

Differences in Promoting Sustainable Development and Departure from the Sustainable Development Best Practice Principles for TWSE/TPEX-listed Companies and Reasons:

一、The Company has established a Sustainability Promotion Task Force, convened by the President, who is appointed and supervised by the Board of Directors. Under this task force are the Sustainability Projects Group, Corporate Governance Group, Environmental Sustainability Group, and Social Engagement Group, each responsible for carrying out specific initiatives. These groups monitor global sustainability trends and systematically analyze the Company's risks and opportunities related to sustainability issues across Governance, Environment, and Social (ESG) dimensions. By integrating these analyses with the Company's core operations, product innovation, and service development, they formulate strategic directions and implementation plans for sustainable development. Progress and implementation results are reported to the Board of Directors on a regular basis.

The Company actively plans and implements ESG projects and carbon reduction management in strict compliance with regulations of the competent authorities. In addition to preparing and publishing an ESG/sustainability report annually, under the implementation of carbon reduction management projects, the Company has, in the current year, completed its greenhouse gas inventory as scheduled and established a carbon pricing mechanism as a management tool for climate-related planning and investment decision-making. The Company continues to evaluate strategies to further reduce carbon emissions, thereby enhancing effective carbon management and resource allocation. The relevant implementation results were reported to the Board of Directors in August 2026, including the completion of the 2025 Sustainability Report.

二、Performance results at major operating locations for December. The risk assessment is focused mainly on the Company and primarily in the region of Taiwan.

The Company's relevant sustainability topics include GRI Standards, SASB standards and SDGs. Following evaluation by external experts and discussions in respective departmental meetings of the Company, the significance and likelihood of impacts of the issues were explored through prior operational experiences. These are then analyzed and compiled into 11 material sustainability topics of the Company, as detailed in (IV) Risk Assessment (pages 10–14).

三、Environmental Issues :

(一) Complying with government policies and environmental laws, the Company sets the targets, objects, and solutions of environmental management and accordingly continues with waste reduction, prevention against pollution, and recycling of resources throughout its manufacturing process. In addition, by means of the periodic internal audit and management review procedures, achievements in implementation are evaluated to fulfill the goal of sustainable environmental development.

(二) The Company is devoted to improving the efficiency of energy used during production and continues with its energy conservation and carbon reduction initiatives. In line with objectives of corporate social responsibilities, green production and sustainable management, the international energy management systems have been applied in all plants. Through the establishment of such management standards and methodologies, the Company has developed a framework of necessary procedures that enables it to enhance energy efficiency to an optimal level without disrupting existing operations. Due to the

characteristics of its manufacturing processes, the Company currently faces limitations in the use of renewable materials. However, its primary raw material, copper, is highly reusable and recyclable. Among non-renewable resources, copper has one of the highest recycling rates and plays a critical role in the circular

economy. For the sake of reducing pollution, in its manufacturing process, the Company seeks the maximum efficiency in the use of raw materials and supplies and energies and resources in order to bring down the volume and conserve energy. Meanwhile, toxic materials are avoided or reduced to minimize toxic discharge from the source. As far as products are concerned, research and development are continued to comply with the international green product standards and impacts on the environment are examined. In the prevention against pollution, respective pollution preventive equipment is properly operated and emissions are comprehensively monitored. Generated waste is processed as required by law and recycling for reutilization is prioritized to be resource-oriented and to reduce waste.

- (三) In recent years, extreme weather events caused by global warming have become increasingly frequent, and the public has paid more attention to topics related to environmental protection, energy conservation, occupational safety and health, and nature conservation. The Company recognizes its obligation to fulfill corporate social responsibility and actively promotes sustainable development to strengthen its long-term competitiveness. In response to the potential impacts and challenges of climate change, the Company, in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) framework, identifies and assesses the impact of climate change risks on its operations from the perspectives of governance, strategy, risk management, and performance indicators and objectives. The results of the climate risk assessment will facilitate the formulation of management strategies, greenhouse gas inventories, and carbon reduction plans. These plans will be implemented and evaluated by the designated energy management personnel and will be carried out upon approval by the Board of Directors. The Company is committed to reducing energy consumption and carbon emissions, improving carbon reduction performance, and regularly reports to the Board of Directors on the management of climate change-related risks and opportunities in order to achieve its sustainable development goals. A primary potential risk posed by climate change for the Company is interruption in the supply chain, rising costs of raw materials and supplies, and natural disasters such as floods because of typhoons. The Company also proactively explores new sources, organizes educational training on industrial safety, and utilizes energy more efficiently by building solar power-generating equipment in response.
- (四) The Company keeps track of greenhouse gas emissions, amount of water used, and the weight of waste each year and discloses statistical data over the past 2 to -3 years in its ESG Report. The data on greenhouse gas emissions, water consumption and weight of waste are summarized in the table below. For more details, please refer to the Company's ESG Sustainability Report.

