiber length and crimp count, 10 samples per lot; for denier, 20 samples per lot.</p> <p>Inspection is conducted based on applicable inspection standards, reference samples, and work instructions. For raw fiber: check fiber length, denier, crimp count, appearance, color, packaging, labeling, and supplier COA. Records are entered into the ERP system under "IQC Inspection Form," "IKEA Packaging IQC Inspection Form," and summarized in the "IQC Receiving Record."</p>
In-Process Production (IPQC)	<p>Initial Inspection: Production leader conducts first piece inspection based on sample, standard, and First Article Inspection (FAI) work instruction. Upon passing, IPQC repeats confirmation.</p> <p>Routine Inspection: After confirming the first piece, IPQC performs inspections every 4 hours for each line/station. For roll products, one roll per check; for sheet products, 10 pieces per check.</p> <p>Final In-Line Inspection: Inspect the last product of each work order and shift.</p> <p>Inspection Items: Material ratio, appearance, weight (gsm), width, size, thickness, color, machine parameters (temperature, needle frequency), physical properties, packaging, labeling.</p>
Finished Goods – Pre-Warehouse (OQC)	<p>Based on the MES system's "Production Transfer Record," OQC inspects using inspection standards, IKEA inspection work instructions, and reference samples.</p> <p>Items Inspected: Bundle packaging, multi-piece packaging, retail packaging, appearance, color, odor, safety. Sampling quantity follows the plan in the "IKEA Final Inspection Work Instruction."</p>
Pre-Shipment (OQC)	<p>OQC performs inspection based on the "Shipment Notice" (Sales Dept.) and "Shipment Inspection Notice" (Warehouse), using inspection standards and sampling plans.</p> <p>Inspection Items: Weight (gsm), width, packaging, labeling.</p>

External and Internal Product Testing System

To ensure product quality complies with international regulations and customer requirements, YAO-I has established a comprehensive internal and external testing framework, which includes both outsourced laboratory tests and in-house controls.

Outsourced Laboratory Testing:

The company regularly commissions third-party laboratories, such as Société Générale de Surveillance S.A. (SGS Taiwan), to conduct product tests based on customer demands. Key test items include:

- REACH Test:

REACH is a key EU regulation on chemicals that addresses substances potentially hazardous to human health or the environment. The REACH test focuses on Substances of Very High Concern (SVHCs) to determine whether products contain any of these restricted substances.

- RoHS Test:

The RoHS Directive limits the use of certain hazardous substances in electrical and electronic products sold in the EU. The test checks for substances such as Lead (Pb), Mercury (Hg), Cadmium (Cd), Hexavalent Chromium (Cr⁶⁺), Polybrominated Biphenyls (PBB), Polybrominated Diphenyl Ethers (PBDE), and four phthalates (e.g., DEHP, DBP).

- Flammability Test (for mattress products):

To verify compliance with flame retardancy requirements, tests are conducted on mattresses, mattress toppers, sofas, and cushions. Standards such as BS 5852 simulate ignition scenarios (e.g., cigarette or lighter flame) to assess ignition time, burn rate, and flame spread.

- PFAS Test:

PFAS (Per- and Polyfluoroalkyl Substances) are synthetic fluorinated chemicals widely used for water-, oil-, and stain-resistance in textiles, food packaging, cookware coatings, and cosmetics.

Due to their persistence and bio accumulative nature, many countries now regulate PFAS as environmental and health risk substances. Testing may target individual compounds (e.g., PFOA, PFOS, GenX) or Total Organic Fluorine (TOF) to ensure compliance with applicable legal or brand-specific limits.

In-House Testing Items

Based on the characteristics of different product categories, YAO-I conducts a variety of performance verification tests to ensure product quality stability and durability during usage, thereby enhancing market trust.

The primary internal testing items include:

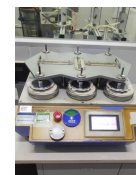

- Yellowing Resistance Test
- Aging Test
- Washability Test
- Cold Resistance Test
- Mold Resistance Test
- Abrasion Resistance Test
- Twist Per Inch (TPI) Test
- Drop Test

These comprehensive tests evaluate product performance under varying environmental conditions to ensure compliance with customer expectations regarding quality and functionality.

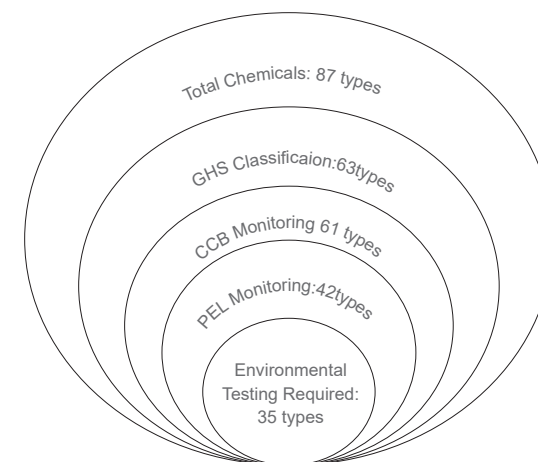
Equipment Investment and Resource Enhancement

In 2024, YAO-I proactively invested in strengthening resources to ensure product quality consistency and enhance customer satisfaction. The specific measures include:

Equipment	Description	Photo
SHIMADZU Tensile Tester	To ensure the stability of yarn physical properties, the company replaced one tensile tester per year from 2022 to 2024, continuously enhancing equipment performance and testing accuracy.	
Universal Testing Machine	Ensures compliance of products requiring tensile strength or tear resistance. Tests are conducted per prescribed methods; non-conforming products are improved based on test values.	
Flammability Tester	Applied to furniture such as sofas and automotive seats to ensure compliance with flammability standards through specific test methods.	
Fiber Fineness Tester	Measures the denier of raw fiber materials to ensure they meet specification requirements.	
Air Permeability Tester	Used for automotive materials to verify compliance with airflow or breathability standards.	

Equipment	Description	Photo
Martindale Abrasion Tester	Evaluates surface durability, anti-pilling, and fuzzing resistance of home textile products.	
Coefficient of Friction Tester	Used for testing the anti-slip mat product series	

In accordance with government regulations, YAO-I completes annual chemical registration and reporting requirements. To enhance the management and control of hazardous substances, the company is actively implementing a centralized “Chemical Cloud” system for integrated chemical management. In support of occupational safety and health, YAO-I has established comprehensive management frameworks, including the “Hazard Communication Plan,” “Incident Reporting and Investigation Procedures,” and “Emergency Response Measures.” Each factory conducts at least two full-scale evacuation and fire drills every six months to improve emergency preparedness. Additionally, all chemical storage areas are secured with restricted access, and entry is only permitted with formal written authorization.



Quality Abnormality Reporting and Management

Criteria for Issuing a Quality Abnormality Report

During production and quality control processes, if any of the following situations occur, a "Quality Abnormality Report" must be immediately issued, and the abnormality reporting and handling procedure should be initiated:

1. Nonconformities are detected during first-piece inspection or in-process inspection.
2. Defects are found during process inspections, and preliminary analysis suggests the cause is due to human error or a major anomaly.
3. The unit that discovers the abnormality must promptly notify the Quality Assurance Department to facilitate timely follow-up actions.

Timeliness and Responsibility Division in Handling Quality Abnormalities

1. The Quality Assurance (QA) unit shall take the lead in abnormality statistics and root cause analysis, and clearly determine responsibility attribution.
2. The Quality Abnormality Report shall be executed by the responsible unit, which must propose concrete corrective measures and preventive actions within 5 working days.
3. The QA unit is responsible for tracking and verifying the effectiveness of corrective measures implemented by the responsible unit, ensuring the abnormality is effectively controlled and continuously improved.

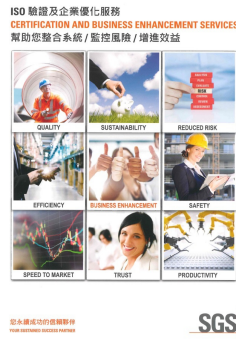
Quality Certifications and Validity

RCS (Recycled Claim Standard)



Until 2026/3/14

ISO 9001



2024/06/01~2027/06/01

Environmentally
Friendly

4.1 Climate Action

- Enterprises are facing unprecedented challenges brought by intensified global climate change, including typhoons, floods, and droughts. These events may lead to damage to production facilities, disruption of logistics, imbalance in supply chains, and even affect product quality and market supply stability. Such challenges not only increase operational risks but may also result in rising production costs and declining customer satisfaction, ultimately impacting corporate competitiveness.

Therefore, the company must take proactive measures to strengthen risk management and response capabilities to ensure business continuity. In the face of climate change trends, the company must overcome many critical challenges to ensure sustainable development and achieve the goal of net-zero emissions by 2050.

Governance Structure

To promote sustainable development, the company established the “Sustainability Development Committee” under the Board of Directors in June 2021. Authorized by the Board, the committee is composed of board members and sustainability officers with expertise in corporate sustainability. Meetings are held semi-annually and are responsible for formulating, promoting, and strengthening action plans and capital expenditures related to key sustainability policies (including climate-related issues) across the group. The committee also reviews, monitors, and revises the implementation and outcomes of sustainability efforts and reports directly to the Board of Directors.

Under the committee, two working groups are established:

- Sustainability Implementation Task Force, formed by representatives from each unit, is responsible for environmental management systems, compliance with environmental laws and international standards, evaluation of sustainable transformation, improving resource efficiency, and developing climate response mechanisms. It also addresses group-wide risk management policies and processes, including identification of climate-related risks and opportunities, updates on relevant climate regulations, and coordinates cross-departmental meetings to reach sustainability goals.
- Risk Management Task Force, also composed of representatives from each company in the group, manages policies and procedures related to risk, including climate-related risks, latest regulatory updates, and assessment of climate risks and opportunities. The team is responsible for planning and implementing climate adaptation and green energy initiatives, establishing key performance indicators (KPIs) that integrate environmental and social considerations into decision-making. It regularly reports sustainability performance, targets, and progress to the Board.

Strategy

YAO-I recognizes the importance of climate change to sustainable business operations and actively integrates environmental concepts into its operational strategies. In line with international trends and regulatory requirements, we have developed a comprehensive climate change strategy.

To effectively address the challenges posed by climate change, the company assesses the potential impacts of climate risks and opportunities on its operations, conducts a thorough review of possible climate impacts at each operational site, and integrates current response measures to formulate concrete solutions.

The goal is to mitigate the impact of climate change on our operations and finances while enhancing organizational climate resilience.

The company evaluates both the likelihood of occurrence and the potential financial impact of risks and opportunities. Based on the potential timing of occurrence, the “likelihood” is categorized into three levels:

- 3 points: Likely to occur within 3 years
- 2 points: Likely to occur within 3 to 5 years
- 1 point: Likely to occur in 5 to 10 years

The “impact severity” is assessed using a set proportion of the company’s average net revenue over the past three years and categorized into three levels:

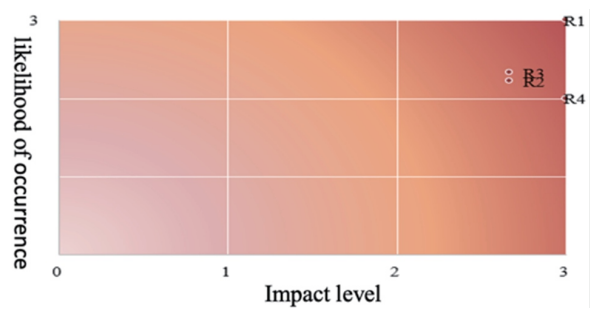
- 1 point: Low impact
- 2 points: Medium impact
- 3 points: High impact

By combining these criteria, the company identifies potential climate-related risks and opportunities that may affect its operations and financial performance. This forms the basis for planning future action to respond to climate-related challenges and opportunities.

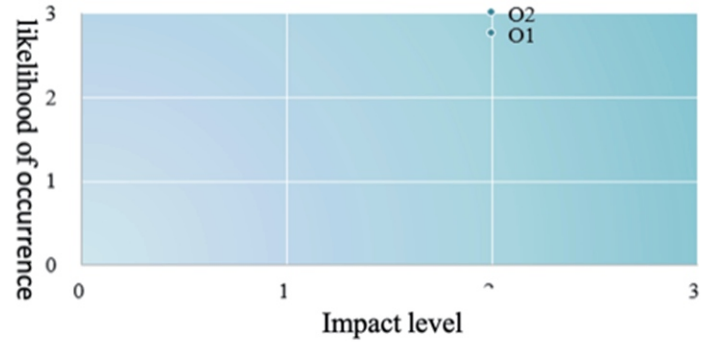
In 2024, the Company identified two (2) major physical risks, two (2) major transition risks, and two (2) major opportunities. Moving forward, we will continue to enhance our management mechanisms to address the challenges and seize the opportunities brought by climate change, ensuring long-term and steady corporate development. For details, please refer to the Climate-Related Risks and Opportunities Matrix Analysis below.

【Climate-Related Risk and Opportunity Matrix Analysis Results】

Climate-related risks and opportunities are mapped based on the likelihood of occurrence and the severity of impact to generate climate risk and climate opportunity matrices. The identification results are as follows:



R1	Impact of Extreme Weather on Supply Chain Stability
R2	Increased Severity of Typhoons and Flooding Events
R3	Rising Average Temperatures
R4	Increased Climate-related Audit and Verification Demands



O1	High-Efficiency Equipment
O2	Circular Economy

Major Climate-Related Risks and Opportunities Assessment Table (Summary)

Transition Risks

Typ	Dimension	Risk	Description	Financial Impact	Mitigation Measures
Transition	Market	R1. Supply Chain Disruptions from Extreme Weather	Extreme weather may disrupt raw material supply, raise costs, and affect material quality.	Increased operating costs: alternative supplier sourcing, higher procurement costs	<ul style="list-style-type: none"> Strengthen supplier collaboration Increase safety stock for key materials
Physical	Acute	R2. Intensified Typhoons and Floods	May damage facilities, disrupt operations, and affect employee commuting.	Increased repair costs: Decreased revenue from delayed production & lower customer satisfaction	<ul style="list-style-type: none"> Install Uninterruptible Power Supply (UPS) systems and backup power facilities to ensure continuous operation of critical production equipment during extreme events. Complete waterproofing projects, reinforce drainage systems, and conduct regular inspections to minimize flood-related impacts. Strengthen inventory management and implement safety stock strategies to maintain adequate supply levels and enhance production line resilience. Develop contingency plans for labor shortages, allowing for flexible workforce allocation based on operational needs to ensure uninterrupted business operations.
Physical	Chronic	R3. Rising Average Temperatures	High temperatures lead to equipment failure, increased electricity costs, and delayed deliveries.	<ul style="list-style-type: none"> Increased electricity and maintenance costs Reduced capacity and delivery delays 	<ul style="list-style-type: none"> Introduce energy-efficient cooling systems Use high-temp resistant equipment
Transition	Reputation	R4. Rising Verification and Disclosure Requirements	Regulatory pressure on GHG and energy disclosure increasing; noncompliance may lead to penalties.	<ul style="list-style-type: none"> Increased verification and training costs Outsourced third-party audits 	<ul style="list-style-type: none"> Deploy digital GHG monitoring systems Implement climate response and risk management plans

Opportunities

Dimension	Opportunity	Description	Financial Impact	Actions Taken
Resource Efficiency	O1. High-Efficiency Equipment	Replacing high-energy-use equipment reduces unnecessary energy consumption.	Reduced operating costs	<ul style="list-style-type: none"> · Add inverter motors · Regular reviews to optimize energy use · Invest in high-efficiency machinery
Resource Efficiency	O2. Circular Economy	Increased demand for recycled/reused content in products boosts sales and reduces raw material dependency.	<ul style="list-style-type: none"> · Increased revenue from eco-conscious customers · Reduced raw material and disposal costs 	<ul style="list-style-type: none"> · Use reusable aluminum molds · Replace disposable materials · Enhance sustainability brand image

Risk Management

- The Company's climate-related risk and opportunity management process includes four major stages: Analysis, Identification, Evaluation, and Reporting. Based on global sustainability trends and the current industry landscape, we identify potential climate-related risks and opportunities that may impact the Company and compile a comprehensive climate risk register.

