

2025 Employee Compensation Policy, Welfare Policy, and Retirement System

一、 Compensation Policy:

(一) Company Bylaws:

Article 21 of the company bylaws of Hongtai Electric Co., Ltd. stipulates that if the company makes a profit in a given year, it shall allocate 2% to 8% as employee compensation, and no more than 3% for director compensation. However, if the company has accumulated losses, it shall retain an amount to offset the losses.

Employee compensation may be paid in stock or cash, and eligible employees may include those from affiliated companies. The distribution criteria and method are authorized by the Board of Directors.

(二) Compensation Policy:

Talent is the company's most important asset. Every year, in addition to promotion planning based on performance, development potential, organizational needs, and career aspirations, the company may adjust salaries based on profitability, industry outlook, and market salary surveys to maintain competitive compensation in order to attract and retain talent. The company adheres to the philosophy of sharing operational results with employees. Annual bonuses, employee compensation, and quarterly competition bonuses are distributed based on overall company performance, team goals, and individual contributions.

1. Fair Compensation:

The company's compensation is based on industry standards, market demand, and financial situation. Employees' basic salaries are not influenced by gender, race, religion, political stance, marital status, etc., although factors such as seniority and performance are considered.

The standard salary for male base-level employees is 1.04 times the local minimum wage, and for female base-level employees, it is 1.1 times the local minimum wage.

2. Year-End Bonus:

When the company has a profit, the year-end bonus is distributed based on profit conditions, business unit performance, individual performance, rewards, and contributions.

3. Employee Compensation:

According to the company bylaws, if the company has a profit in a given year, it shall allocate 2% to 8% as employee compensation. The total compensation is determined based on profitability, and after approval by the Board of Directors, it is distributed based on individual contributions, performance, and tenure. For example, in 2025, the Board of Directors approved a cash employee compensation distribution of NT\$66,922,186 for the 2025 fiscal year.

4. Quarterly Competition Bonus:

To encourage employees, when quarterly profits meet specific goals, the company will award a quarterly competition bonus to motivate employees to work toward these objectives.

For information regarding the employee compensation and director compensation approved by the Board of Directors, please refer to the "Public Information Observation Station" of the Taiwan Stock Exchange.

二、Employee Welfare Policies:

The implementation of various employee welfare systems, in-service education, training, retirement systems, employee conduct and ethics guidelines, and labor-management agreements:

(一) Employee benefits

The Company has been adhering to its business philosophy of “integrity and honesty, innovation and advancement” and is committed to fulfilling corporate social responsibility and creating a friendly and supportive working environment, so as to improve the quality of life of employees and promote harmonious labor management relations.

In addition to complying with local laws and regulations, the Employee Welfare Committee was established on November 6, 1986. It sets aside the welfare fund to encourage employees to organize various clubs and activities so that they can relax their body and mind, exchange with one another, engage themselves in affectionate communication, their efficacy at work can thus be improved. Such benefits include the following:

- (1) **Leave:** Leave: All types of leave are subject to the Labor Standards Act, the Gender Equality in Employment Act and other relevant laws and regulations.
 - (2) **Meals:** The factory provides an employee cafeteria offering three meals a day.
 - (3) **Insurance:** Labor insurance, national health insurance, employee group medical and accident insurance and overseas travel insurance.
 - (4) **Bonuses:** Performance bonuses, year-end bonuses, and employee compensation.
 - (5) **Gifts:** Marriage gifts, maternity gifts, birthday gifts, and holiday gifts.
 - (6) **Cultural and Recreational Activity Subsidies:** Subsidies for club activities, travel allowances, and year-end celebration events.
 - (7) **Other Subsidy Applications:** Emergency relief funds, hospitalization condolences, and funeral subsidies.
 - (8) **Female Employee Health Protection Plan:** Nurses provide on-site consultations for pregnant employees, establish lactation rooms, provide family care leave and maternity leave, and partner with childcare institutions to ensure safe childcare environments
- (二) **Employee Continuing Education and Training**
- Our company is dedicated to talent development and places great emphasis on the guidance of new employees. A dedicated mentor is assigned to each new employee. In terms of employee education and training, we organize both regular and ad-hoc internal training as well as external training. The training courses are divided into the following categories: professional skills courses, management skills courses, general courses, and quality management courses. These training programs aim to improve product quality and work efficiency, actively cultivate professional talent, and facilitate the acquisition of specialized certifications.
- Additionally, to encourage employees to engage in in-service education and learning, we integrate the employee performance evaluation system, reward systems, promotion systems, and professional assignments to ensure that talent is applied appropriately in accordance with individual capabilities.
- (三) **Retirement System:** The company has established a retirement system in compliance with the law. On March 16, 1987, the Labor Retirement Fund