Year	Parent company Greenhouse gas emissions (tons CO2)	
2023	Scope 1	767.90
	Scope 2	8,969.96
	Scope 3	0
	Total	9,737.86
2024	Scope 1	275.83
	Scope 2	6,774.52
	Scope 3	1,381.58
	Total	8,431.93
2025	Scope 1	260.65
	Scope 2	6,346.05
	Scope 3	1,529.03
	Total	8,137.74

Year	Parent company Water consumption (million liters)	
2023	Water intake	58.991
	Water discharge	3.166
	Water consumption	55.825
2024	Water intake	33.296
	Water discharge	5.655
	Water consumption	27.641
2025	Water intake	33.804
	Water discharge	7.853
	Water consumption	25.951

Year	Weight of waste of parent company (Ton)	
2023	Hazardous waste	52.20
	Non-hazardous waste	237.45
	Total	289.65
2024	Hazardous waste	0
	Non-hazardous waste	170.00
	Total	170.00
2025	Hazardous waste	0
	Non-hazardous waste	201.00
	Total	201.00

As global low-carbon economic developments are the trends, enterprises are playing a more and more important role in the management of environmental risk. To fulfill its responsibilities as a corporate citizen, the Company will continue to enforce the greenhouse gas reduction policy at the corporate and supply chain levels with substantial energy-saving and carbon reduction and water-saving

measures.

Related energy conservation and carbon reduction policies defined by the Company include the following: (1) enhanced energy use efficiency, reduced waste of resources, and promotion of environmental greenery on premises, (2) promotion of respective waste reduction and recycling projects, (3) introduction of green raw materials and supplies and environmentally-friendly processes and technologies, and (4) evaluation of suppliers on environmental protection.

And, for the various types of waste that will impact the environment, to abide by governmental regulatory requirements, to prevent against air pollution, and to protect the living environment and public health, contracts are signed with legal professional clearance service providers as required by law for removing and recycling the waste and related data of waste are precisely collected and monitored.

四、Social Issues

(一) The Company has the human rights policy statement in place and it is available on the official corporate website to declare that the Company follows applicable labor laws and regulations while protecting the legitimate rights of employees and respecting the internationally accepted basic human rights of workers; no conditions that jeopardize the fundamental rights of workers are allowed. The human resources policy of the Company also respects the protection of fundamental rights of workers with adequate management approaches and procedures in place.

Substantial practices of the Company in the protection of human rights include: promote the company's human rights policy, set up a sexual harassment filing and investigation committee, conduct sexual harassment prevention education and training for directors, managers, and supervisors, and regularly arrange for doctors and nurses to visit the factory for consultation (number of consultations in 2025: 158 people), safety training, regular general health check-ups for employees in accordance with the law, etc.

For the 2025 human rights protection-related education and training hours (including: human rights policy advocacy, labor safety education, health management and mental health, sexual harassment prevention and other related courses), 31 sessions were held, with 565 participants and a total of about 970 hours.

(二) The Company has established a reasonable compensation system, including specifying in the The Company has established a reasonable compensation system, including stipulating in its Articles of Incorporation that 2% to 8% of earnings, if any, shall be appropriated as employee remuneration. Of the aforementioned employee remuneration amount, no less than 60% shall be allocated to frontline employees, thereby ensuring that business performance is meaningfully reflected in employee compensation. In addition, the Company has implemented various bonus programs, employee promotion and transfer policies, and performance evaluation systems, forming a clear and effective reward and disciplinary framework integrated with the Company's corporate social responsibility policies.