These risks and opportunities span multiple dimensions, including but not limited to extreme weather events, regulatory and policy changes, energy transition, and technological innovation. The evaluation process considers not only potential financial losses but also impacts on brand reputation, employee health and safety, and the broader industry value chain.

We assess each item using two (2) key criteria "Severity of Impact" and "Likelihood of Occurrence"—and consolidate input from all departments to prioritize the significance of each risk. This prioritization guides the development of response strategies and action plans.

Risk Response and Strategic Planning

- Each department formulates detailed mitigation strategies based on the identified material risks. Corresponding management plans are developed in alignment with the nature, scale, and severity of each risk.

The Company actively invests in sustainable technologies and energy transition initiatives. For high-risk areas such as supply chain disruptions, policy changes, and capital market volatility, we have established flexible contingency mechanisms to enable rapid responses and minimize potential impacts.

To ensure the completeness and forward-looking nature of our risk assessments, we continuously monitor domestic and international climate change developments and adjust our risk register accordingly to address emerging challenges.

Metrics and Targets

- Achieving net-zero emissions by 2050 has become a shared global objective among governments and enterprises, symbolizing a critical shift toward sustainable development and environmental stewardship. In response, countries worldwide have introduced stricter climate policies and encouraged investment in green technologies and innovation to curb greenhouse gas (GHG) emissions. Taiwan's government has also pledged to achieve net-zero emissions and is accelerating industrial transformation. Our company is actively aligning with this global trend, aiming to stay ahead of the curve by investing in low-carbon product development and process innovation, ensuring our competitive edge in international markets.

4.2 Energy Management

- We place high importance on the efficient use of energy resources and are committed to improving energy efficiency throughout our operations. By minimizing unnecessary energy consumption, we strive to reduce our carbon footprint and move toward sustainable operations. Going forward, we will continue monitoring relevant regulations and industry developments to assess and implement more systematic energy management measures. Our goals are to enhance energy efficiency, reduce operating costs, and mitigate environmental impact.

4.2.1 Energy Management Structure

- To effectively promote energy management and conservation initiatives, our company has established a three-tier energy management system based on organizational responsibilities:
 - Management Level: Sets strategic energy-saving targets and oversees overall planning and policy-making.
 - Implementation Level: Develops and executes energy-saving plans, monitors progress, and evaluates results.
 - Operational Level: Carries out energy-saving tasks based on established plans and is responsible for reporting any issues to ensure the system functions effectively.

4.2.2 Consumption and energy-saving measures and results

Energy Consumption from 2022 to 2024 (Unit: GJ)

Energy Type	2022 year	2023 year	2024 year
Non-renewable electricity	33.72	29.34	29.23
Gasoline	0.13	0.12	0.08
Diesel	0.03	0.03	0.03
Natural gas	0.46	0.32	0.60
Total Energy Consumption	34.34	29.81	29.94

Notes:

1.Conversion Basis

For 2022–2023: Based on the 2023 calorific value table published by the Energy Administration, Ministry of Economic Affairs:

i.Electricity: 3,600 KJ/kWh ii.Gasoline: 7,800 kcal/L

iii.Diesel: 8,400 kcal/L iv.Natural Gas: 6,635 kcal/L

2.For 2024: Based on the 2024 updated table by the Energy Administration, Ministry of Economic Affairs:

i.Electricity: 3,600 KJ/kWh ii.Gasoline: 7,520 kcal/L

iii.Diesel: 8,629 kcal/L iv.Natural Gas: 8,107 kcal/L

3.Scope of Disclosure

Data covers only the companies’ operations in Taiwan.

Internal Energy-saving Incentive Program

- In accordance with the Implementation Guidelines for Improvement Proposals, employees who submit suggestions that help improve work efficiency, shorten process time, or enhance production capacity will be rewarded with a proposal bonus upon confirmation of tangible results. In 2024, a total of 23 proposals were approved, with bonuses amounting to NT\$83,300 distributed.

Energy Conservation Awareness in the Workplace

- The company actively promotes energy conservation and carbon reduction through various initiatives such as posting awareness posters, regulating air conditioning temperature settings, and encouraging employees to use stairs more frequently. These efforts help embed energy-saving practices into daily operations.

Energy-Saving Measures and Effectiveness

- The company regularly reports energy-saving measures and their implementation status to the Bureau of Energy in accordance with regulations. This process helps strengthen the energy management mechanism, improve energy efficiency, and demonstrate the company's commitment to energy conservation and carbon reduction. The energy-saving improvement projects implemented by YAO-I in 2024 are shown in the table below.

2024 Energy-Saving Project Summary

Unit: NTD 1,000

Project Name	Type	Project Description	Actual Investment (TWD)	Energy Saved (kWh)	Energy Saved (GJ)	Energy Saved (GJ)
Air Compressor Replacement	Efficiency	Replaced old air compressors with new energy-efficient models to effectively reduce daily electricity consumption.	300,000	36,259.25	130.53	17.19
Elimination of High-Energy-Consuming Processes and Machines	Efficiency	Discontinued machines and processes from part of a production line.	700,000	93,259.20	335.73	44.20
Notes: 1. Energy Saved (GJ) = Electricity Saved (kWh) × 0.0036 2. Emissions Reduced (metric tons CO ₂ e) = Electricity Saved (kWh) × Emission Factor ÷ 1,000 3. 2024 Taiwan Emission Factor = 0.474 kg CO ₂ e/kWh						

4.3 Water Resource Management

- Our company is committed to the sustainable use of water resources. Upholding the principles of efficient utilization and waste reduction, we continue to implement water management practices. Through a water resource monitoring system, we track water sources and consumption trends, which serve as the foundation for future water-saving initiatives and improvement plans.
- The main water sources used by YAO-I are groundwater and tap water. Tap water is primarily used for general domestic purposes, while groundwater serves as the source for the RO (Reverse Osmosis) filtration system. The purified water produced through RO treatment is then used in manufacturing processes.

4.3.1 Water Usage and Conservation Measures & Results

Water usage over the past three years is as follows:

Unit: Million Liters

Item	2022	2023	2024
Total Water Withdrawal	2.043	3.014	0.788
Total Water Discharge	0.350	0.280	0.130
Total Water Consumption	1.693	2.734	0.658
Note: 1.The above water withdrawal data is based on the billing period from the Taiwan Water Corporation. 2.The disclosed data covers operations in Taiwan only. 3.Total Water Withdrawal – Total Water Discharge = Total Water Consumption.			

Environmental Expenditure

Environmental Expenditure

Type	Implementation Period (Year)	Actual Investment Amount (NT\$: 1,000)
Water Conservation Project – Optimization of PVDF (Polyvinylidene Fluoride) Fiber Washing Equipment	2024	100

Water Conservation Measures and Effectiveness

Before Improvement:

When the production line was fully operational, daily water consumption reached approximately 96 tons, resulting in high water consumption and pressure from potential treatment costs.

Optimization Measures:

The project replaced the front and back-end washing equipment for lines 1–6 with water-cutting machines and recycled water washers to improve water efficiency.

Outcomes:

- Significant Reduction in Water Usage: After optimization, daily water usage on the production line dropped from ~96 tons to ~0.5 tons — saving 95.5 tons per day.
On an annual basis, this amounts to approximately 25,212 tons of water saved.
- Reduced Future Treatment Costs: With decreased water usage, future wastewater treatment expenses and equipment installation costs can be effectively reduced.
- Lower Frequency and Cost of Consumables Replacement: Previously, the RO (reverse osmosis) system handled large volumes of groundwater, requiring frequent filter replacements at an annual cost of NT\$170,000.
After optimization, water usage was reduced by two-thirds, allowing filter replacements to be extended to once every three years.
The average annual cost is now approximately NT\$56,000, achieving annual savings of NT\$114,000.

4.3.2 Wastewater Management

- The main sources of the company's wastewater include process water discharge and domestic sewage generated from employees' daily activities. To fulfill our responsibility in water resource management, we have implemented relevant treatment mechanisms to reduce environmental impact. Specifically, the RO (reverse osmosis) wastewater produced during the purification of groundwater is collected into designated storage tanks and reused for landscaping irrigation and toilet flushing (urinals and toilets) within the facility. This practice significantly improves water use efficiency and promotes water reuse. The company will continue to review and optimize its water management measures to further advance toward its water-saving and sustainable operation goals.

4.4 Waste Management and Recycling

- During the company's operations, all generated waste is properly managed in accordance with the Waste Disposal Act, with source-level sorting and collection implemented to enhance recyclability and resource utilization efficiency. The main types of waste include:

- Industrial waste (e.g., plastic waste),
- General industrial waste (e.g., domestic waste), and
- Recyclable industrial waste (e.g., recyclable plastics),

All of which are collected and incinerated by certified waste disposal contractors. Resource-type waste such as paper, PET bottles, and aluminum cans are outsourced to qualified vendors for recycling and reuse.

Additionally, Hazardous Industrial Waste generated during operations (classified under Code C0301) is also handled by authorized contractors for incineration, ensuring compliance with regulatory requirements and minimizing environmental impact.

4.4.1 Waste Disposal

- The Company manages and processes waste in accordance with its Waste Management Regulations. In collaboration with plastic industry partners, it assesses the feasibility of reusing industrial waste. Recyclable waste wires with recovery value are collected for reuse. Non-recyclable wires are classified as industrial waste and handled by qualified disposal contractors.
- For household waste, items are categorized into recyclables and general waste. Recyclables such as aluminum cans and plastic containers are sorted and collected by licensed vendors, while general waste is disposed of by certified contractors, ensuring all waste is properly managed in compliance with regulations and aligned with environmental sustainability goals.
- To strengthen waste Classification and promote reduction efforts, the Company requires personnel to complete a Waste Release Checklist at the point of waste generation. Verification must be completed by authorized personnel before the waste is moved to the temporary storage area to ensure proper categorization. Qualified contractors are then responsible for waste transportation and disposal.
- The Company is committed to minimizing its environmental footprint by implementing source reduction and resource recovery measures. These include:
- Using eco-friendly packaging materials,
 - Encouraging employees to bring reusable tableware,
 - Setting up recycling bins for materials and food waste,
 - Categorizing waste into at least six types for recycling,
 - Conducting waste-sorting education during management meetings to raise environmental awareness,
 - And installing energy-saving systems such as scheduled power-off devices to promote daily conservation actions.

Waste Disposal Volume

- In 2024, the company's total waste disposal volume reached 164.35 metric tons, representing an approximate 34% increase compared to 2023. This was mainly due to the scrapping of customer return inventory during the year.

Waste Type	Waste Category	Treatment Method	2022(year)		2023(year)		2024(year)	
			Disposal Volume (tons)	(%)	Disposal Volume (tons)	(%)	Disposal Volume (tons)	(%)
General Waste	Household waste	Incineration	23.00	12.29%	28.00	22.75%	26.80	16.30%
	Industrial waste (plastic, scrap metal, packaging paper)	Incineration	120.16	64.18%	36.00	29.25%	81.84	54.46%
		Recycling	34.82	18.60%	48.23	39.19%	41.76	20.75%
Hazardous Waste	Waste liquid	Incineration	9.23	4.93%	10.84	8.81%	13.95	8.49%
Total			187.21	100%	123.07	100%	164.35	100%
Notes:								
1.Waste disposal data includes only the company's Taiwan operations.								
2.The hazardous waste consists of dichloroethane, which is not recyclable and must be incinerated. Therefore, the recycling percentage for hazardous waste is 0%.								

4.4.2 Waste Disposal Vendor Management

- The Company evaluates waste disposal vendors to ensure compliance with regulations. Vendors must possess valid waste disposal permits issued by the government and within the effective period. Once a vendor is confirmed as qualified, the Company will sign a disposal agreement and authorize them to handle waste removal operations. The current evaluation criteria are primarily based on whether the vendor holds a valid waste disposal permit, ensuring that all disposal activities comply with legal requirements.

Trusted Partnerships

5.1 Supply Chain Management

■ YAO-I focuses on the research, development, and sales of fishing lines and racket strings, encompassing the upstream, midstream, and downstream segments of the industry value chain. The R&D and biotechnology departments develop innovative products, while the procurement department is responsible for sourcing raw materials, components, and packaging materials. Product packaging and quality inspections are completed in-house before final delivery to customers.

Since its establishment, YAO-I has been deeply rooted in the industry for over 50 years, adhering to "sustainable development" as its core corporate objective. As a responsible corporate citizen, the Company is committed to sustainable product development, enhanced environmental management, active social participation, and fostering a safe and healthy workplace. YAO-I continuously fulfills its commitments to society and the environment. The relationships between YAO-I and its upstream, midstream, and downstream sectors are as follows:

Industry Value Chain



Supply Chain Policy

Promotion of Environmentally Friendly Materials

Some of the company's packaging material suppliers have adopted recyclable and eco-friendly materials to reduce the carbon footprint throughout the product life cycle and promote the concept of a green supply chain.

Sustainable Supply Chain Management Measures

1. Conduct regular assessments of suppliers focusing on environmental and quality aspects. For those failing to meet standards, the company offers necessary guidance and assistance to improve their operational and management performance.
2. Require all suppliers to complete a "Restricted Substances Declaration" (covering REACH and RoHS regulations) to ensure that all raw materials supplied comply with international environmental regulations.
3. In accordance with clause 4.2.9 of the "Supplier Management Procedure" (QP-F0000002) under the ISO 9001 standard, the company mandates that suppliers fill out a "Supplier Self-Assessment Form" and a "Conflict Minerals Declaration" every two years to reinforce sustainable supply chain responsibility and risk control. This practice supports the company's commitment to environmental protection, human rights, occupational safety, and corporate social responsibility.