Supervision Committee was formed. The payment of employee retirement funds is calculated based on service years and the average wage for the last six months of employment at the time of retirement. Employees with 15 years or less of service are entitled to two units per year of service. For service exceeding 15 years, one unit is granted per year of service, with a maximum limit of 45 units. The company contributes retirement funds to a dedicated account at the Central Trust Bureau as required by the Labor Standards Act. As of March 31, 2026, the balance in the account was NT\$67.62 million.

三、Employee Rights Protection Measures:

- (一) Regular labor-management meetings are held to coordinate labor relations and promote cooperation in safeguarding employee rights.
- (二) Work rules and personnel management procedures have been established.
- (三) Occupational health and safety management procedures are implemented.
- (四) Measures to prevent workplace sexual harassment, along with grievance and disciplinary procedures, are set in place.

四、Labor-Management Disputes:

There were no labor-management disputes in 2024.

五、Corporate Social Responsibility:

- (一) **Employee Code of Conduct:** The company fulfills its corporate social responsibility and its duty to educate employees on ethical conduct. Key points from the work regulations are summarized as follows:
 1. Strict adherence to laws and social ethics.
 2. Loyalty to duties, compliance with all company rules and procedures, following the leadership and tasks assigned by superiors, and humbly accepting guidance and supervision on technical matters.
 3. Employees should not take shortcuts or be negligent in their work. They should foster harmonious relationships with colleagues, embracing a cooperative mindset.
 4. Encourage frugality and avoid lavish or wasteful habits in life.
 5. Ensure that the work environment and equipment are kept clean, with responsibility for protecting company property.
 6. Minimize waste of resources, including raw materials and office supplies.
- (二) **Work Environment and Personal Safety Protection Measures:** To ensure employee safety and a good work environment, the company

applies the PDCA (Plan-Do-Check-Act) management cycle to prevent accidents and ensure safety measures for employees:

1. To reduce occupational hazards and improve employee safety, the company has established a safety and health system, implemented disaster prevention plans, and created emergency response teams. Regular and ad-hoc training sessions are conducted to prevent accidents and ensure safety for employees and the environment.
2. In accordance with labor safety regulations, a Labor Safety and Health Management Committee is set up, meeting regularly to review and improve safety measures.
3. The company implements 5S, 6S, and PDCA management systems for the maintenance and care of work environments and equipment. Regular maintenance, education, and continuous monitoring are in place to create a human-centered, high-quality, and safe work environment.
4. Various safety-related training programs are conducted, including both regular and ad-hoc internal training and outsourced training. These programs are widely publicized to promote a culture of safety across all employees, with the goal of achieving zero accidents.

(三) Internal Whistleblowing Guidelines: The company has established guidelines for internal whistleblowing, allowing employees to report illegal or unethical actions that could harm the company's interests. These guidelines and reporting procedures have been communicated to all employees.

六、Promotion of Employee Benefits in the Company's Sustainability Report (pages 98-101):

5.3 Employee benefits

The company complies with the government's Labor Standards Act. Currently, the company does not have a labor union or has signed a group agreement with its employees. However, it has work rules and relevant personnel management regulations in place to protect the legitimate rights and interests of employees. Through the formulation and promotion of various benefits , HONG TAI ELECTRIC maintains the welfare of employees and establishes a sound organization, and through the operation of the employee welfare committee organized by employees, colleagues are more willing to participate in the planning and execution of actual activities. In addition to the organizational operation of the Employee Welfare Committee, the current welfare measures are as follows:

HONG TAI ELECTRICian employee benefits	
take a vacation	Seniority leave (special leave) is stipulated in the Labor Standards Act
Insurance	Labor insurance, national health insurance, employee group medical and accident insurance and travel accident insurance
meal	The factory has a staff restaurant that provides meals
bonus	Performance bonus, year-end bonus and employees compensation
gift money	Wedding gift, maternity gift, birthday gift, three festivals gift
Subsidy for cultural and recreational activities	Travel subsidies and year-end annual party activities
Other grant applications	Emergency relief fund, hospitalization consolation fund and funeral subsidy
Staff further education and training	Organize regular and irregular internal education training and outsourced training according to each professional position
retirement system	Retirement from work according to law

retirement policy

The company formulates the "Labor Pension Measures" in accordance with the Labor Standards Act, and allocates retirement reserves according to the new and old labor retirement systems and deposits them into bank retirement fund accounts or into individual labor retirement accounts at the Labor Insurance Bureau to protect the rights and interests of employees. . Retirees who meet the requirements of the Labor Standards Act and whose expertise is needed by the company may continue to be contracted to participate in various jobs or production lines.The appointment work shall be carried out in accordance with the regulations.