In 2025, the Company continued to implement a performance-based compensation policy. Individual salary structures were adjusted based on market salary levels,

economic trends, annual performance evaluations, and employees' professional capabilities, with the aim of rewarding outstanding talent and maintaining market competitiveness. For employees covered under the old pension scheme, actuarial reports prepared by professional actuaries are obtained to safeguard employees' future retirement benefits. For employees covered under the new pension scheme, the Company contributes the full statutory pension contribution at a rate of 6%. The Company places great importance on employee rights and welfare and is committed to maintaining a positive working environment, including providing care and support for employees from diverse groups. These initiatives include:

- (1) Achieving a 100% target for the employment of Indigenous employees;
- (2) Achieving a 100% target for the employment of employees with disabilities, while tailoring suitable job assignments and workplace facilities to their needs;
- (3) Providing recruitment, development, retention, continuing education, and training opportunities for both local and foreign employees; and
- (4) Implementing health protection programs for female employees, enabling employees of all genders to work with peace of mind.

The Company has an Employee Welfare Committee in place and the welfare fund set aside for 2025 by the Company totaled NT\$7.74 million. It was meant as employee travel subsidies, birthday and three-festival gift money, wedding, child birth, and funeral allowances, among others.

Talent is an important asset of the Company. In addition to promotion planning based on performance, development potential, organizational needs and career development intentions every year, salary adjustments are also made from time to time based on the Company's profitability, industry prospects and market salary surveys in order to maintain salary competitiveness to attract and retain talent.

The Company adheres to the philosophy of sharing operating achievements with its employees. Each year, the Company grants annual bonuses, employee compensation and quarterly competition bonuses based on the overall operating performance, achievement of team goals, and individual employee contributions and performance.

- (三) The Company provides employees with a safe and healthy workplace that has necessary health and first-aid facilities available and is devoted to reducing risk factors for the safety and health of employees in order to prevent against occupational hazards. In 2025, doctors and nurses were arranged to provide consultation to 158 employees at the factory, and safety and health education and training were regularly implemented for employees. Related educational trainings of 2025 (including safety and health trainings, fire safety trainings, toxic chemical disasters unannounced drills, among others). For other related information, refer to Point 7.
- (四) The Company provided various types of internal and external trainings to meet different needs, including orientation, professional skills, managerial ability, to help colleagues learn and grow continuously in a variety of ways. In addition, for important successors and potential prioritized cadres, the Company provides them with in-service training and send them to receive external training, have them to rotate among duties, or assign them with projects as needed in order to effectively

improve their occupational capabilities.

(五) Respective plants of the Company have been certified for the ISO 9001 series of international quality; the marketing and labeling of all products of the Company are based on applicable laws and regulations and international standards. The sales department of the Company, besides proactively addressing complaints filed by customers, spontaneously conducts customer satisfaction survey each year to know the issues and to protect the rights of customers.

In addition, the Company has the “Personal Data Protection Management Guidelines” in place to ensure that the privacy of colleagues and customers is not disclosed.

(六) The Company has the Supplier Management Guidelines and the Supplier Management Procedure in place. Suppliers need to be investigated, evaluated and qualified before official business relationships begin. During investigation and evaluation, records of suppliers in terms of prior impacts on the environment or society will be paid attention to. The Company requires that major suppliers sign the Agreement for joint devotion to the enhancement of corporate social responsibilities, the environment, and integrity. If suppliers violate the Agreement with significant impacts, the Company will no longer renew the Agreement with the specific supplier.

五、At present, the Company refers to the following while preparing its ESG Report, which is yet to be authenticated by a third party:

1. GRI Standards Reference Table.
2. Sustainability Accounting Standards Board (SASB) Reference Table.
3. TCFD climate-related financial information disclosure.
4. Taiwan Stock Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.

六、If the Company has established its own sustainable development principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies”, please specify the differences between how it actually takes place and what is defined in the Principles: The Company has its Corporate Social Responsibility (CSR) Code of Conduct in place and no major differences are found so far.