Critical Raw Material Risk Management

YAO-I's primary raw materials include nylon pellets and polyethylene fibers. To ensure product quality and production stability, all materials undergo strict incoming inspection in accordance with a comprehensive quality management process. Every material must pass acceptance tests based on inspection standards set by the Quality Assurance Department. For packaging materials, suppliers are also required to provide a "Product Commitment Statement," which serves as one of the bases for acceptance.

To reduce the carbon footprint of the supply chain and enhance the flexibility and timeliness of material procurement, the company actively promotes a local sourcing strategy. Whether for the Taiwan headquarters or the Vietnam subsidiary, packaging materials and bobbins are preferentially sourced from local suppliers. This approach not only supports local economic development but also enables cross-regional coordination in the event of temporary shortages or supply disruptions, thereby improving overall supply stability.

For critical raw materials with longer lead times, a safety stock system has been established, with inventory levels determined based on risk assessments to minimize the risk of supply interruption and ensure continuity of operations. To strengthen supply flexibility, packaging materials and similar items are sourced from two or more qualified suppliers. However, due to the proprietary nature of formulations, nylon pellets and multifilament materials are typically purchased from specific manufacturers. YAO-I partners only with domestic and international suppliers that have excellent reputations and maintain long-term, stable relationships, ensuring reliable raw material sources. For raw materials with exclusive properties, the R&D department has also built a substitute material database, while the procurement department maintains a backup supplier list, enhancing procurement flexibility and risk response capability.

Supplier Selection

To strengthen sustainable supply chain management and risk control mechanisms, the Company has established a regular assessment system for both new and existing suppliers. Questionnaires are distributed via email or fax to understand and evaluate suppliers’ specific practices on sustainability-related topics.

The survey covers areas such as sustainability and operational risk management, supply chain management, environmental protection, human rights, and labor rights. The results serve as a basis for supplier management, ongoing partnership evaluation, and risk alerts, thereby enhancing overall supply chain responsibility awareness and sustainable competitiveness.

In 2024, the Company required 23 existing suppliers to sign the “Supplier Commitment Letter,” all of whom completed the signing process, achieving a 100% completion rate. There were no new suppliers added in 2024 requiring inclusion in the commitment letter program.

Existing Suppliers	Number of Suppliers Signed	23
	Number of Suppliers Required to Sign	23
	Signing Rate (%):	100%

Selection of New Suppliers

When a new supplier is recommended by an internal requesting department and the sample trial confirms that the product meets company standards, an on-site audit must be conducted within three months after mass production begins. According to the "Supplier Management Procedures" defined under ISO 9001, new suppliers are required to submit a "Supplier Self-Assessment Questionnaire" and a "Conflict Minerals Declaration." Raw material suppliers must also provide a Certificate of Analysis (COA), while packaging suppliers must submit a "Product Commitment Letter" to establish inspection criteria and ensure supply quality and responsible management integrity.

Supplier Evaluation Process

- Supplier Selection and Evaluation: Before engaging with a supplier, the requesting department provides demand and market information. The procurement unit collects and investigates the supplier's information, verifies legitimacy and transaction history, and consults regulatory authorities if necessary. Then, quotation requests, price comparisons, and negotiations are conducted.
- Contract Signing: For significant or high-value procurements, formal written contracts are required. The company generally provides standard procurement or outsourcing contract templates. If the supplier provides a contract, it must be reviewed by the legal department.
- Regular Evaluation and Assessment: The procurement unit regularly evaluates all suppliers on criteria including quality, delivery, and cooperation. Suppliers who fail to meet company standards will be required to improve. If improvement is not achieved, the supplier will be disqualified.

Supplier Evaluation Mechanism

YAO-I conducts regular assessments of its suppliers. Evaluation criteria include quality, delivery performance, and service. Based on the "Supplier Evaluation Form," suppliers are graded into three categories:

- Grade A: Score above 90
- Grade B: Score between 70–89
- Grade C: Score below 69

According to the "Supplier Evaluation Procedures" established under ISO 9001 standards, the company performs annual evaluations of all purchasing suppliers. The evaluation results are used to assign scores and determine supplier classifications.

If a supplier receives an unsatisfactory evaluation for two consecutive years, the company will cease issuing purchase orders to that supplier. However, if the supplier actively pursues improvement measures with the intent of continuing cooperation, a formal request may be submitted for managerial approval. Upon approval, the supplier will receive guidance to help restore product quality and resume business relations.

In 2024, due to proactive efforts by the procurement department to help suppliers improve their delivery performance and enhance communication and resolution mechanisms for quality issues, the overall supplier performance significantly improved. As a result, several suppliers previously classified as Grade B were upgraded to Grade A, leading to a notable increase in the number of Grade A suppliers.

Supplier Evaluation Status

Item	2022(year)	2023(year)	2024(year)
Total Number of Suppliers	827	862	900
Number of Suppliers Evaluated	256	214	210
Number of Evaluation Criteria (classified per ISO 9001 standards)	3	3	3
Number of Grade A Suppliers / Criteria Count	160	118	180
Number of Grade B Suppliers / Criteria Count	82	78	11
Number of Grade C Suppliers / Criteria Count	14	18	19

Guidance and Improvement

- Financial Support:

The company has partnered with local banks to offer simplified financing services to our suppliers. Suppliers with financing needs may apply for online loans using transaction records and “payment notices” from our company. The process is simple, with high loan-to-value ratios and preferential interest rates.

- Technical Support:

We provide technical support including guidance, training, and technology sharing to help suppliers enhance their production technologies and manufacturing capabilities, ensuring they meet our quality and performance requirements.

- Raw Material Supply:

We ensure a stable source of raw materials and establish long-term partnerships with suppliers to guarantee production stability and product quality consistency.

The company is committed to sustainable supply chain management. All suppliers are required to complete the company's “Supplier Self-Assessment Questionnaire” and “Conflict Minerals Declaration.” Environmental protection aspects are incorporated into the supplier selection and evaluation process, including environmental risk screening and compliance assessments. Preference is given to partners with environmental certifications, recycling programs, emission reduction plans (such as solar installation, green power purchases, and waste heat recovery), or those who comply with relevant regulations, thereby enhancing the green competitiveness of the entire supply chain.

5.2 Customer Relationship

Material Topic: Customer Relationship Management

Significance of the Material Topic	<p>YAO-I places high importance on customer experience and satisfaction, striving to establish strong and long-term trust-based relationships. The company utilizes multiple communication channels to actively listen to and promptly respond to customer needs and feedback, ensuring that service quality aligns with customer expectations. To enhance the overall customer experience, the company continues to optimize service processes and promote digital transformation, with the customer at the core, driving the realization of sustainable corporate value.</p>
Policy / Commitment	<p>YAO-I is committed to customer satisfaction and long-term mutual trust. The company employs prompt response mechanisms to effectively address customer needs and feedback. We pledge to continuously improve service quality and deepen customer trust, using customer-centricity as the driving force for sustainable business development.</p>
Goals	<p>Short Term (1 year):</p> <ul style="list-style-type: none"> · Enhance Customer Satisfaction: Target an annual score above 90 across all evaluation indicators, and conduct an annual customer satisfaction survey. This includes evaluating product quality, on-time delivery, service responsiveness, and technical support efficiency to comprehensively enhance the customer experience. · Strengthen Communication Frequency and Mutual Trust: Establish a high-frequency, high-quality communication mechanism. Aim to contact customers 2 to 3 times per week via email based on order status, providing timely responses and proactive updates. Schedule at least 1 to 2 in-person visits or video meetings annually to gain deeper insights into customer challenges and mid-to-long-term strategies, proactively offering feasible solutions.
	<p>Mid-to-Long Term (3–5 years):</p> <ul style="list-style-type: none"> · Accelerate New Product Development and Sampling Speed: Continue to improve product development workflows and rapid prototyping mechanisms to enhance satisfaction and market responsiveness. · Improve Quality Stability and Reduce Complaint Rate: Target a 10% reduction in complaint rate. Strengthen quality inspections and feedback mechanisms. Apply data analysis to monitor and resolve quality issues in real time, ensuring product stability and consistency. · Expand Market Share and Deepen Customer Partnerships: Collaborate with key customers on product development initiatives to increase market penetration and brand competitiveness. · Establish a Corporate Sustainability Blueprint: Formulate strategic plans covering carbon reduction, resource reuse, and sustainable supply chain management to advance sustainable business transformation. · Promote Material Innovation and Green Collaboration: Continue close cooperation with material suppliers to develop innovative and environmentally friendly materials and processes, supporting brand clients in sustainable design and creative implementation.

<div>Action Plans</div>	<p>To enhance customer relationship and satisfaction management, YAO-I has established a comprehensive internal and external regulatory framework, including:</p> <p>Internal Policies:</p> <ul style="list-style-type: none"> · Customer Management Procedures · Order Review Procedures · Customer Complaint Handling Procedures · Customer Satisfaction Management Procedures <p>External Regulations and Standards:</p> <ul style="list-style-type: none"> · Commodity Labeling Act · EU RoHS and other international environmental regulations · ISO 9001 Quality Management System · ISO 14001 Environmental Management System <p>The implementation of these systems and standards ensures continuous improvement in customer service, quality assurance, and regulatory compliance, enhancing customer trust and corporate sustainability competitiveness.</p>
<div>2024 Actual Performance</div>	<p>Customer satisfaction survey score achieved an excellent 9.84.</p>
<div>Communication Channels</div>	<p>The company has established policies to prevent conflicts of interest through the "Related Party Transaction Management Guidelines," "Code of Conduct for Ethical Management," and "Insider Trading Prevention Guidelines." It also provides suggestion boxes, dedicated email, and hotlines as complaint and feedback channels to protect stakeholder rights and implement ethical governance.</p>

Customer Relationship

Maintaining customer relationships is one of the key drivers of sustainable business development. YAO-I recognizes that strong customer interactions and high satisfaction are the cornerstone of long-term success. Therefore, the company continuously engages in close communication with customers to gain deep insights into their needs and expectations, using this as a foundation to continuously optimize products and services. By doing so, YAO-I aims to build stable, mutually beneficial partnerships and create long-term value together.

Customer Service

Our company engages with customers through a variety of communication channels, encompassing both routine business contact and strategic interactions. Daily communication includes emails, phone calls, and video conferences. Additionally, we schedule in-person visits during major holidays or invite customers to visit our facilities to maintain strong and collaborative relationships.

Furthermore, the company maintains consistent interaction with customers through the following diverse channels:

- Participating in various domestic and international exhibitions, such as pet expos, baby product fairs, and textile trade shows, to engage face-to-face and explore collaboration opportunities.
- Providing official communication platforms including the corporate website, landline, and email for customer inquiries and contact.
- Regular customer visits conducted by sales teams, as well as welcoming customer visits to our facilities.
- Hosting online meetings as needed to address business discussions, offer timely responses, and provide professional support based on customer requirements.

Through these multi-level communication mechanisms, we are able to gain deep insights into customer needs, strengthen partnerships, and further enhance service quality and customer satisfaction.

Customer Communication and Feedback Process

Customer Information	Service Reception	Internal Transmission	Feedback Tracking
· Product Development	· Customer Communication	· Email Delivery	· Improvement Plan
· Technical Discussion	· Information Collection	· App Notification	· Feedback Result
· Complaint Handling	· Document Filing	· Internal Discussion	· Customer Opinion

Customer Satisfaction Survey

The company conducts an annual customer satisfaction survey covering all clients, with a specific requirement for the top ten(10) key customers to respond. This ensures that feedback is representative and holds meaningful reference value. To enhance analytical effectiveness, the survey is categorized by customer type and includes four major dimensions: product and service, delivery performance, R&D collaboration, and quality standards.

The survey is conducted in the fourth quarter each year. Results are compiled by the sales department and reviewed in a customer satisfaction feedback meeting, which includes participation from relevant departments. The meeting focuses on analyzing feedback, particularly from customers with the lowest satisfaction scores, and facilitates cross-functional discussions to develop improvement strategies, ultimately driving actionable enhancements in service quality and customer collaboration.

Customer Satisfaction Survey Results

Through regular customer satisfaction questionnaires, the company actively gathers customer opinions and feedback as a key basis for optimizing services and refining products. According to the 2024 survey results, the company received an overall score of 9.84, reflecting high satisfaction and strong affirmation of its performance.

Customer Satisfaction Survey Results

Dimension	2024 Performance
Quality	9.62
Delivery	9.92
Service	9.92
R&D	9.81

Average Customer Satisfaction Score

Year	Score
2022	9.43
2023	9.67
2024	9.84

Customer Complaint Mechanism and Handling

Establishing Real-Time Customer Communication

In addition to the annual survey and meeting mechanisms, the company has implemented a real-time communication system during daily operations. When the sales department identifies customer needs, the relevant information is immediately relayed to the appropriate departments for follow-up.

1. For new product development requests, the sales team will coordinate with the R&D department to issue a new product application form, which will then be evaluated and discussed during regular R&D meetings.

2. For product quality issues, a customer complaint form will be issued and reviewed during scheduled complaint meetings.

Through this cross-departmental information exchange mechanism, the company effectively enhances departmental coordination and ensures timely resolution of issues, guaranteeing that customer needs are addressed promptly and appropriately.

Customer Complaint Handling Mechanism

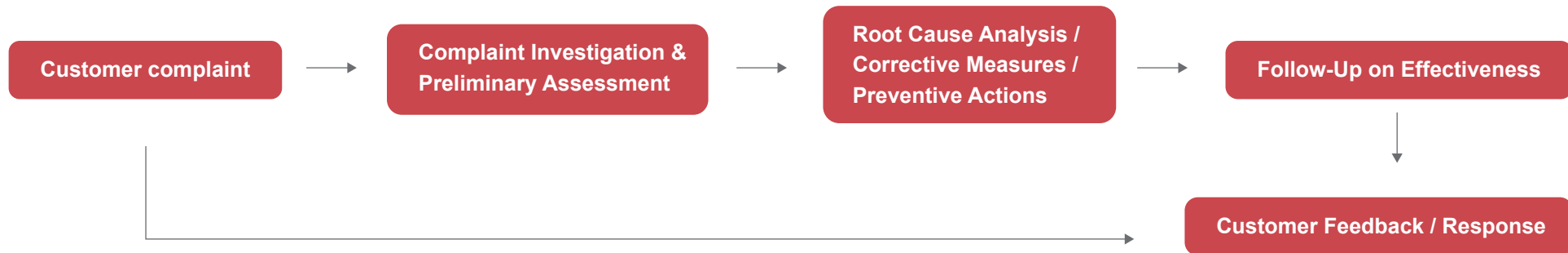
The company has established a comprehensive complaint handling system. When the sales team receives a customer complaint, they first assess the situation. Once the complaint is confirmed, a “Customer Complaint Form” is issued through the ERP system, with an initial response provided within the next working day.