Babysitting stay situation

HONG TAI ELECTRIC has implemented a leave-from-work without pay system for childcare in accordance with the Labor Standards Law. As long as employees meet the conditions, they can apply for a leave-from-job without pay for childcare (up to a maximum of two years). And during the period of childcare leave without pay, the position will be retained,

and colleagues can also apply for reinstatement when the childcare leave without pay period expires. In 2023 , a total of 1 person (1 female employee) applied for "child care leave without pay" . The application procedures for babysitting stays are formulated in accordance with government regulations. The company' s parental leave information in the past three years is as shown in the table below:

year Gender/Total	2021			2022			2023		
	male	female	total	male	female	total	male	female	total
Number of people who are eligible to apply for childcare stay A	2	1	3	5	2	7	3	2	5
The actual number of people applying for babysitting stay in the year B	1	4	5	2	1	3	0	1	1
Number of people who should be reinstated after childcare leave in the current year C	1	4	5	2	1	3	0	0	0
The actual number of people reinstated after childcare leave in the current year D	1	2	3	2	1	3	0	0	0
The actual number of people who were reinstated after childcare leave in the previous year E	0	0	0	1	2	3	2	1	3
Number of people who continued to work for one year after being reinstated after childcare leave in the previous year F	0	0	0	1	1	2	1	1	2
Resumption rate of childcare leave in the current year % (D/C)	100	50	60	100	100	100	-	-	-
Current year' s child care retention rate % (F/E)	-	-	-	100	50	66.67	50	100	67

Calculation method:

The number of people who should be reinstated = the number of people who are expected to be reinstated in the current year if their childcare jobs are suspended without pay.

in 2023 years = Number of people actually reinstated in 2022 years and still on the job on 2023/12/31

Reinstatement rate on child care leave in the current year % = actual number of people who have been reinstated on child care leave in the current year / number of people who should be reinstated on child care leave in the current year (D/C)

Current year's childcare leave and stay rate % = Number of people who continued to work for one year after reinstatement from childcare leave in the previous year/Number of actual reinstatements in the previous year's childcare leave (F / E)

Employee compensation

HONG TAI ELECTRIC is located in Taiwan . The company's salary payment is based on industry salary benchmarks, market manpower supply and demand , and consideration of operating and financial conditions . The basic salary of employees is not based on gender, race, religion, political stance, marital status, labor unions , etc. There are differences, but salary payment still depends on seniority, work performance and other considerations . The standard salary of male grassroots personnel is 1.28 times higher than the local minimum wage ; the standard salary of female grassroots personnel is 1.2 times higher than the local minimum wage .

We focus on local talents. Those who hold the position of deputy general manager and above in HONG TAI ELECTRIC are senior management, and the proportion of hiring local residents is 100% .

Staff composition in the past three years					
year			2021	2022	2023
Item/Gender	age		Number of people	Number of people	Number of people
senior executive	male	Under 30 years old	0	0	
		30-50 years old	2	2	
		Over 51 years old	7	5	
	female	Under 30 years old	0	0	
		30-50 years old	0	0	
		Over 51 years old	0	0	
Total senior executives			9	7	
Non-main 管 personnel	male	Under 30 years old	47	50	3
		30-50 years old	149	154	9
		Over 51 years old	91	82	6
	female	Under 30 years old	15	9	
		30-50 years old	52	57	3
		Over 51 years old	twenty one	20	1
Total non-main personnel			375	372	25
Total number of full-time employees			384	379	25
Note: Those above the vice president level are defined as senior managers.					

Employee salary statistics table				
Salary ratio by job category	Number of people		salary ratio	
	female	male	female	male
management position	10	36	1	1.35
Non-managerial position	51	158	1	0.86
direct personnel	5	66	1	0.77
Indirect personnel	56	128	1	1.09

Notes:

1. The salary-remuneration ratio of women to men (annual salary ratio): is "the average annual salary of men in this category/the average annual salary of women in this category."
2. If there is a large difference in the basic salary ratio between women and men, please explain the reason.