七、Other key information useful for explaining status of corporate social responsibility practices:

(一) Hong Tai Electric is located in Guanyin District, Taoyuan City. It has long been attentive to community development and social needs in the areas where it operates. Through on-site engagement and evaluation of local needs in Taoyuan, including disability care, child and youth protection, life education, and indigenous development, the Company actively supports the care of persons with disabilities and disadvantaged children and youth, promotes life education, and fosters the development of indigenous cultures. In doing so, the Company fulfills its commitment to local care while strengthening positive connections with surrounding communities.

Upholding the spirit of fulfilling corporate social responsibility and with the goal of “Zero Hunger,” the Company allocates an annual budget for charitable donations. Through concrete actions, Hong Tai supports local social welfare and nonprofit organizations, assisting them in providing stable care, education, and social support services. The Company aims to leverage its corporate social influence to promote sustainable community development. In 2025, the Company donated a total of NT\$1 million. The recipients of these charitable contributions are shown in the table below:

Recipient	Local (Taoyuan City)	Amount (NTD)
Huashan Social Welfare and Charity Foundation		\$1,000,000 in total
Prader Willi Syndrome Association Taiwan		
The Garden of Hope Foundation		
Taiwan Fund for Children and Families		
Taoyuan Heart Light Education Institute for the Mentally-Impaired	√	
Taoyuan White Kite Orphanage	√	
Taoyuan Holistic Life Education Association	√	
Taoyuan Indigenous Peoples Development Foundation	√	
Mennonite Social Welfare Foundation		
CNS Certification Mark Association		
New Taipei City Light Children Association		
Angel House Long-term Care Foundation		
Huashan Social Welfare and Charity Foundation		
Chinese Christian Relief Association		
Taiwan People’s Food Bank Association		

(二) Measures to protect employee personal safety and work environment and their implementation:

1. Policy Goal for Operating Environment Measurements

The Company has implemented an OHS management system and established related OHS policy statements as below. These policies demonstrate the Company’s attitude and commitment toward maintaining a safe and healthy workplace for both outsiders and employees, and serve as the highest guiding principles for workplace environmental monitoring through full employee participation, thereby enhancing organizational cohesion.

(1) Policy Statement

“Compliance with regulations, risk reduction, full participation, and continuous improvement.”

Hong Tai Electric pursues sustainable business operations and development. In line with international OHS trends, it aims to prevent occupational accidents, safeguard employee safety and health, ensure the safe operation of all workplaces, and achieve the goal of zero accidents.

Comply with laws and regulations and customers’ or other relevant requirements; answer to the green environmental protection movement around the world; and create a sound workplace.

Continue to improve, prevent against pollution, and prevent against risk

factors for minimized costs associated with risk control. Create the environmental/occupational safety and health management system/organization and operating system to improve performance in environmental protection/occupational safety and health.

(2)Goal

The Company complies with OHS regulations and promotes full employee participation and accountability. It continuously improves safety and health equipment and the working environment, reduces equipment-related risks, implements preventive maintenance for machinery, and strengthens safety and health education and training to enhance employees' knowledge and skills. In addition, the Company has established emergency response systems and conducts drills to minimize losses, with the goal of achieving zero major occupational injuries for employees.

(3)Organization and Responsibilities of Members

The Company has established a Safety and Health Committee under the Occupational Safety and Health Office to perform the following functions:
 1. Draft, coordinate recommend and review management plans. 2. Evaluate on-site safety and health management performance. 3. Review safety and health management matters related to contractors.

2.Performance in Industrial Safety

The Company has established an annual work plan for an expanded occupational safety audit team, led by the President as the chief convener, with the Management Service Department serving as the supervisory unit. The Occupational Safety and Health Office and department heads form the audit team. The Occupational Safety and Health Office compiles reports on matters pending improvement and submit them to the President and respective departments for the improvements to be made. Safety personnel and on-site supervisors conduct daily walk-through safety inspections. Improvement items identified during inspections are reviewed quarterly in safety audit meetings. In 2025 and 2026, the Company reported zero disabling injury incidents among both employees and contractors. In addition, inspections conducted by the Office of Labor Inspection resulted in no violations or penalties

Occupational Safety and Health Audits	
1. Extended Occupational Safety Joint Audit Group	At least once a year
2. Occupational Safety Rounds Management	At least twice a day
3. Factory Affairs Department Rounds Management	At least twice a week
4. Supervisor Field Trip Management	At least twice a day

3. Equipment Management

The Company classifies equipment and manages it accordingly. All hazardous machinery and equipment are controlled as required by law and careful maintenance is performed on the machinery and equipment to ensure their safe operations. Hazardous machinery and equipment of Hong Tai Electric Industrial Co., Ltd. includes 4 sets of fixed cranes and 2 sets of high-pressure gas-specific equipment totaling 6 units. 4 of them were inspected throughout 2025.