If the issue involves defective samples or related materials, the information is simultaneously submitted to the Quality Assurance (QA) department for investigation. Upon preliminary identification of the cause, QA fills out the “Customer Complaint Form” and forwards it to the responsible department for analysis and for proposing corrective and preventive measures. The standard processing time is within seven working days.

The QA department is responsible for tracking the effectiveness of the corrective actions, while the sales team consolidates the results. Final case closure and documentation are completed by QA.

Both the “Customer Complaint Form” and the “Customer Complaint Master List” are managed systematically. Regular review meetings are held to ensure process effectiveness. All operations are conducted in accordance with the "Customer Complaint and Abnormality Handling Procedure" (WI-D010006), ensuring systemization and traceability to strengthen quality management and enhance customer satisfaction.

Process Flow



YAO-I Happy Workplace

■ YAO-I upholds a “people-oriented” philosophy and is committed to fostering a happy and warm working environment. Through a high-quality workplace atmosphere, comprehensive care mechanisms, competitive compensation and benefits, as well as diverse training and career development opportunities, the company holistically supports the physical and mental well-being of its employees. These efforts aim to enhance employee satisfaction and retention, fulfilling the sustainable goal of mutual prosperity between the company and its employees. In 2024, YAO-I was honored by the Industrial Development Administration, Ministry of Economic Affairs, with the “Enterprise with Over 50 Years of Operation” award. This recognition not only affirms the company’s long-term steady operations and deep-rooted local development, but also highlights its commitment to sustainable development—where employees are consistently regarded as the most valuable partners and assets.

Note: Unless otherwise specified, all data in this chapter is based on employees who were still employed as of December 31, 2024

6.1 Talent Attraction and Retention

■ YAO-I believes that talent is the cornerstone of sustainable business operations. To attract outstanding individuals, the company not only leverages social media and its corporate website to strengthen its employer brand and recruitment visibility, but also actively participates in various campus and government job fairs. In 2024, the company participated in a total of six(6) recruitment events organized by campuses and local governments. These included two job expos hosted by the Changhua County Government and one campus recruitment fair each at Chienkuo Technology University, Ling Tung University, Asia University, and National Taichung University of Science and Technology. These efforts have helped to attract a wide range of talent and significantly expand recruitment outreach and brand visibility.

In addition, the company has implemented a referral bonus system that encourages employees to recommend candidates. Regardless of position level, employees who successfully refer new hires receive a fixed cash bonus. This initiative helps promote workforce stability and the continuity of corporate culture.

Fair Employment and Assignment Management

- The company strictly abides by the provisions of the Labor Standards Act and the Employment Service Act to ensure a fair and transparent recruitment process. We firmly prohibit the employment of child labor and do not tolerate discrimination based on race, gender, age, marital status, religious beliefs, political stance, or physical or mental disability. We are committed to upholding the principle of workplace equality.

For personnel assigned to overseas subsidiaries, the company also complies with local laws and the internal regulations of each subsidiary.

To clearly define the conditions, responsibilities, and management mechanisms for overseas assignments, the company has established the "Overseas Assignment Management Guidelines". These comprehensively regulate appointment procedures, compensation, performance evaluations, and conduct. All assignments must be jointly approved by the company and the respective subsidiary, with the daily management and periodic evaluations carried out by the subsidiary supervisors. This ensures the rights of assignees are protected and reinforces the company's oversight and consistency in overseas operations.

Workplace Adaptation and Workforce Stability Measures

- To enhance workforce stability and adaptability, the company has established a comprehensive mechanism covering both "new hire adaptation" and "employee exit management." These measures help employees integrate smoothly into the workplace and enable the company to monitor workforce trends, providing appropriate support at different stages.

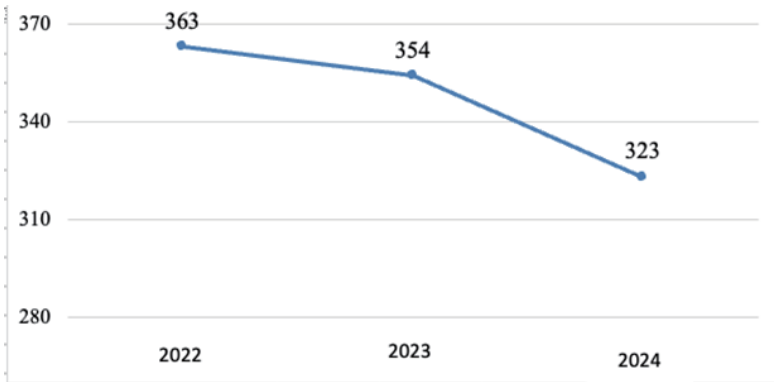
<p>New Hire Adaptation Mechanism</p>	<ul style="list-style-type: none"> · The company has implemented a “Buddy System,” where experienced employees serve as workplace mentors to actively provide work assistance and personal care. During the implementation period, the company regularly follows up on the new hires’ adaptation status. Through communication and companionship, the system helps build trust and a sense of belonging. · The company continuously listens to employee feedback and improves relevant systems and workplace conditions to ensure a friendly and people-centered environment.
<p>Employee Turn-over Management</p>	<p>The company regards the turnover rate as a key indicator of workforce stability. All resignation cases are followed up with exit interviews conducted by HR or direct supervisors, who analyze the reasons behind the departure. Distinct management approaches are applied based on the type of resignation (e.g., voluntary, retirement, involuntary), and appropriate improvement measures are developed accordingly. By deeply understanding the underlying causes of turnover, the company effectively responds to employee needs, reduces the risk of attrition, and enhances overall organizational stability and attractiveness.</p>

Employee Reinstatement and Knowledge Transfer Mechanism

- In response to labor market trends and the need for sustainable knowledge retention, the company has launched an “Employee Reinstatement Program.” During the resignation or retirement process, the company proactively inquiries about the individual's willingness to return and establishes a personnel database to facilitate timely contact and arrangements when manpower is needed in the future. Rehiring professionals with experience not only enhance technical knowledge transfer but also helps stabilize organizational knowledge assets and strengthen operational resilience.

6.1.1 Workforce Structure

■ As of the end of 2024, YAO-I had a total of 323 employees, representing an 8.76% decrease compared to 2023. This manpower adjustment reflects workforce streamlining in Taiwan following the integration of production processes between Taiwan and Vietnam. Over the past three years, the company's workforce structure has remained stable, predominantly consisting of permanent and full-time employees. The company does not employ temporary workers, part-time staff, or workers with guaranteed minimum hours, demonstrating its commitment to stable labor relations and long-term human capital investment.



In addition, the average employee tenure in 2024 was 7.65 years, an increase of 0.66 years compared to the previous year. This reflects employees' strong identification with YAO-I Industrial and their willingness to remain with the company. It also strengthens the overall accumulation of organizational knowledge and experience transfer, laying a solid foundation for the company's continued growth.

Unit: Number of Employees

Classification	Period	2022(year)	2023(year)	2024(year)
Type of Employment Contract	Permanent Employees	363	354	323
	Temporary Employees	0	0	0
	Total	363	354	323
Type of Employment	Employees Without Guaranteed Hours	0	0	0
	Full-Time Employees	363	354	323
	Part-Time Employees	0	0	0
	Total	363	354	323

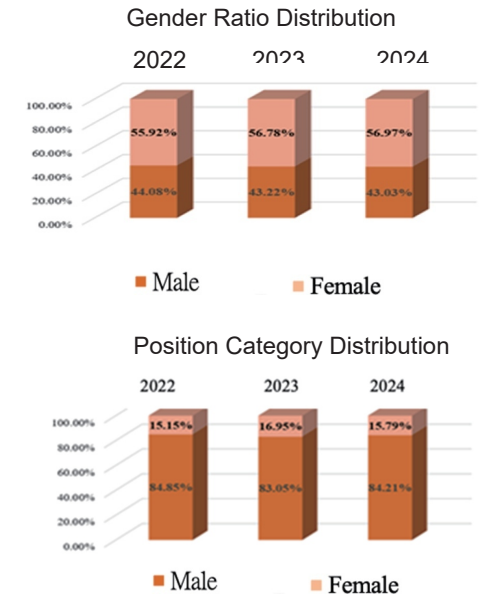
YAO-I Workforce Structure and Development

YAO-I continuously monitors workforce composition and regularly reviews employee education and age distribution to refine recruitment strategies and enhance talent retention mechanisms, ensuring that human resource allocation aligns with operational needs.

From the perspective of age distribution in 2024, the majority of the workforce falls within the 31–50 age group, accounting for 67.80% of the total employees, forming the core of the company's manpower. Employees under 30 make up 21.05%, while those over 51 account for 11.15%, demonstrating a balanced generational structure that supports both operational maturity and knowledge transfer.

Regarding educational background, compared to 2023, the proportion of employees with a Master's degree in 2024 increased by 3.78 %, those with a college degree rose by 24.61 % and those with a high school or vocational school diploma increased by 8.00 %. These changes reflect the company's ongoing efforts to recruit talents with both theoretical knowledge and practical expertise, thereby building a team that is both professionally competent and adaptable.

Additionally, among senior management (Vice President level and above), 60% hold household registration in Changhua, highlighting the strong local connection of the leadership team. This local engagement helps deepen community involvement and reinforces the company's foundation for sustainable development.



New Employee Distribution Status

In 2024, YAO-I's new hire rate was 23.93%, showing a decrease compared to the previous year. This decline primarily reflects adjustments to the company's operational scale and workforce allocation strategy. Following the integration of production processes between Taiwan and Vietnam, labor demand in Taiwan was reduced. Accordingly, the scale of new recruitment was adjusted to align with the company's organizational optimization direction.

Yearly New Employee Distribution by Age and Gender

Year	2022				2023				2024			
Age/Gender	Male		Female		Male		Female		Male		Female	
	No	%	No	%	No	%	No	%	No	%	No	%
≤30 yrs	27	20.15%	30	22.39%	21	19.63%	29	27.10%	1	17.28%	18	22.22%
31-50yrs	43	32.09%	31	23.13%	26	24.30%	28	26.17%	25	30.86%	22	27.16%
≥51 yrs	2	1.49%	1	0.75%	3	2.80%	0	0.00%	0	0.00%	2	2.47%
Total New Hires	134				107				81			
Total Employees	363				354				323			
New Hires (%)	36.71%				29.85%				23.93%			
Notes:												
1.New hire share = Number of new hires by age and gender ÷ Total new hires in the year.												
2.Overall new hire rate = Total new hires ÷ (Beginning-year employees + End-year employees) ÷ 2) × 100%.												

Employee Turnover Distribution

In 2024, the turnover rate at YAO-I was 31.02%, representing a 1.34 % decrease compared to 2023. Notably, the most significant drop occurred among employees aged 31 to 50, indicating the initial success of the company’s retention strategies targeting its core workforce.

Facing evolving trends in the labor market, the company will continue to strengthen human resources management, optimize recruitment processes, and enhance care and development systems. These efforts aim to stabilize workforce structure, improve overall organizational effectiveness, and reinforce the foundation for sustainable development.

Turnover Distribution Table (by Age and Gender)

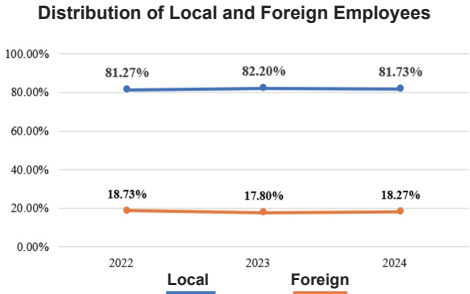
Year	2022				2023				2024			
Age/Gender	Male		Female		Male		Female		Male		Female	
	No	%	No	%	No	%	No	%	No	%	No	%
≤30 yrs	29	23.97%	22	18.18%	18	15.52%	25	21.55%	17	16.19%	24	22.86%
31-50yrs	33	27.27%	33	27.27%	33	28.45%	36	31.03%	29	27.62%	28	26.67%
≥51 yrs	3	2.48%	1	0.83%	4	3.45%	0	0.00%	1	0.95%	6	5.71%
Total Number of Employees Left	121				116				105			
Total Number of Employees	363				354				323			
Turnover Rate (%)	33.15%				32.36%				31.02%			

Employee Diversity and Inclusion

YAO-I places great importance on diversity and inclusion, striving to create a workplace environment that is equal, respectful, and friendly. In response to domestic labor shortages in production lines, the company hires foreign nationals through legal agencies to maintain stable operations.

As of the end of 2024, the company employed a total of 59 foreign workers, including 35 from Vietnam and 24 from Thailand, forming a key part of its workforce structure. This demonstrates the company’s adaptability and acceptance of a multicultural work environment. Over the past three years, the distribution between local and foreign employees has remained stable, reflecting YAO-I’s consistent and forward-looking approach to workforce planning and its commitment to building a culturally integrated and resilient team.

In addition, the company continues to support the employment of individuals with disabilities by creating a friendly and accessible work environment. Currently, YAO-I employs three persons with disabilities, providing barrier-free facilities, thorough pre-employment training, and meaningful job content with development potential. For all employees, the company implements a new employee orientation mechanism to further realize the corporate values of diversity and inclusion.



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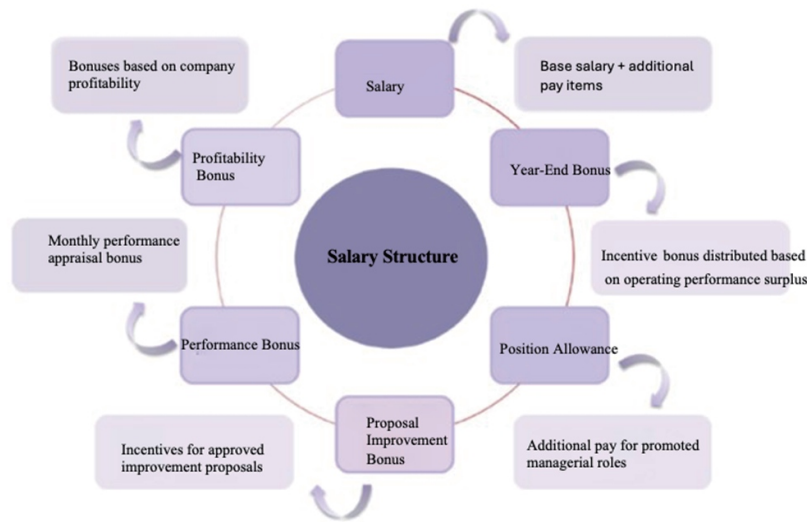
6.1.2 Compensation and Benefits System

- YAO-I is committed to providing a market-competitive salary structure and comprehensive welfare measures to attract and retain top talent. The company aims to create a safe, stable, and friendly work environment, fulfill its commitment to employees, and foster mutual growth between staff and the organization.

Salary Payment and Performance Management System

- The company's salary system is fundamentally based on legal compliance. Salaries are determined by job duties, professional competence, educational background, work experience, and job grade, while also considering regional market trends, economic fluctuations, and industry movements. Equal pay for equal work is strictly enforced, without discrimination based on gender, age, marital status, religion, or political affiliation.
- To enhance employee motivation and workforce stability, YAO-I has established the "Salary Management Regulations" and "Annual Evaluation Management Regulations", which specify principles for salary adjustment and incentive distribution. These are also used for leadership development, position transfers, and promotions.
- Except for employees with less than three months of service, all staff undergo "regular job evaluations" and "year-end performance reviews", with results serving as the basis for annual salary adjustments and year-end bonuses, as well as being key references for HR development and planning.

The company's salary structure mainly includes the following items:



Fixed Salary	Monthly salary is paid based on job category and rank.
Employee Incentives	Bonuses are distributed based on the company's annual overall operational performance.
Festive and Birthday Gifts	Gifts are given during Lunar New Year, Mid-Autumn Festival, Labor Day, and employees' birthdays.
Year-End Bonus	Individual bonuses are awarded based on personal performance and overall contribution.

The starting salary for entry-level employees at our company is generally higher than the local statutory minimum wage. In accordance with the law, we provide all employees with labor insurance, health insurance, and group insurance to ensure their fundamental rights and risk protection.

As for the compensation system for senior managers and board directors, it is determined based on their responsibilities, performance contributions, and market benchmarks within the industry. The system is reviewed by the Compensation Committee and submitted to the Board of Directors for approval.

For example, in the years 2022 to 2024, the remuneration of directors and supervisors accounted for 12.04%, -0.78%, and -31.66% of net profit after tax, respectively, all of which were handled in accordance with the company's Articles of Incorporation.

The remuneration for the general manager and deputy general managers includes salary, bonuses, and other incentives, comprehensively considering their responsibilities, business contributions, and individual performance, to ensure the compensation is both reasonable and motivational.

(For more details, please refer to Section 2.3.1 “Corporate Governance Structure” in this report.)

Full-Time Non-Managerial Employee Compensation

The compensation information for full-time non-managerial employees is shown in the table below, including average and median salary figures. These serve as important indicators for human resource management and the soundness of the company’s compensation system.

Unit: Headcount; NT\$1,000

Item	2023	2024	Compared to Previous Year
Full-time non-managerial employees	294	272	-7.48%
Average salary	492	443	-9.96%
Median salary	426	410	-3.76%
Note: The figures are calculated on an annual salary basis and only include full-time, non-managerial employees. They do not cover part-time, contract-based, dispatched, or overseas employees. (For further details, please refer to the Market Observation Post System.)			

Performance Management

YAO-I adopts a business group-oriented operation model. To enhance cross-departmental communication and ensure optimal resource allocation, the company implements an Annual Performance Evaluation Policy that involves setting goals for each department or individual and conducting end-of-year performance reviews. This approach allows for fair and objective evaluation of goal achievement, ensuring alignment between organizational and individual objectives.

To encourage outstanding performance, YAO-I has established an incentive-based reward system with strong links to performance. Performance bonuses are not only tied to the company's overall operating results but also differentiated based on each department's operational performance and individual achievements.

Distribution of Employees Receiving Performance and Career Development Evaluations in 2024

Category	Number of Employees	(%) Receiving Regular Performance Evaluations
By Gender	No	(%)
Male	139	100%
Female	184	100%
Total	323	100%
By position level	No	(%)
Managerial Staff	51	100%
Non-Managerial Staff	272	100%
Total	323	100%

Notes:

1. "Managerial staff" refers to section managers and above.
2. Percentage = (number of male/female employees receiving evaluations ÷ total number of male/female employees).
3. Likewise for managerial/non-managerial categories.

YAO-I Welfare System

Although YAO-I has not established a labor union, in fulfilling its corporate responsibility to care for employees, it has legally established an "Employee Welfare Committee." This committee plans and promotes a diverse range of welfare measures covering daily life, health, parenting, education, and recreation, aiming to help employees achieve a good work-life balance and strengthen their sense of belonging and happiness within the organization.

In addition to coordinating various welfare and recreational activities, the Welfare Committee utilizes welfare funds to offer a variety of subsidies. These include wedding cash gifts, funeral condolence payments, birthday and childbirth gifts, hospitalization allowances, and holiday gifts or vouchers for Lunar New Year, Labor Day, and Mid-Autumn Festival—demonstrating the company's deep care for employees and their families.

The company also promotes a preferred merchant program to offer employee shopping discounts and provides subsidies for club activities and wellness competitions, such as badminton and bowling, to foster camaraderie and team spirit. Annual employee trips are also organized; in 2024, a family day featuring a kiln-roasting one-day tour for employees and their families was held (as shown blow photos), further enhancing the connection between employees' families and the company and strengthening overall unity and sense of belonging

YAO-I family 's day



Category	Item	Description
Statutory Protection	Parental Leave, Retirement System, Nursing Room	In accordance with the Labor Standards Act and Article 18 of the Gender Equality in Employment Act, the company provides comprehensive parenting support and career continuity mechanisms. Nursing rooms are available for female employees.
Health Care & Well-being Promotion	Health Checkups, Subsidies, and Yoga Classes	Annual health checkups are fully subsidized. Abnormal results are followed up with counseling to enhance health awareness. Regular stress-relief courses are held to promote physical and mental balance and to care for employees' psychological health.
Subsidies & Leave System	Three major festivals, celebrations, birthdays, childbirth, travel subsidies, funeral condolence money, special leave, marriage leave, maternity leave, paternity leave, celebration leave, honorary leave, two-day off per week	The company provides subsidies and leaves support for different life stages and festive occasions. In addition to statutory leave, there are flexible measures such as celebration leave and honorary leave for outstanding employees, helping staff balance work and life and demonstrating human-centric care.
Education, Training & Incentive System	New Employee Training, On-the-job Training, Education Programs, Rewards, and Proposal Incentives	Comprehensive training resources are provided to enhance professional capabilities and self-value, encouraging continuous learning. Quarterly and annual recognition with bonuses for outstanding employees; a proposal system promotes innovation and a culture of improvement.
Dining & Living Convenience	Free Meals, Overtime Meals, Free Parking, Company Uniforms	Free lunch and dinner as well as overtime meals are provided to reduce employees' living expenses. Designated parking spaces for cars and scooters, and standardized uniforms help improve commuting convenience and enhance corporate image.
Employee Engagement	Club Activities, Family Day, Festive Events, Employee Discounts	Participation in social clubs and family-integration events is encouraged. Celebrations such as Mother's Day, Christmas, and parent-child DIY events foster emotional bonds and cultural identity.



Mother's Day



Father's Day



Christmas Charity Activities



Yoga Class



Parent-Child DIY



Annual Employee Health checkup

Maternity Care and Parental Support

YAO-I places great importance on the maternity and parenting needs of employees, striving to provide comprehensive care and support measures to help staff achieve a good balance between work and family life. The company complies with the Act of Gender Equality in Employment and related regulations, and offers maternity and parental benefits that exceed statutory standards.

Maternity Care	The company provides 7 days of paid prenatal check-up leave during pregnancy. Leave can be taken in half-hour units, with full pay maintained. In addition, a combined total of 15 days of prenatal check-up and paternity leave is available, with 7 days allowed to be taken before or after the partner's delivery—also fully paid. A lactation room is available on-site to support breastfeeding needs, allowing female employees to nurse or express milk during working hours.
Parental Support	The company offers unpaid parental leave and fully supports employees who apply for it. Department staffing needs are evaluated to ensure smooth operations during the employee's absence. Upon completion of the leave, the company communicates with the employee to facilitate a smooth return and appropriate job adjustments. In 2024, two female employees applied for parental leave. Male employees are also eligible for paternity leave to support their families during childbirth. These initiatives aim to enhance employee well-being and sense of belonging, demonstrating the company's support and respect for family responsibilities.

Parental Leave Statistics for the Past Three Years

Unit: Number of Employees

Item / Gender	2022(year)		2023(year)		2024(year)	
	Male	Female	Male	Female	Male	Female
Total number of employees eligible for parental leave during the year	5	6	2	3	1	2
Total number of employees who actually took parental leave during the year	0	3	0	3	0	2
Total number of employees eligible for parental leave during the year Total number of employees who actually took parental leave during the year Number of employees who returned to work after completing parental leave during the reporting period (A)	0	2	0	3	0	2

Parental Leave Statistics for the Past Three Years

Unit: Number of Employees

Item /Gender	2022(year)		2023(year)		2024(year)	
	Male	Female	Male	Female	Male	Female
Number of employees expected to return to work after completing parental leave during the reporting period (B)	0	2	0	3	0	2
Number of employees still employed 12 months after returning from parental leave (C)	0	2	0	2	0	1
Number of employees who returned to work after completing parental leave in the previous reporting period (D)	0	5	0	2	0	2
Return-to-Work Rate (A/B)		100%		100%		100%
Retention Rate (C/D)		40%		100%		50%
Note: If the denominator in the ratio calculation is 0, it is marked as “–”						

Retirement Protection and Career Transition

YAO-I complies with the Labor Standards Act and the Labor Pension Act to provide retirement protection for employees. The company allocates pension funds according to both the old and new systems to ensure comprehensive protection of employees' retirement rights.

Old System (Labor Standards Act)	36
New System (Labor Pension Act)	287

In 2024, YAO-I contributed NT\$6,126,946 to the retirement reserve fund under the old system and NT\$9,094,410 under the new system, fulfilling legal obligations and maintaining stable system operations

YAO-I also values the career development and reemployment counseling for retired employees, and offers the following support measures:

Employment Referral	Assist retired or resigned employees in connecting with job opportunities within group affiliates, contractors, and nearby factories or enterprises, to facilitate a smooth career transition.
Rehire Mechanism	Proactively reach out to retired or resigned employees to understand their willingness to return. When there is a demand for manpower, priority is given to rehiring them to support technical knowledge transfer and reemployment. (For more details, see section 6.1: Talent Attraction and Retention — Employee Rehire and Technical Knowledge Transfer Mechanism.)
Career Planning	Provide statutory retirement fund protection to ensure retirement security, and support employees in transitioning to post-retirement life.

YAO-I will continue to comply with relevant laws and regulations, improve the retirement system and management mechanisms, strive to protect employees’ retirement rights and quality of life, and promote continued employment and a fulfilling retirement for retired employees through diverse support measures.

6.2 Talent Training and Development

- YAO-I implements a structured and systematic human resources development strategy to strengthen employees’ professional capabilities and enhance organizational competitiveness. In response to globalization and diversified business development needs, the company has established a competency-based training system and adopted the Talent Quality-management System (TTQS) framework to promote various training mechanisms. By integrating digital transformation with in-person learning, YAO-I aims to broaden and deepen talent cultivation, ultimately achieving mutual growth and success for both employees and the company.

Education and Training plan and System

YAO-I has established an “Employee Training Manual” and “Training Management Regulations” as the basis for implementing its training system. These documents clearly define key training focuses and execution procedures for employees at each stage. The company also integrates resources from government programs such as the “Enterprise Human Resource Enhancement Project” to regularly plan competency improvement courses. These initiatives aim to enhance employees’ practical skills and management literacy, improve process quality and customer service efficiency, and lay a solid foundation for sustainable corporate growth.

The core training competencies include leadership, common competencies, and professional skills, with courses classified by job level and functional type:

New Employee Training	Helps new hires quickly adapt to company culture and the work environment. Training is customized by job role and includes modules on HR, quality, occupational safety, IT, and general affairs.
General Competency Training	Covers workplace safety, legal compliance, and IT skills for all employees to improve organizational literacy.
Professional Skills Training	Courses based on departmental needs, including product quality planning, statistical process control, engineering analysis, finance, HR, manufacturing, and occupational health and safety.
Management Training	Training is tiered by leadership level: <ul style="list-style-type: none"> · First-level managers focus on execution, task allocation, coaching, and problem-solving. · Mid- to senior-level managers focus on execution, leadership, performance management, talent development, and organizational planning.
Certification Training	Support is provided for job-related professional certifications (e.g., occupational safety, environmental regulations). For legally required training (e.g., occupational health and safety, organic solvents, fixed cranes, fire safety, hazardous chemical response), necessary resources are provided to help employees acquire certifications or complete training. 2024 employees have achieved the following certification training results: <ul style="list-style-type: none"> · Information Security: 1 participant completed the EC-Council CEH (Certified Ethical Hacker) certification. · Quality Management: Internal auditors completed ISO internal auditor training. · Occupational Safety: Employees hold certifications in safety and health management, hazardous substance handling, forklift/crane operations, overhead cranes, fire management, first aid, and emergency response—a total of 75 certifications.
External Training Courses	Departments may propose training needs for approval. Once approved, HR assists in registration and logistics to ensure training aligns with job requirements and effectively improves professional competencies.

In 2024, a total of 686 participants took part in YAO-I's training programs, with a cumulative training duration of 1,945 hours. This reflects the company's ongoing commitment to employee safety and demonstrates its efforts and achievements in enhancing the comprehensive competencies of its workforce.



Course	Hours	No of Participants
Workplace Safety Precautions	2	171
Emergency Rescue Procedures	3	52
Occupational Safety and Health	3	230
ISO Internal Auditor Training	3	10
Supervisor Training	7	47
Corporate Sustainability Development	6	10
General On-the-Job Training	2	105
Mechanical Structure Design & Automation	15	2
Certified Ethical Hacker (CEH) Certification	40	1
Human Rights Advocacy Related	1	58

Course Design and Arrangement Process

YAO-I firmly believes in the philosophy that “communication is the best form of management.” The company actively safeguards employee rights, fosters a positive work environment, and has established smooth two-way communication channels to understand employee needs and clearly convey corporate goals. This helps build internal consensus and a shared culture. The company aims to grow and generate profits while simultaneously supporting employees in their development, thus creating an environment of continuous learning and growth.

The company's training system is categorized into: New Employee Training, On-the-Job Training, Internal Instructor Training, and Managerial Competency Training. It integrates three learning models “learning “self-learning”

—to plan in-depth training programs. This structured and goal-oriented talent development approach ensures high standards in employee cultivation.

In 2024, YAO-I's total employee training expenditure amounted to NT\$323,848. The results of training implementation for the year are categorized by gender and job level as follows:

Category	Total Training Hours	Average Training Hours per Employee
By Gender	Hour	Hour/Person
Male	1107.5	7.97
Female	837.5	4.55
Total	1,945	6.02
By Job Level	Hour	Hour/Person
Managerial Staff	431.5	8.46
Non-Managerial Staff	1513.5	5.56
Total	1,945	6.02
Note: Managerial and non-managerial staff are classified using “section manager (inclusive) and above” as the dividing line.		