4.2025 Professional Occupational Safety and Health Licenses

License holder	Quantity	License holder	Quantity
Occupational safety and health administrator	6	Fire prevention manager	2
Class A occupational safety and health operation supervisor	2	Dust operation supervisor	2
Class B occupational safety and health operation supervisor	1	Oxygen-deprived operation supervisor	2
Operator of a stacker with a weight capacity of 1 ton and above	45	Ionizing radiation operator	3
Operator of a fixed crane with a weight capacity of 3 tons and above	14	Energy manager	1
Organic solvent operation supervisor	2	Class B air pollution controller	1
First-aid staff	8	Waste clearance professional technician	2
High pressurized gas-specific equipment operator	2		

Hours of training on occupational safety and health completed over the past three years and headcount

Year	Headcount	Hours
2023	228	776
2024	237	645
2025	308	906

5. Performance in Industrial Safety

Disability-related injuries suffered by employees of the Company over the past three years		
Plant Year	Death	Disability
2023	0	1
2024	0	0
2025	0	0

6. For the implementation of respective ESG items of the Company, please refer to the Company's website at <https://www.hong-tai.com.tw>-> ESG Sustainable Development->ESG Report.

(三) Ethical Corporate Management Policy and Solution:

- (1) In honor of its belief in ethical corporate management, the Company prepared the Guide to the Moral Behavior of Company's Management and related regulations and policies, signed agreements externally, all of which are based on the principles of integrity and reciprocity and include reasonable contents, and proactively puts its commitment to ethical corporate management into action.
- (2) Major suppliers of the Company have signed the Commitment to Ethical Conduct. For employees that interact with outsiders, there are strict work regulations for them to follow and also the monitoring and auditing mechanisms to prevent against unethical conducts.
- (3) For parties that it does business with, the Company has the evaluation mechanism in place. Upon signing of an agreement, the principles of integrity and reciprocity are honored, too, to render reasonable contents and the agreement requirements are proactively fulfilled.
- (4) The Company constantly instills ideas about ethical corporate management in its supervisors at all levels and has precisely implemented the policy about recusal in case of conflicting interests. In cases of conflicts of interest, one may report it to the Audit Office or the President's Office directly.
- (5) The Company encourages its employees to report on illegal acts, and the whistleblower will be rewarded if it is found to be true. To report illegal acts, one can do so directly to the supervisor he/she reports to or to the Audit Office or the President's Office according to the "Whistleblowing Standards". Such reports will be treated highly confidential in order to protect against improper treatment borne by the whistleblower for reporting.

(五) Risk Assessment

Major Issue	Item	Strategy
E - Environment	Energy	<ol style="list-style-type: none"> 1. Recycling of resources: Recycle resources for use to reduce waste of resources. 2. Continuous improvement: Continue to improve the environmental management system for enhanced environmental performance. 3. Work with the Bureau of Energy under the Ministry of Economic Affairs as exploring sources of income and reducing expenses is a duty expected of a business.
	Emission	<ol style="list-style-type: none"> 1. Environmental management: HONG TAI is devoted to reducing “impacts on the environment as a result of its corporate activities, products, and services” and abides by the following environmental policies accordingly. 2. Compliance with regulatory requirements: Comply with regulatory requirements on environmental management such as air pollution, water pollution, waste, toxic chemicals, and noise control. 3. Fulfillment of obligations: Fulfill obligations expected of HONG TAI, including commitments to customers, government agencies, the management, and employees, among other stakeholders. 4. Prevention against pollution: Select suitable raw materials/regular materials or processes to avoid or reduce environmental pollutions; Set up pollution prevention equipment or adopt appropriate measures to avoid or reduce environmental pollution. 5. Energy conservation and waste reduction: Reduce the use of energy and the amount of waste generated.
	Waste	<p>The Company follows domestic and international laws and regulations in its operations and pays attention to developmental trends of domestic and international policies as well as regulatory changes at all times in order to adjust related operational strategies and to fulfill sustainable management goals.</p>