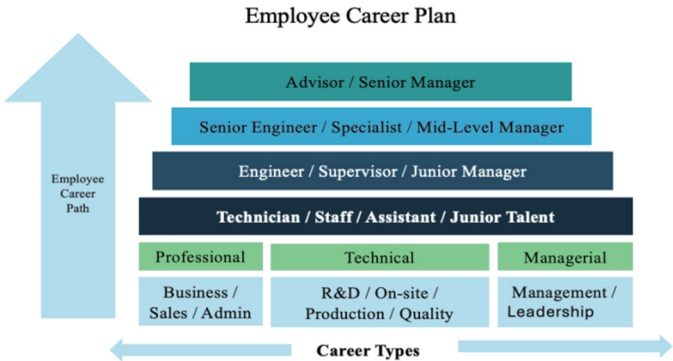
Training Program Design Process

The training program design process includes needs analysis, annual course planning, course development, resource allocation, effectiveness evaluation, and continuous improvement. It adopts the ADDIE model for systematic planning to ensure training quality and learning transfer effectiveness. All training programs are implemented with execution and review mechanisms, and the outcomes are regularly tracked to evaluate learning results and organizational contributions, thereby strengthening talent development and corporate sustainable competitiveness.

Cross-Department Job Rotation and Career Development

YAO-I encourages employees to develop multiple skillsets and has established a formal job rotation application system. Production unit supervisors may initiate the application, and the HR department coordinates the cross-department rotation process. This system enhances production line flexibility and broadens employees' competencies, while also helping them explore diverse career paths (see diagram below).

At the same time, the company arranges appropriate training programs based on employee performance evaluations and competency development needs. This deepens career growth opportunities and ensures that employees receive the support and resources they need at various stages of their career journey.



6.3 Human Rights Management

- YAO-I upholds the principle of respecting fundamental human rights of employees and strictly complies with the Labor Standards Act and related labor regulations to protect employees' labor rights. In the event of major operational changes or termination of labor contracts, the company will provide legally compliant and reasonable advance notice, ensuring employees have adequate time to adjust and prepare, thereby safeguarding their dignity and fair treatment.

According to the Labor Standards Act:

- Employees who have worked for more than 3 months but less than 1 year will receive at least 10 days' notice.
- Those who have worked for 1 to 3 years will receive at least 20 days' notice.
- Employees with over 3 years of service will be notified at least 30 days in advance.

6.3.1 Human Rights Policy

- YAO-I follows international human rights standards including the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), and the ILO Declaration on Fundamental Principles and Rights at Work, while also complying with local labor laws at all operational sites. The company is committed to protecting the fundamental rights of its employees and preventing any form of abuse. This human rights policy applies to Yao-Yi Industrial and its affiliated companies, and we encourage suppliers, business partners, and clients to uphold the same values and principles.

Our main human rights commitments include:

- Equal Employment & Non-Discrimination: Prohibit any form of discrimination. Ensure no unequal treatment based on race, gender (including sexual orientation), age, marital status, religion, political stance, socioeconomic background, appearance, facial features, disabilities, or union membership.

- Zero Harassment & Safe Workplace: Ensure a workplace free of sexual harassment, verbal/mental abuse, physical assault, and intimidation. Create a dignified, equal, and safe working environment.
- Prohibition of Forced Labor & Child Labor: Do not coerce or force anyone to work. Do not restrict personal freedom or withhold identity documents. Do not employ individuals under the age of 16 or assign hazardous tasks to young workers.
- Freedom of Association & Communication: Respect employees' right to freely associate and engage in collective bargaining. Provide accessible communication channels. Employees may voice concerns through unions or employee committees to ensure their opinions are heard and addressed.
- Working Hours & Wage Protection: Follow legal requirements for working hours and salary. Uphold the principle of equal pay for equal work. Conduct regular performance reviews and ensure timely payment of wages.
- Physical & Mental Health and Work-Life Balance: Promote diverse activities and policies to support employees' health and balance between work and personal life.
- Ongoing Education & Risk Awareness: Enhance employee understanding of human rights and related topics through legal briefings and human rights training.

2024 Human Rights Implementation

In 2024, YAO-I reported no incidents of discrimination, child labor, employment of minors in hazardous work, forced labor, or infringement of Indigenous Peoples' rights.

The company continues to promote an equitable and inclusive working environment by enhancing employees' awareness of their rights.

Through monthly legal briefings and irregular human rights training programs, employees across all roles are encouraged to participate actively. These programs cover key topics such as labor freedom, working hours, wages, and child labor, with the goal of strengthening awareness and practical understanding of human rights.

Human Rights Management Process

YAO-I follows the principles of the Ethical Trading Initiative (ETI) to regularly conduct human rights due diligence and risk management cycles. This includes:

- Identifying human rights issues within the company and across the supply chain
- Implementing preventive measures
- Establishing supervision mechanisms
- Executing improvement actions

These steps are intended to ensure that labor and human rights are continuously respected and protected.

Human Rights Management Process



Human Rights Due Diligence

The company regularly conducts human rights due diligence, covering areas such as:

- Workplace safety
- Employment discrimination
- Forced labor
- Working hours management
- Physical and mental well-being

Tailored management measures are applied for different groups to prevent risks and further protect employee rights.

In 2024, no high-risk individuals were identified, indicating the effectiveness of the company's human rights management system.

Human Rights Due Diligence Topics

Topic	Target Group	Measures	High-Risk Individuals
Providing a safe, healthy, and harassment-free workplace	All employees	<ul style="list-style-type: none"> · Implement occupational disease prevention and promote physical and mental well-being. · Risk management for hazardous work environments. · Provide professional consultation services. · Set up employee complaint mailbox. 	0
Diverse employment and elimination of illegal discrimination	New employees	<ul style="list-style-type: none"> · Comply with labor laws and internal policies. · Follow international human rights conventions such as gender equality, right to work, and non-discrimination. · Provide recruitment training and reminders for interviewers. · Ensure non-discriminatory job advertisements and equal employment opportunities. 	0
Prohibition of forced labor and child labor	New employees	<ul style="list-style-type: none"> · Strict adherence to labor laws, prohibiting forced or coerced labor. · Overtime only with employee consent, with legal compensation. · No employment of involuntary workers or those under 16. Employment offers letters clearly outline rights, obligations, and benefits. 	0
Working hours management	All employees	<ul style="list-style-type: none"> · Avoid excessive workloads. · Comply with legal working hours. · Promote work-life balance. · Implement attendance and overtime systems. 	0
Supporting physical and mental well-being & work-life balance	All employees	<ul style="list-style-type: none"> · Offer diverse activities and encourage club participation to foster interpersonal communication and a balanced work-life culture. 	0

6.3.2 Diverse Communication Channels

- YAO-I is committed to creating a respectful, equitable, and safe working environment. Through institutionalized and diversified communication and grievance channels, the company ensures that employees' voices are heard and appropriately addressed. We have established "Employee Work Regulations" and a sexual harassment prevention mechanism, including comprehensive complaint procedures and protection measures. Regular meetings and investigative mechanisms are also conducted to strengthen communication and interaction with employees.

Grievance Mechanism and Protection Measures

YAO-I has established multiple grievance and reporting channels, including suggestion boxes, grievance forms, a dedicated phone line (04-7556111, HR extension), and a dedicated email address (yihr@yaoi.com.tw).

If employees believe their rights have been infringed upon or have experienced improper treatment, discrimination, or sexual harassment, they may file a grievance at any time. The HR department will handle the complaint in accordance with prescribed procedures, ensuring the confidentiality and dignity of the complainant. Retaliation is strictly prohibited.

In 2024, the company did not receive any complaints related to employee rights or human rights.

To prevent and address sexual harassment, the Company has established clear complaint and handling procedures, including standardized complaint forms, preliminary review procedures, investigation timelines, and disciplinary mechanisms.

Preventive training courses are incorporated into the onboarding program for new employees to raise awareness.

Complaints are reviewed by a dedicated Complaint Handling Committee. The committee is composed with gender ratio considerations to ensure balanced representation.

All proceedings are handled confidentially to protect the rights and privacy of both parties involved.

Institutionalized Employee Communication and Feedback Mechanisms

The Company maintains regular labor-management communication through quarterly labor-management meetings, welfare committee meetings, and routine departmental meetings to ensure two-way dialogue on workplace conditions and employee-related issues. The main communication channels and frequencies are as follows:

Communication Channel Method

Channel	Method	Frequency
Face-to-Face Communication	<ul style="list-style-type: none"> · Labor-management meetings · Welfare committee meetings · Departmental meetings and activities 	<ul style="list-style-type: none"> · Once per quarter Quarterly · As needed
Internal Units	<ul style="list-style-type: none"> · HR support services · On-the-job employee satisfaction surveys · New hire satisfaction surveys 	<ul style="list-style-type: none"> · As needed · Every 2–3 months
Employee Feedback Channels	<ul style="list-style-type: none"> · Complaint mailbox · Employee suggestion box · Complaint hotline and email 	<ul style="list-style-type: none"> · Reported cases are handled and followed up by dedicated personnel. · Protection measures are provided for both the complainant and those involved.

In addition, the Human Resources Department offers real-time support and regularly conducts employee satisfaction surveys. These surveys cover six dimensions: overall satisfaction, leadership, compensation and benefits, teamwork, work environment, and training and development. In 2024, the overall employee satisfaction rate was 70%. Based on the survey results, the Company will develop targeted improvement actions to continuously optimize management systems.

Communication and Management Mechanisms for Foreign Employees

YAO-I has developed a comprehensive communication and management system tailored to foreign employees to ensure their work and daily needs are fully supported and addressed. The main initiatives include:

Measure	Description
Monthly Migrant Worker Briefing	A monthly meeting is held to explain recent company policies and events to foreign workers, address their concerns, and resolve any urgent matters to ensure smooth two-way communication.
On-Site Translation Services	Through an agency, the company arranges for a dedicated on-site manager who serves as a communication bridge between foreign employees and management. Important work documents, safety signage, and labels at facilities are translated into Vietnamese and Thai to reduce language barriers and improve work and living convenience.
New Hire Training for Foreign Workers	New foreign employees receive a two-day pre-employment training program covering business integrity, personal data protection, information security, workplace safety, and HR regulations. This is followed by five days of hands-on training at the worksite to ensure they are fully familiar with job responsibilities and procedures before starting formal duties.

6.4 Healthy Workplace

Material Topic: Occupational Safety and Health

Significance of the Topic	Employees are the company's most valuable asset. Providing a safe and healthy work environment is a core principle that YAO-I consistently upholds. Occupational safety and health not only concern employee well-being but also directly affect productivity and operational stability. Through comprehensive safety systems and risk prevention mechanisms, the company is committed to building a secure workplace and strengthening the foundation for sustainable operations.
Policy / Commitment	YAO-I is committed to complying with all applicable occupational safety and health laws and regulations. Through institutionalized safety management and comprehensive education and training mechanisms, the company strives to prevent occupational accidents and reduce any factors that could potentially cause harm to employees.
Goals	· Short-term (by 2025): Fewer than 1 case of temporary total disability due to occupational accident.
	· Mid-term (2026–2028): No more than 3 cases of lost-time occupational injuries.
	· Long-term (post-2028): No more than 3 cases of lost-time occupational injuries.
Action Plans	<ul style="list-style-type: none"> · Implement “Occupational Safety and Health Management Measures” as the basis for workplace safety. · Promote a Hearing Protection Program that includes protective gear and regular health checks. · Establish “Emergency Response Management Measures” to ensure consistent emergency handling procedures.
2024 Performance Highlights	<ul style="list-style-type: none"> · Zero major occupational injuries. · Launched the “Contractor Management System” to strengthen workplace safety protection. · Invested NT\$106,270 in safety-related protective measures. · Conducted 877 person-times of occupational safety training, totaling 2,563 hours. · Employees obtained 75 professional certifications related to occupational safety and high-risk operations — an increase of 6 certifications compared to 2023.
Communication Channels	<p>YAO- I prioritize communication regarding occupational safety and health, aiming to build a transparent, timely, and effective dialogue platform. This allows employees and stakeholders to express opinions and needs in a timely manner, enhancing risk identification and response mechanisms to jointly maintain workplace safety and operational stability.</p> <p>Current communication channels include:</p> <ul style="list-style-type: none"> · Occupational Safety and Health Committee · Complaint Mailbox · Labor-Management Meetings · Internal / External Audits · Spokesperson & Deputy Spokesperson (announced on the Market Observation Post System) · “Stakeholder Section” and contact window on the company website

6.4.1 Occupational Health and Safety Management

- YAO-I places great importance on environmental, health, and safety (EHS) management and has established a clear "Occupational Safety and Health Work Code." The company is committed to creating a safe and secure work environment, ensuring employees' life, property, and physical and mental well-being, and maintaining overall operational stability and sustainable development.
- To effectively promote safety and health activities and implement the system, the company has established an Occupational Safety and Health Committee, chaired by the CEO. Meetings are held at least once every three months. Attendees include representatives from production, biotech, R&D, engineering, general affairs, procurement, quality assurance, labor, and safety and health management personnel. Together, they participate in discussions on various safety and health activities within the plant, review implementation plans, evaluate performance, and provide recommendations to continuously strengthen EHS management practices.

Occupational Hazard Prevention

The company places great importance on employee workplace safety and health. To address potential risks and hazards in the work environment, an "Occupational Health and Safety Management Policy" has been established as the basis for management.

Based on the four pillars of occupational safety planning, multiple supplementary management policies and plans have been developed to reinforce risk prevention and control efforts.

Specific management policies and plans include:

- "Maternal Health Protection Management Plan"
- "Hazard Communication Plan"
- "Hearing Protection Program"
- "Prevention Plan for Unlawful Infringement During Duty"

- “Prevention Plan for Diseases Triggered by Abnormal Workload”
- “Ergonomic Hazard Prevention Plan”
- “Occupational Health and Safety Plan for Middle-aged and Senior Workers”
- “Work Environment Monitoring Management Measures”
- “Confined Space Hazard Prevention Plan”

Through a comprehensive system for identifying occupational hazards and controlling risks, the company strives to create a safe, healthy, and worry-free working environment. This ensures the physical and mental well-being of employees and contributes to the sustainable operation of the enterprise.

Meanwhile, YAO-I continues to advance workplace hazard prevention measures by regularly reviewing and identifying potential risks in the environment, with particular emphasis on hearing-related hazards. The company has implemented a “Hearing Protection Program,” which provides employees with appropriate protective earplugs and regular health checkups.

Noise is currently classified as a Level 2 managed hazard under the company's hazard classification system. To prevent hearing damage among employees working in high-noise areas without protective gear, the company not only provides suitable personal protective equipment (PPE), but also enhances workplace risk control and self-management awareness through educational outreach and regular environmental noise monitoring. Through a comprehensive protection mechanism and training program, the company ensures that personnel understand and correctly use protective equipment to reduce exposure risks, thereby safeguarding employees' hearing health and occupational safety.