Major Issue	Item	Strategy
E - nvironment	Customer service management	Satisfy customers' requirements, implement practical and pragmatic management, pursue system excellence, and create win-win situation for both supply and demand.
	Occupational safety and health	<ol style="list-style-type: none"> 1. Promote the safe culture at HONG TAI and consolidate basic education on occupational safety. 2. Define the safety operating criteria and precisely abide by safety and health requirements. 3. Reinforce supervisor dynamic management to eliminate potential hazardous factors. 4. Improve environmental machinery equipment and work all out in the pursuit of essential safety. 5. Perform precise spontaneous inspections to resolve equipment abnormalities and failures. 6. Reinforce fire prevention safety measures to make the best of fire prevention features. 7. Request safety and health facilities from contractors for improved safety at work of contractors.
S - Society	Innovative product and technology	<p>Innovation and advancement, integrity and honesty, sustainable management. Quality Policy --- The quality policy featuring [Quality of HONG TAI assures customers] is a substantial extension of the Company's management belief. While pursuing corporate sustainable management, getting to the bottom of everything and constantly improving the overall corporate quality management are the only way to hopefully best protect the quality of products and services provided to customers and fulfillment of customers' needs is the underlying theme of corporate operation. Environmentally-friendly policy ---- For the sake of continuous management and to answer to the green tendency, besides comprehensive lead-free products, the Company promotes HSF (hazardous substances-free) management of its products. Their control is in compliance with international regulatory requirements. The hazardous substance process management (HSPM) was enforced in compliance with IECQ QC080000 in 2009 and the IECQ QC080000 certificate was received in December 2009.</p>

Major Issue	Item	Strategy
S - Society	Customer health and safety	The power business of the Company constantly advances by adjusting the insufficient through its customer satisfaction survey system. Optimal customer relations are maintained reciprocally.
	Labor-management and worker/employer relations	<ol style="list-style-type: none"> 1. Release human rights policy declaring that efforts will be made so that everyone is entitled to fair and respectful treatment. 2. Set up the Employee Welfare Committee to maximize employee welfare. 3. Periodically hold the labor-management meeting; any issue on labor-management relations is sufficiently discussed and communicated between the labor representatives and the management. The right of labor representatives to negotiate work conditions is respected. 4. Create a channel to facilitate periodic communications and dialogs with employees because they are entitled to gain information and express opinions regarding the operational and management activities and decisions of the Company. Employees shall also be notified in a reasonable way of operating activities that may bring about significant impacts. 5. Set up as required by law the Labor Retirement Reserve Supervisory Committee to take charge of managing the retirement reserve.

Major Issue	Item	Strategy
G - Governance	Economic performanc e	<p>1. Compliance with regulatory requirements: Comply with regulatory requirements on environmental management such as air pollution, water pollution, waste, toxic chemicals, and noise control.</p> <p>2. Fulfillment of obligations: Fulfill obligations expected of HONG TAI, including commitments to customers, government agencies, the management, and employees, among other stakeholders.</p> <p>3. Prevention against pollution: Select suitable raw materials/regular materials or processes to avoid or reduce environmental pollutions; Set up pollution prevention equipment or adopt appropriate measures to avoid or reduce environmental pollution.</p> <p>4. Energy conservation and waste reduction: Reduce the use of energy and the amount of waste generated.</p> <p>5. Recycling of resources: Recycle resources for use to reduce waste of resources.</p> <p>6. Continuous improvement: Continue to improve the environmental management system for enhanced environmental performance.</p> <p>7. Protect the industry under the belief in “integrity and honesty”. Improve competitive advantages on the market with the commitment to “innovation and advancement”.</p> <p>8. Diversified operation: Form international investment strategic alliance in order to improve competitive advantages on the market.</p>
	Anti-corruption	Ethical corporate management, eradication of bribery, banned acceptance of gifts.
	Regulatory Compliance	The Company follows the requirements of the Air Pollution Control Act. We follow regulatory requirements, fulfill our obligations, prevent against pollution, conserve energy and reduce waste, and recycle resources.