Safety Protection Mechanism and Incident Reporting

Starting from December 2024, YAO-I has piloted the implementation of a contractor management system, aiming to strengthen workplace safety protections and establish a comprehensive operational safety management mechanism. In 2024, the company invested NT\$106,270 in safety protection measures, demonstrating concrete action

in promoting a safety culture and implementing protection mechanisms. To effectively prevent occupational hazards that may arise from high-risk operations, YAO-I has established corresponding management plans and protective measures based on different types of tasks, ensuring that both company employees and contractors can carry out their work in a safe and secure environment.

Type of operation	Description of Safety Protection Mechanisms
Contractor Site Entry Management	Prior to entry, contractors must provide a work permit, construction drawings, and relevant certifications (e.g., crane license, forklift license), which will be checked on-site on the day of operation.
Confined Space Operations	A "Confined Space Hazard Prevention Plan" is established. Multi-gas detectors and supervisors for oxygen-deficient operations are assigned to strengthen full-process safety control.
Work at Heights	Crane and hoisting operations must present valid certifications in advance ("One Machine, Three Certificates").
High Decibel (Noisy) Operations	A "Hearing Protection Plan" is implemented. Earplugs and periodic health checkups are provided, and noise exposure risk is regularly monitored.
Provision of Personal Protective Equipment	<ul style="list-style-type: none"> · Cotton gloves: replaced as needed · Safety helmets: replaced as needed · Earplugs: replaced as needed · Safety goggles: replaced as needed · Safety shoes: replaced once per year

In addition, to enhance the overall safety management system, YAO-I has also established the “Emergency Response Management Measures” to ensure a standardized emergency handling process.

In the event of an accident or unexpected situation, employees can promptly activate the emergency procedures through the company’s reporting system, allowing management to grasp the situation in real-time and take appropriate responsive measures.

At the same time, emergency personnel can swiftly take their designated positions according to the established mechanisms, leveraging team collaboration to effectively minimize potential harm to personnel, property, facilities, and the environment—ensuring operational stability and employee safety.

Disabling Injury Statistics

Common types of occupational injuries at YAO-I include cuts and lacerations. To effectively monitor trends in workplace accidents and identify key areas for prevention, the company regularly compiles and analyzes occupational injury statistics. These serve as the basis for future prevention measures and training programs. In 2024, no major work-related injury incidents occurred at the company.

Occupational Injury and Illness Statistics (2022–2024)

Category	Item	Unit	2022	2023	2024
Total working hours (incl. overtime)		Hours	796,929	755,421	704,132
Occupational Injury	No. of fatalities caused by occupational injuries	Persons	0	0	0
	Fatality rate	Rate	-	-	-
	No. of serious occupational injuries (excluding fatalities)	Person	0	0	0
	Severity Rate (SR)	Rate	-	-	-
	Total recordable occupational injuries	Cases	3	1	1
	Injury Rate (IR)	Rate	4	1	1
	Sick leave hours due to work-related injuries	Hours	23	20	8
	Lost workdays	Days	3	3	1
	Lost Day Rate (LDR)	Rate	4	3	1
Occupational Disease	No. of fatalities due to occupational diseases	Persons	0	0	0
	Fatality rate due to occupational diseases	Rate	-	-	-
	Total cases of occupational disease	Cases	0	0	0
	Occupational Disease Rate (ODR)	Rate	-	-	-
Absentee days (including sick leave, menstrual leave, maternity leave, and injury leave)		Day	1,656	1,441	1,237
Absentee Rate (AR)		(%)	1.66%	1.53%	1.41%

Notes:

- 1.The above excludes commuting-related injuries.
- 2.Total working hours = actual working hours of all employees for the year (incl. overtime).
- 3.Fatality rate = (No. of fatalities due to occupational injuries / Total working hours) × 1,000,000
- 4.SR (Severity Rate) = (Serious occupational injuries excluding fatalities / Total working hours) × 1,000,000
- 5.IR (Injury Rate) = (Total recordable occupational injuries / Total working hours) × 1,000,000
- 6.LDR (Lost Day Rate) = (Lost workdays / Total working hours) × 1,000,000
- 7.Fatality rate due to occupational disease = (Deaths from occupational diseases / Total working hours) × 1,000,000
- 8.ODR (Occupational Disease Rate) = (Total cases of occupational disease / Total working hours) × 1,000,000
- 9.Absentee Rate = (Total absentee days / Total possible workdays of all employees) × 100%
- 10.If the denominator is zero in rate calculations, it is marked as "—"

Occupational Safety Training and Promotion

YAO-I places great importance on raising awareness of occupational safety and health. The company continuously enhances employees' recognition of potential operational risks and emergency response capabilities through systematic and regular training.

Occupational safety and health courses cover key topics such as:

- Chemical hazard management
- Operational safety
- Machine safety
- Fire prevention
- Emergency response

These topics comprehensively address the safety needs of employees' daily operations.

To improve practical safety awareness among on-site workers, in 2024 the company has scheduled quarterly safety promotion activities specifically for production line personnel. Through themed promotions, YAO-I aims to deepen knowledge of occupational injury prevention and safe operation practices, fostering a company-wide safety culture with full employee participation.

2024 Quarterly Themes:

- Q1: Forklift operation and electrical safety
- Q2: Hazards of entanglement and electric shock
- Q3: Chemical hazard labeling
- Q4: Autonomous inspection programs

The company actively strengthens employees' safety awareness and emergency response capabilities to reduce the risk of occupational hazards and implements the occupational safety management philosophy of “prevention over remediation.” In 2024, the company conducted a variety of educational training sessions on occupational safety topics, with a total of 877 participants and a cumulative training time of 2,563 hours, fully demonstrating YAO-I's strong commitment to employee safety and its continuous efforts and achievements in enhancing workplace safety awareness.

Unit: Person; Hours

Course Category	Course Description	Participants	Total Training Hours
Machinery and Equipment Operation Safety	Knowledge of machine operation and related safety precautions	52	104
Production Operation and Process Safety	Covers production process precautions and identification of potential risks	105	210
Chemical Substances and Hazard Prevention	Prevention education targeting specific hazards, chemicals, and occupational diseases	37	56
Emergency Response and First Aid Training	Strengthening employees' emergency and disaster response capabilities	624	2112
Workplace Health and Legal Compliance Awareness	Focus on health promotion, psychological safety, and legal awareness	40	49
Special Operations Safety	Safety training for high-risk and permit-required operations	19	32

In 2024, our employees obtained a total of 75 professional certifications related to occupational safety and high-risk operations, an increase of 6 certificates compared to 2023.

Certification Description	No of Certifications (2024)
Occupational Safety and Health Administrator	3
Category A Safety and Health Supervisor	3
Fire Prevention Manager	3
Organic Solvent Operations Supervisor	5
Designated Chemical Operations Supervisor	2
Forklift Operator (over 1 metric ton)	31
First Aid Personnel	18
Small Boiler Operator	1
Acetylene Equipment Metal Welding/Cutting/Heating Operations Worker	3
Fixed Crane Operator (lifting 0.5–3 metric tons)	1
Fixed Crane Operator (lifting over 3 metric tons)	1
Crane Rigging Worker	1
Confined Space Work Supervisor	2
Aerial Work Platform Operator	1
Total	75

6.4.2 Employee Care

In addition to continuously strengthening occupational safety protection mechanisms, YAO-I also values employee health management and promotion. Through a systematic health management system and diverse promotional measures—from prevention, checkups, care, to education—the company holistically enhances workplace health management and fosters a safe, healthy, and supportive working environment.

Workplace Health Management and Services

To protect employee health, the company has selected designated hospitals under labor insurance for occupational disease prevention to conduct on-site health checkups for employees. In 2024, a total of 318 employees received general health checkups, with total expenditures amounting to NT\$47,700. Afterward, on-site nurses compiled the results and arranged physician consultations and health education services based on each employee's condition to implement individualized health risk management. For high-risk working environments, the company also arranged special health checkups in 2024 for 20 employees engaged in noisy operations to strengthen health monitoring for high-risk groups.

Additionally, YAO-I has implemented an on-site health service system to prevent health hazards related to work. In 2024, on-site health services included 5 on-site physician visits and 60 on-site nurse visits. These services covered areas such as work burden assessments, health protection for pregnant employees, workplace violence prevention, and musculoskeletal disorder prevention. Through on-site evaluations and health education, the company aims to strengthen employees' awareness and ability to prevent potential health risks.

Health Promotion and Awareness Campaigns

YAO-I promotes health initiatives through its Occupational Safety and Health Committee, which is responsible for reviewing and making recommendations on safety and health activities within the plant. At the same time, the company continues to conduct health education and awareness programs to provide employees with accurate health knowledge and lifestyle guidance.

In 2024, the company's health promotion activities focused on topics including chronic disease and infectious disease prevention, cancer screening, smoking cessation, weight loss measurement, heat injury prevention, and overall health promotion. In addition, the "Health Bulletin" campaign releases quarterly health topic updates to raise employee awareness on health issues and self-care.

07

Social Engagement and Public Welfare

- Adhering to the philosophy of “giving back to society,” YAO-I has long been committed to public welfare activities, with a focus on animal welfare as part of its corporate social responsibility efforts.

7.1 Local Public Welfare Participation

- The company’s proprietary brand LIFEAPP upholds the core value of “creating a comfortable space for pets.” Through charitable donations, campaign planning, and social media advocacy, it continuously provides tangible support to stray animals and guide dogs.

LIFEAPP’s public welfare initiatives are led by the brand’s business and marketing teams, who plan suitable donation targets and partnership models each year based on annual goals and resource allocation. In addition to the ongoing donation of pet mats to the Taiwan Guide Dog Association—providing guide dogs

with a warm and comfortable resting environment—LIFEAPP continues to promote care initiatives such as the “A Cozy Night for Strays” campaign, regularly donating goods and allocating a portion of its sales revenue to support the daily operations and expenses of animal welfare associations.

The brand’s annual core public welfare activities include:



- Collaborative donations and the production of promotional videos with the Taiwan Guide Dog Association (scan the QR Code in the image for more details).
- Donation of a percentage of revenues from LIFEAPP's May-June anniversary campaign to charity efforts.
- The annual "A Cozy Night for Strays" initiative, combining social media advocacy and material donations to raise awareness of stray animal welfare.



To ensure effective resource allocation, the LIFEAPP public welfare team proactively searches for potential partners. This process includes monitoring social media platforms, collecting employee feedback, and conducting site visits to carefully assess alignment with LIFEAPP's mission before initiating donation partnerships. While the Taiwan Guide Dog Association remains a key partner, additional partners are rotated annually to broaden the outreach and support more pet families and welfare institutions in need.

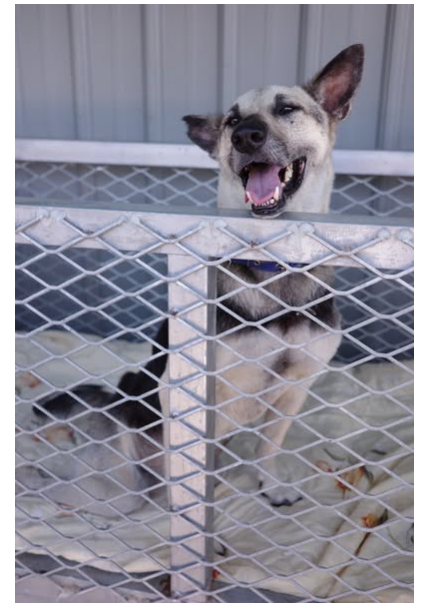
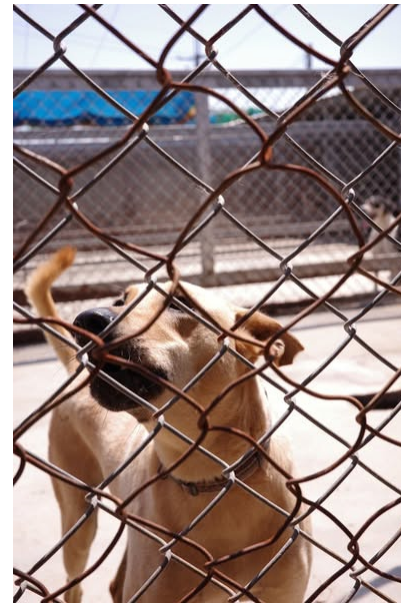
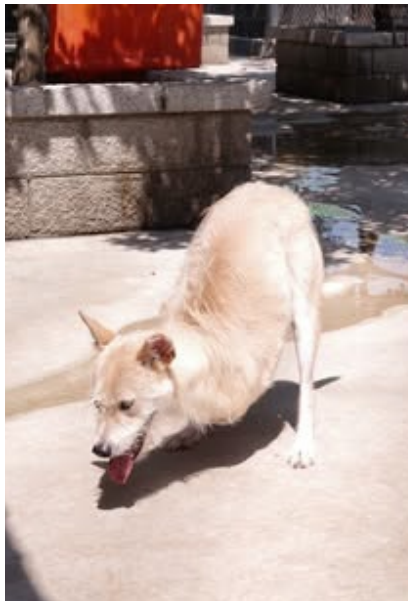
Since 2022, YAO-I has maintained a long-term partnership with the Taiwan Guide Dog Association and has expanded its support to stray animal care organizations year by year. Over the past three years, the company has donated over 1,300 pet-related items to nine nonprofit organizations and animal care units, helping guide dogs and stray cats and dogs live in safer and more comfortable environments.

Yearly Public Welfare Contributions

Year	Recipient Organization	Public Welfare Activities	Contribution (Cash/Goods)
2022	Taiwan Guide Dog Association, Crazy Cat Charity Association, TCASA, Cat mad Association	Donated pet cushions and cat products	Total: 767 PCS
2023	Taiwan Guide Dog Association, Taipei Stray Cat Association, Stray Dog Home, Old Pet Care	Donated pet cushions and cat beds	Total: 436 PCS
2024	Taiwan Guide Dog Association	Donated pet cushions	Total: 50 PCS
	Full Moon Stray Animal Care Association	Donated pet cushions and monetary donation	50 PCS+ NT\$ 21,127.00

Future Outlook

In the future, YAO-I will continue to deepen its LIFEAPP public welfare strategy, strengthen partnerships with social welfare organizations, and leverage brand influence to unite broader public support, collectively creating a more loving and compassionate society.



GRI Standards Index Table

Appendix 1

Statement of Use: YAO-I FABRIC CO., LTD has prepared this 2024

Sustainability Report in accordance with the GRI Standards.

Reporting Period: January 1, 2024 to December 31, 2024

GRI Version Used: GRI 1: Foundation 2021

Applicable GRI Sector Standards: None

GRI Standards	Disclosure	Corresponding Section or Explanation	Page	Remarks
GRI 2: General Disclosures 2021				
Organization and reporting Practices				
2-1	Organizational Details	2.1 Operational Performance	14	
2-2	Entities included in the Sustainability Reporting	About This Report	03	
2-3	Reporting Period, Frequency, and Contact Point	About This Report	03	
2-4	Restatements of Information	About This Report	03	
2-5	External Assurance	About This Report	03	
Activities and Workers				
2-6	Activities, Value chain, and other Business Relationships	5.1 Supply Chain Management	69	
2-7	Employees	6.1 Talent Attraction	81	
2-8	Workers Who Are Not Employees	—		Not applicable to YAO-I
Governance				
2-9	Governance Structure and Composition	2.3 Governance Structure	27	Please refer to YAO-I 's Annual Shareholders' Report for detailed information
2-10	Nomination and Selection of the Highs Governance Body	2.3 Governance Structure	27	
2-11	Chairman of the Highest Governance Body	2.3 Governance Structure	27	
2-12	The Highest Governance Body's Role in Overseeing Shock Management	2.2 Regulatory Compliance and Business Ethics	21	
		2.3 Governance Structure	27	
		4.1 Climate Action	56	
2-13	Delegation of Responsibility for Management Impact	2.2 Regulatory Compliance and Business Ethics	21	
		2.3 Governance Structure	27	
		4.1 Climate Action	56	
2-14	Role of the Highest Governance Body in Sustainability Reporting	2.3 Governance Structure	27	
2-15	Conflict of interest	2.3 Governance Structure	27	

GRI Standards	Disclosure	Corresponding Section or Explanation	Page	Remarks
2-16	Communication of critical concerns	2.2 Regulatory Compliance and Business Ethics	21	Please refer to YAO-I 's Annual Shareholders' Report for detailed information
		2.3 Governance Structure	27	
2-17	Collective Knowledge of the Highest Governance Body	2.3 Governance Structure	27	
2-18	Evaluation of the Performance of the Highest Governance Body	2.3 Governance Structure	27	
2-19	Remuneration Policy	2.3 Governance Structure	27	
2-20	Process to determine remuneration	2.3 Governance Structure	27	
2-21	Annual total compensation ratio	—		Not disclosed due to privacy concerns
2-22	Statement on sustainable development strategy	Message from the Chairman	05	
		1.1 Sustainability Policy and Commitment	07	
		4.1 Climate Action	56	
		Topic-specific Management Approaches		
2-23	Policy Commitments	1.1 Sustainability Policy and Commitment	07	
		5.1 Supply Chain Management	69	
		6.3 Human Rights Management	101	
2-24	Embedding Policy Commitments	Topic-specific Management Approaches		
		1.1 Sustainability Policy and Commitment	07	
		5.1 Supply Chain Management	69	
		6.3 Human Rights Management	101	
2-25	Processes to Remediate Negative Impacts	Topic-specific Management Approaches		
		1.2 Stakeholder Engagement & Materiality Analysis	09	
2-26	Mechanisms for Seeking Advice and Raising Concerns	Topic-specific Management Approaches		

GRI Standards	Disclosure	Corresponding Section or Explanation	Page	Remarks
2-26	Mechanisms for Seeking Advice and Raising Concerns	1.2 Stakeholder Engagement & Materiality Analysis	09	
2-27	Compliance with Laws and Regulations	2.2 Regulatory Compliance and Business Ethics	21	
2-28	Membership of Associations	2.1 Operational Performance	14	
Stakeholder Engagement				
2-29	Approach to Stakeholder Engagement	1.2 Stakeholder Engagement & Materiality Analysis	09	
2-30	Collective Bargaining Agreements	-	-	YAO-I does not have such agreements
GRI 3 : Material Topics 2021				
3-1	Process for Determine Material Topics	1.2 Stakeholder Engagement & Materiality Analysis	09	
3-2	List of Material Topics	1.2 Stakeholder Engagement & Materiality Analysis	09	
3-3	Management of Material Topics	Topic-specific Management Approaches		
		1.2 Stakeholder Engagement & Materiality Analysis	09	

List of Material Topics

GRI Standards	Disclosure	Corresponding Section or Explanation	Page	Remarks
GRI 200 Series – Economic Topics				
GRI 201: Economic Performance 2016				
201-1	Direct Economic Value Generated and Distributed	2.1 Operational Performance	14	
201-2	Financial Implications and Other Risks and Opportunities Due to Climate Change	4.1 Climate Action	56	
201-3	Defined Benefit Plan Obligations and Other Retirement Plans	6.1 Talent Attraction and Retention	81	
201-4	Financial assistance received from government	2.1 Operational Performance	14	
GRI 202 : Market Presence 2016				
202-2	Proportion of Senior Management Hired from the Local Community	6.1 Talent Attraction and Retention	81	
GRI 203: Indirect Economic Impacts 2016				
203-1	Infrastructure Investments and Supported Services	7.1 Local Public Welfare Participation	117	

GRI Standards	Disclosure	Corresponding Section or Explanation	Page	Remarks
GRI 205: Anti-corruption 2016				
205-1	Operations Assessed for Risks Related to Corruption	2.2 Regulatory Compliance and Business Ethic	21	
205-3	Confirmed Incidents of Corruption and Actions Taken	-		No incidents occurred
GRI 206: Anti-Competitive Behavior 2016				
206-1	Legal Sections for Anti-competitive Behavior, Anti-trust, and Monopoly	-		No incidents occurred
GRI 207: Tax 2019				
207-2	Tax Governance, Control, and Risk Management	2.1 Operational Performance	14	
GRI 300 Series – Environmental Topics				
GRI 302: Energy 2016				
302-1	Energy Consumption within the Organization	4.2 Energy Management	61	
302-4	Reduction of Energy Consumption	4.2 Energy Management	61	
GRI 303: Water and Effluents 2018				
303-3	Water Withdrawal	4.3 Water Resource Management	64	
303-4	Water Discharge	4.3 Water Resource Management	64	
303-5	Water consumption	4.3 Water Resource Management	64	
GRI 306: Waste 2020				
306-3	Waste Generated	4.4 Waste Management and Recycling	66	
306-4	Waste Diverted from Disposal	4.4 Waste Management and Recycling	66	
306-5	Waste Directed to Disposal	4.4 Waste Management and Recycling	66	
GRI 308: Supplier Environmental Assessment 2016				
308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken	5.1 Supply Chain Management	69	
GRI 400 Series – Social Topics				
GRI 401: Employment 2016				
401-1	New Employee Hires and Employee Turnover	6.1 Talent Attraction and Retention	81	

GRI Standards	Disclosure	Corresponding Section or Explanation	Page	Remarks
401-2	Benefits Provided to Full-Time Employees	6.1 Talent Attraction and Retention	81	
401-3	Parental Leave	6.1 Talent Attraction and Retention	81	
GRI 402: Labor/Management Relations 2016				
402-1	Minimum Notice Periods Regarding Operational Changes	6.3 Human Rights Management	101	Taiwan's Labor Standards Act
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational Safety Risk Health Management System	6.4 Healthy Workplace	107	
403-2	Hazard identification, Risk Assessment and Accident Investigation	6.4 Healthy Workplace	107	
403-3	Occupational Health Services	6.4 Healthy Workplace	107	
403-4	Worker Participation, Consultation and Communication on Occupational Health and Safety	6.4 Healthy Workplace	107	
403-5	Worker Training on Occupational Health and Safety	6.4 Healthy Workplace	107	
403-6	Worker Health Promotion	6.4 Healthy Workplace	107	
403-7	Prevention and Mitigate Occupational Health and Safety Impacts Directly Related to Business Relationships	6.4 Healthy Workplace	107	
403-8	Workers Covered by an Occupational Health and Safety management system	6.4 Healthy Workplace	107	
403-9	Occupational Injuries	6.4 Healthy Workplace	107	
403-10	Occupational Diseases	6.4 Healthy Workplace	107	
GRI 404: Training and Education 2016				
404-1	Average Hours of Training Per Year Per Employee	6.2 Talent Training and Development	97	
404-2	Programs for upgrading employee skills and Transition Assistance Programs	6.2 Talent Training and Development	97	
404-3	% of employees receiving Regular Performance and Career Development Reviews	6.1 Talent Attraction and Retention	81	

GRI Standards	Disclosure	Corresponding Section or Explanation	Page	Remarks
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of Governance Bodies and Employees	2.3 Governance Organization	27	
		6.1 Talent Attraction and Retention	81	
GRI 406: Non-discrimination 2016				
406-1	Incidents of Discrimination and Corrective Actions Taken	6.3 Human Rights Management	101	No incidents occurred
GRI 407: Freedom of Association 2016				
407-1	Operations with Risk to Freedom of Association	6.3 Human Rights Management	101	
GRI 408: Child Labor 2016				
408-1	Operations at Significant Risk for Child Labor	6.1 Talent Attraction and Retention	81	No child labor cases
		6.3 Human Rights	101	
GRI 409: Forced Labor 2016				
409-1	Operations at Risk of Forced or Compulsory Labor	-	-	No forced labor incidents
GRI 411: Indigenous Rights 2016				
411-1	Incidents of Violations Involving Indigenous Rights	6.3 Human Rights Management	101	No incidents occurred
GRI 414: Supplier Social Assessment 2016				
414-2	Negative Social Impacts in the Supply Chain and Actions Taken	5.1 Supply Chain Management	69	
GRI 415: Public Policy 2016				
415-1	Political Contributions	-	-	No financial or in-kind contributions
GRI 416: Customer Health and Safety 2016				
416-2	Non-Compliance with Health and Safety Regulations	-	-	No violations occurred
GRI 417: Marketing and Labeling 2016				

GRI Standards	Disclosure	Corresponding Section or Explanation	Page	Remarks
417-2	Non-Compliance with Product/Service Labeling and Marketing Communications Regulations	-	-	No violations occurred
417-3	Incidents of Non-Compliance with Marketing Communications Regulations	-	-	No violations occurred
GRI 418: Customer Privacy 2016				
418-1	Substantiated Complaints Concerning Customer Privacy	2.4 Info Security & Privacy Protection	33	No violations occurred

SASB Index Table

Appendix II

Topic	Code	Type	Metric	Unit	Corresponding Section / Notes
Management of Chemicals in Products	CG-AA-250a.1	Discussion & Analysis	Discussion of processes to maintain compliance with restricted substances regulations	Not applicable	3.2 Product Quality and Safety Management
	CG-AA-250a.2	Discussion & Analysis	Discussion of processes for assessing and managing risks and hazards associated with chemicals in products	Not applicable	3.2 Product Quality and Safety Management
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Quantitative	% of (1) Tier 1 and (2) non-Tier 1 supplier facilities in compliance with wastewater discharge permits/contracts	%	No data currently available
	CG-AA-430a.2	Quantitative	% of (1) Tier 1 and (2) non-Tier 1 supplier facilities completing Higg FEM or similar environmental assessments	%	No data currently available
Labor Conditions in the Supply Chain	CG-AA-430b.1	Quantitative	% of (1) Tier 1 and (2) non-Tier 1 supplier facilities audited to labor code of conduct, and (3) audits conducted by third parties	%	No data currently available
	CG-AA-430b.2	Quantitative	% of priority non-conformances identified and % corrected	%	No data currently available
	CG-AA-430b.3	Discussion & Analysis	Description of greatest (1) labor risks and (2) EHS risks in the supply chain	Not applicable	5.1 Supply Chain Management
Raw Material Sourcing	CG-AA-440a.3	Discussion & Analysis	(1) List of priority raw materials; for each: (2) environmental or social risks to sourcing, (3) business risks/opportunities, (4) response strategies	Not applicable	5.1 Supply Chain Management

Topic	Code	Type	Metric	Unit	Corresponding Section / Notes
Raw Material Sourcing	CG-AA-440a.4	Quantitative	(1) Amount of priority raw materials purchased by type; (2) amount certified to environmental/social standards by standard	metric tons (t)	No data currently available

Activity Metric	Code	Type	Quantity (Unit)
Number of (1) Tier 1 and (2) non-Tier 1 suppliers	CG-AA-000.A	Quantitative	No data currently available

**Appendix II to the "Operational Guidelines
for the Preparation and Submission of
Sustainability Reports by OTC Companies" -
Comparison Table of Climate-Related Information
for OTC Companies**

Appendix III

No	Climate-Related Information Required for OTC Companies	Corresponding Chapter	Page
1	Disclose how the Board of Directors and management supervise and govern climate-related risks and opportunities.	4.1 Climate Action	56
2	Describe how identified climate risks and opportunities impact the business, strategy, and financial planning (short/medium/long term).	4.1 Climate Action	56
3	Describe the financial impacts of extreme climate events and transition actions.	4.1 Climate Action	56
4	Explain how the processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management system.	4.1 Climate Action	56
5	If scenario analysis is used to assess climate resilience, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.	No plan is currently in place. Future inclusion will be assessed as necessary.	
6	If a transition plan has been adopted to manage climate-related risks, describe the plan, including indicators and targets used to manage physical and transition risks.	No plan is currently in place. Future inclusion will be assessed as necessary.	
7	If internal carbon pricing is used as a planning tool, explain the pricing methodology.	No plan is currently in place. Future inclusion will be assessed as necessary.	
8	If climate-related targets have been set, disclose the covered activities, GHG emission scopes, timelines, annual progress, and if carbon offsets or RECs are used, disclose source and amount.	No plan is currently in place. Future inclusion will be assessed as necessary.	
9	GHG Inventory, Assurance, Reduction Targets, Strategies, and Action Plans		
	Disclose the latest two years' GHG emissions (tones CO ₂ e), intensity (tones CO ₂ e/million NTD), and data coverage.	Not Applicable) YAO-I is an OTC-listed company with a paid-in capital of less than NT\$5 billion and currently has no statutory obligation to disclose greenhouse gas inventory information. The Company will follow the phased disclosure timeline outlined in the "Sustainability Development Roadmap for OTC- Listed Companies" announced by the Financial Supervisory Commission. From 2026, the Company will complete and disclose the parent company's standalone greenhouse gas inventory information, and from 2027, will complete and disclose the consolidated company's inventory information.	

No	Climate-Related Information Required for OTC Companies	Corresponding Chapter	Page
9	Disclose the assurance status for the latest two years, including scope, assurer, assurance standards, and opinion.	(Not applicable) YAO-I is an OTC company with paid-in capital of less than NT\$5 billion and is currently not subject to mandatory disclosure regulations for certain information. The company will disclose greenhouse gas-related information in phases according to the sustainable development roadmap for listed companies announced by the Financial Supervisory Commission. Disclosure of certain information for the parent company will be completed in 2028, and for the consolidated company in 2029.	
	Describe the greenhouse gas reduction base year and its data, reduction targets, strategies and specific action plans, and the status of achievement of the reduction targets.	(Not Applicable) As the company has not reached the timeline requirement, no disclosure is currently mandated. The baseline year will be no later than 2026; 2027 targets and action plans will be disclosed accordingly, followed by annual updates.	